

## **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

