

## **Competition Commission of India organised workshop on “E-commerce: Changing Competition Landscape in India”**

The Competition Commission of India (CCI) organized a Workshop on ‘**E-commerce: Changing Competition Landscape in India**’ on August 30, 2019 at New Delhi.

The daylong workshop was conducted by CCI in pursuance of its larger mandate of protecting and promoting competition and fair play in markets, and as a part of its market study launched in April 2019 for better understanding of the e-commerce ecosystems in India, business practices of online platforms and other market participants that avail the platforms’ intermediation services and their implications on competition.

In his insightful Keynote Address, **Dr. Rajiv Kumar, Vice Chairman, NITI Aayog**, congratulated CCI for carrying out the e-commerce market study underscoring the need for research-based policymaking for enabling evidence based regulation. He stated that presently India is the ninth-largest e-commerce economy with the potential to reach the number two position as we move ahead with penetration of Internet in the rural areas. Addressing e-commerce to be the sunrise sector, he emphasized the role of policymakers and regulators in facilitating the e-commerce explosion in a manner that is beneficial to the buyers, sellers and consumers. He touched upon how e-commerce benefited various stakeholders such as the logistics industry, farmers, and women entrepreneurs. He also emphasized that with the growth in GDP, there exists ample space for both online and offline retail to co-exist. Commenting on the strategies adopted by conglomerate e-commerce platforms, he stressed that CCI has a greater role to ensure that their market power do not lead to monopoly situation. He also stated that Data, which is popularly referred to as the new oil, when combined with modern technology gives unprecedented market power to the platforms which can be used for benefits of consumers as much as it can be used for causing harm to them. In such a scenario, it becomes imperative for CCI and other regulators to work closely with the industry in order to be prepared to deal with challenges. He also advocated the need for liberal FDI regime in e-commerce.

Welcoming the distinguished invitees, **Mr. Ashok Kumar Gupta, Chairperson, CCI**, outlined that market studies are a way to proactively reach out to the market participants and better understand a sector and identify reforms required in that sector based on informed policymaking and one that does not blunt the incentives of the market participants, creates a level playing field and promotes efficiency. He emphasised that while growth of e-commerce has the potential to increase competition, to bring about information transparency, to greatly enhance consumer choice and to prompt and facilitate innovation in business models, but at the same time, like any other market, digital markets are not impervious to anti-competitive conduct. Thus, competition authorities do have a role to play in ensuring that these markets remain open and contestable. He stated that in digital sector, there is a need to preserve firms’ ex ante incentives to invest and this applies to both incumbents as well as potential entrants and thus a myopic view of competition cannot be taken. Price effects alone do not help gauge

market dynamics. Quality, innovation, and now increasingly data are important dimensions of competition that can have far-reaching effects. Chairperson also mentioned that in the ongoing debate on how digital markets should be looked at, it requires a study as to how distinct these ecosystems are from the traditional market configurations and what ought to be the parameters of competition analysis. Whether they should be based on regulations or case-by-case application of competition law would suit the needs better. He said that the whole object of the study and this workshop was to make this debate less abstract and more driven by practical insights.

The interim observations emanating from the E-commerce Study by CCI were presented in the Inaugural Session capturing the key trends that have emerged to guide meaningful deliberations in the ensuing sessions. The broad issues of platform neutrality, platform to business terms and discount structures in the online ecosystems of product retail, hotel booking and food ordering and delivery were touched upon in the presentation.

The inaugural session, was followed by enriching panel discussions dedicated to specific e-commerce businesses, namely, online food delivery, online hotel booking and online retail shopping. The panels comprising, senior officials from e-commerce and on-line platforms, senior journalists covering e-commerce sector, think tanks, representatives of related industry and trade associations, professionals from hospitality sector and distinguished bureaucrats, extensively deliberated on the issues and challenges faced in the e-commerce sector and the need for ensuring and preserving competition both within the e-commerce market place and in its interface with traditional markets.

The workshop concluded with a discussion on the symbiotic relationship between policy and regulation and its bearing on the competitive landscape.