



सत्यमेव जयते



25.10.2022

PRESS RELEASE No. 56/2022-23

CCI imposes a monetary penalty of Rs. 936.44 on Google for anti-competitive practices in relation to its Play Store policies

1. The Competition Commission of India (Commission) today imposed a penalty of Rs. 936.44 crore on Google for abusing its dominant position with respect to its Play Store policies, apart from issuing a cease-and-desist order. The Commission also directed Google to modify its conduct within a defined timeline.
2. For app developers, app stores have become a necessary medium for distribution of their apps to the end users and the availability of app store(s) is directly dependent on OS installed on a smart device. An appreciation of the market dynamics in licensable mobile operating system in India makes it evident that Google's Android OS has successfully reaped the indirect network effects. Google's Play Store constitutes the main distribution channel for app developers in the Android mobile ecosystem, which allows its owners to capitalize on the apps brought to market.
3. Based on its assessment, the Commission found Google to be dominant in the markets for licensable OS for smart mobile devices & market for app stores for Android smart mobile OS, in India.
4. Selling of in-app digital goods constitutes an important means for app developers to monetize their creations/innovations. However, for in-app digital goods to be distributed to purchasing users, developers must configure their apps so that all purchases of the digital goods go through Google's payment system, which processes the transactions.
5. Google's Play Store policies require the App developers to exclusively and mandatorily use Google Play's Billing System (GPBS) not only for receiving payments for Apps (and other digital products like audio, video, games) distributed/sold through the Google Play Store but also for certain in-app purchases *i.e.* purchases made by users of Apps after they



सत्यमेव जयते



have downloaded/ purchased the App from the Play Store. Further, app developers cannot, within an app, provide users with a direct link to a webpage containing an alternative payment method or use language that encourages a user to purchase the digital item outside of the app (anti-steering provisions).

6. If the app developers do not comply with Google's policy of using GPBS, they are not permitted to list their apps on the Play Store and thus, would lose out the vast pool of potential customers in the form of Android users. Making access to the Play Store dependent on mandatory usage of GPBS for paid apps and in-app purchases is one sided and arbitrary and devoid of any legitimate business interest. The app developers are left bereft of the inherent choice to use payment processor of their liking from the open market.
7. The Commission has also examined the allegations of exclusion of rival UPI apps as effective payment options on Play Store. It was found that Google Pay has been integrated with intent flow methodology whereas other UPI apps can be used through collect flow methodology. It was noted that the intent flow technology is superior and user friendly than **collect** flow technology, with intent flow offering significant advantages to both customers and merchants and the success rate with the intent flow methodology being higher due to lower latency. Google has informed the Commission that it has recently changed its policy and has allowed rival UPI apps to be integrated with intent flow.
8. Based on its assessment, the Commission concluded that,
 - 8.1. making access to the Play Store, for app developers, dependent on mandatory usage of GPBS for paid apps and in-app purchases constitutes an imposition of unfair condition on app developers. Thus, Google is found to be in violation of the provisions of Section 4(2)(a)(i) of the Act.
 - 8.2. Google is found to be following discriminatory practices by not using GPBS for its own applications *i.e.*, YouTube. This also amount to imposition of discriminatory conditions as well as pricing as YouTube is not paying the service fee as being imposed on other apps covered in the GPBS requirements. Thus, Google is found to be in violation of Section 4(2)(a)(i) and 4(2)(a)(ii) of the Act.



सत्यमेव जयते



- 8.3. mandatory imposition of GPBS disturbs innovation incentives and the ability of both the payment processors as well as app developers to undertake technical development and innovate and thus, tantamount to limiting technical development in the market for in-app payment processing services. in violation of the provisions of the Act. Thus, Google is found to be in violation of the provisions of Section 4(2)(b)(ii) of the Act.
 - 8.4. mandatory imposition of GPBS by Google, also results in denial of market access for payment aggregators as well as app developers, in violation of the provisions of Section 4(2)(c) of the Act.
 - 8.5. the practices followed by Google results in leveraging its dominance in market for licensable mobile OS and app stores for Android OS, to protect its position in the downstream markets, in violation of the provisions of Section 4(2)(e) of the Act.
 - 8.6. different methodologies used by Google to integrate, its own UPI app *vis-à-vis* other rival UPI apps, with the Play Store results in violation of Sections 4(2)(a)(ii), 4(2)(c) and 4(2)(e) of the Act.
9. Accordingly, in terms of the provisions of Section 27 of the Act, the Commission hereby directs Google to cease and desist from indulging in anti-competitive practices that have been found to be in contravention of the provisions of Section 4 of the Act, as detailed in this order. Some of the measures, in this regard, are indicated below:
- 9.1. Google shall allow, and not restrict app developers from using any third-party billing/ payment processing services, either for in-app purchases or for purchasing apps. Google shall also not discriminate or otherwise take any adverse measures against such apps using third party billing/ payment processing services, in any manner.
 - 9.2. Google shall not impose any Anti-steering Provisions on app developers and shall not restrict them from communicating with their users to promote their apps and offerings, in any manner.
 - 9.3. Google shall not restrict end users, in any manner, to access and use within apps, the features and services offered by app developers.
 - 9.4. Google shall set out a clear and transparent policy on data that is collected on its platform, use of such data by the platform and also the potential and actual



सत्यमेव जयते



sharing of such data with app developers or other entities, including related entities.

- 9.5. The competitively relevant transaction/ consumer data of apps generated and acquired through GPBS, shall not be leveraged by Google to further its competitive advantage. Google shall also provide access to the app developer of the data that has been generated through the concerned app, subject to adequate safeguards, as highlighted in this order.
- 9.6. Google shall not impose any condition (including price related condition) on app developers, which is unfair, unreasonable, discriminatory or disproportionate to the services provided to the app developers.
- 9.7. Google shall ensure complete transparency in communicating to app developers, services provided, and corresponding fee charged. Google shall also publish in an unambiguous manner the payment policy and criteria for applicability of the fee(s).
- 9.8. Google shall not discriminate against other apps facilitating payment through UPI in India *vis-à-vis* its own UPI app, in any manner.

10. In relation to computation of penalty, the Commission noted that there were glaring inconsistencies and wide disclaimers in presenting various revenue data points by Google. However, in the interest of justice and with an intent of ensuring necessary market correction at the earliest, the Commission quantified the provisional monetary penalties on the basis of the data presented by Google. Accordingly, the Commission imposed a penalty @ 7% of its average relevant turnover amounting to Rs. 936.44 crore upon Google on provisional basis, for violating Section 4 of the Act. Google has been given a time of 30 days to provide the requisite financial details and supporting documents.

11. The public version of the Order passed by the Commission can be accessed at: <https://www.cci.gov.in/antitrust/orders/details/1072/0>
