# SC Ruling on Antitrust Investigations into Amazon, Flipkart

## Why in news?

The Supreme Court has ruled that India's competition regulator (Competition Commission of India) would proceed with antitrust investigations into Amazon and Walmart-owned Flipkart.

## What is the CCI investigation for?

- Amazon and Flipkart allegedly had exclusive agreements with smartphone brands for the sale of certain devices on their platforms.
- These platforms had given preferential treatment to certain sellers by giving them higher search rankings and offerings.
- The platforms would incur part of the discount that such sellers would offer during key sales periods.
- The CCI had in 2020 ordered an investigation based on such allegations by trade body Delhi Vyapar Mahasangh.

## What is the stance of Flipkart and Amazon?

- Amazon and Flipkart had approached the Karnataka HC to quash the order by the CCI, on the following grounds:
- It was the choice of the manufacturer if they wanted to sell a smartphone exclusively on one platform.
- There were no agreements between them and sellers on record that were shown to likely have a negative impact on competition.
- The CCI did not have enough evidence to pursue the matter.
- It had not formed a prima facie opinion on the potential impact on the competition while passing the orders.

## What have the Courts ruled?

- The High Court and Supreme Court have rejected the petitions by Amazon and Flipkart that a probe into the companies be quashed.
- The high court concluded that orders by the CCI initiating an investigation were administrative directions.
- So, the CCI was not bound to enter an adjudicatory process or form an opinion before ordering an investigation.

## What is the significance?

- Amazon and Flipkart are leading players in e-retail market in India.
- The increasing dependence of sellers on online platforms meant that certain platforms were becoming essential facilities and had to treat sellers in an unbiased manner.
- But “opacity in platform rankings” had become a cause for competition concern in the recent period.

**Source: The Indian Express**

**Quick Fact**

## Competition Commission of India

- The CCI is a statutory body of the Government of India.
- It is responsible for enforcing the Competition Act, 2002 that prohibits anti-competitive agreements.
- The Commission- i) eliminates practices having adverse effect on competition, ii) promotes and sustains competition, iii) protect the interests of consumers, and iv) ensure freedom of trade in the markets of India

SHANKAR IAS PARLIAMENT
Information is Empowering