EU's fine on Google

Why in news?

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The EU had slapped a record € 4.34-billion ($5.04 billion) antitrust fine on Google.

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What is the reason?

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- The penalty is for illegally using the Android operating system.
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- Google has used Android to strengthen the dominance of its search engine.
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- It aimed at ensuring that traffic on Android devices go to its search engine.
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How did Google do this?

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- Google imposed three types of restrictions on Android device manufacturers and network operators.
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- **Pre-installation** - Manufacturers were asked to preload the Google Search app and Chrome browser.
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- This was as a condition for licensing Google’s Play Store.
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- Pre-installation of the apps can create a status quo bias among the users.
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- Evidently, Google Search app is consistently used more on Android devices.
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- However, it is not the case with Windows Mobile devices where users must download it.
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- **Incentives** - Google offered financial incentives to large device manufacturers and network operators.
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- The condition was to exclusively pre-install Google Search across their entire portfolio of Android devices.
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- This significantly reduced their incentives to pre-install rival search apps.
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- However, EU said that by 2014, Google had stopped the practice.
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- **Tweaked versions** - Android is an open-source operating system.
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- It has its code published by Google online whenever a new version is released.
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- So based on this source code, developers like Android can create their own versions.
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- This could be done even without getting approval from Google.
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- So Google had not allowed the “forked” versions of Android to pre-install Google’s proprietary apps.
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- Google’s measure had thus prevented many manufacturers from developing and selling devices based on these tweaked versions.
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- E.g. Amazon’s Android fork called ‘Fire OS’
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- EU now insists that Google allow the forked versions of Android.
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What are the earlier instances?

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- **EU** - Earlier, the EU fined Google €2.42 billion.
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- This was on charges of prioritising its own services on the search platform.
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- By this, Google gave itself an advantage over third-party service providers.
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- **India** - The Competition Commission of India had earlier fined Google Rs 136 crore.
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- It was slapped for its unfair business practices in the Indian online search market.
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- The National Company Law Appellate Tribunal (NCLAT) stayed the ruling on Google's appeal.
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- Nevertheless, NCLAT asked it to pay 10% of the penalty. The tribunal will soon hear the matter.
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What are the implications?

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- The recent penalty may not financially hurt Google with over $100 billion in cash reserves.
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- But it could bring about changes in the way the Android ecosystem functions.
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- It would set a precedent for other antitrust cases against Google.
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Source: Indian Express

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