August 9, 2026

Association for Competitive Technology

Shri Bhartruhari Mahtab
Chairperson, Standing Committee on Finance
Member of Parliament, Lok Sabha
Parliament of India
New Delhi, India

RE: Association for Competitive Technology (ACT) views on digital competition regulation in India

Dear Chairperson Mahtab,

The Association for Competitive Technology (ACT) represents small business application developers and connected device companies located both in India and around the globe. These companies drive a global app economy worth more than USD 6.3 trillion,[1] supporting approximately 1.674 million jobs in India.[2] Digital competition policymaking is particularly important as India seeks to translate its rapid digital transformation, expanding startup ecosystem, and leadership among developing economies into sustained and inclusive growth.[3] A competition framework that preserves access to trusted platforms, advanced technologies, and global markets will be essential to realising those ambitions. ACT members are micro, small, and medium-sized enterprises (MSMEs) that leverage the connectivity of smart devices to create innovative solutions that introduce new efficiencies

[1] Association for Competitive Technology (ACT), *App Economy Fast Facts* (2023), https://actonline.org/wp-content/uploads/About-the-App-Economy-2023_162023.pdf.
[2] Michael Mandel & Elliott Long, *The App Economy in India*, Progressive Policy Institute (Sept. 2019), https://www.progressivepolicy.org/wp-content/uploads/2019/09/PPI_IndianAppEconomy_V3-1.pdf.
[3] Ministry of Electronics & Information Technology, Government of India, *India AI Impact Summit 2026: Landmark Global Declaration and Major AI Investment Commitments*, Press Information Bureau (Mar. 2, 2026), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2234343&lang=1&reg=3.

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across consumer and enterprise use cases. They rely on a predictable and fair approach to digital economy regulation to succeed, grow, and create new jobs.

The Standing Committee on Finance's Twenty-Fifth Report appropriately recognises that any approach should be nuanced, phased, and evidence-based, while taking account of the potential impact on innovation and the compliance burden for emerging Indian technology companies and MSMEs.[4]

As the Parliament and Government of India continue to examine the role of Indian competition law in promoting innovation and fairness in digital markets, including whether to supplement the Competition Act, 2002, with an *ex-ante* framework for large digital enterprises, ACT writes to build on its prior submission to the Committee and share its perspective on digital platform regulation. ACT also provides these comments in light of the fact that in November 2025, the Ministry of Corporate Affairs (MCA) commissioned an independent market study, now being conducted by the Management Development Institute (MDI) Gurgaon and in which ACT is actively participating, to test whether the qualitative and quantitative thresholds proposed in Clause 3 of the draft Digital Competition Bill (DCB) are empirically justified, to review the list of Core Digital Services in Schedule I, and to assess the impact of the proposed framework on startups and MSMEs.[5]

We urge that existing competition laws be used to address proven abuses of market power without hindering the development of India's online digital market, which has positioned the country as a global leader in innovation. Any new intervention should follow substantial study that demonstrates a specific and durable market failure, establishes how the existing framework cannot address it, and identifies measures that preserve the pro-competitive dynamics of today's curated online marketplaces (COMs).

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[4] Standing Committee on Finance, Twenty-Fifth Report, *Evolving Role of Competition Commission of India in the Economy, Particularly the Digital Landscape* (Aug. 2025), https://sansad.in/getFile/lsscommittee/Finance/18_Finance_25.pdf?source=loksabhadocs.

[5] ACT welcomes the opportunity to elaborate on our views expressed to MCA in response to MDI Gurgaon's survey questions.

The Value of Platforms to the Small Business Digital Economy Innovator Community

Today's digital markets enable secure and seamless app distribution for countless small businesses across India.[6] The single most important factor in the app ecosystem's dynamic growth and success is the presence of curated platforms or app stores. Trusted app stores serve as a vital foundation for the growing uses of apps across industries and enterprises. Three key attributes led to the revolution in software distribution. Today, every successful platform for mobile, desktop, gaming, and even cloud computing must provide these features or risk failing in the marketplace:

1. The provision of a bundle of services that reduces overhead costs;
2. Instantaneous and cost-effective consumer trust mechanisms; and
3. Cost-effective access to a global market.

App markets create immense value for developers by lowering overhead and compliance costs, building consumer trust, accelerating time to market, and expanding access to customers around the world. These advantages reduce barriers to entry and give both emerging and established developers a stronger opportunity to succeed. By connecting developers with billions of consumers and enterprise users through a centralised marketplace, platforms support a vibrant two-sided ecosystem in which each side increases the value of the other.

Platforms also provide essential safety and security services. They give developers access to authentication tools, privacy controls, fraud-prevention systems, and device-level protections that many small companies could not replicate on their own. Cyber threats continue to evolve, however, and platforms must continually strengthen these protections, improve threat detection, and share information

[6] Association for Competitive Technology, *Comments to the Ministry of Corporate Affairs on Digital Platforms and Competition* (May 15, 2024), https://actonline.org/wp-content/uploads/ACT-Positions-on-Digital-Platforms-and-Competition-for-India-MCA-15-May-2024.pdf.

quickly across their ecosystems. Policymakers should preserve incentives for platforms to invest in these capabilities rather than impose rules that weaken their ability to protect developers and users.

Developers also rely on platform-level privacy controls that they can adapt to their own products and services. Competition among platforms encourages these tools to evolve alongside user expectations and emerging privacy risks. Platforms further help small developers enforce their intellectual property rights. For innovative small businesses, intellectual property often provides the principal means of protecting their work from larger firms with greater resources. Strong platform-based enforcement mechanisms therefore help level the playing field and preserve incentives to innovate.

An Evidence-Based and India-Specific Approach

India's online ecosystem differs substantially from more mature digital markets, including the European Union, because rapid digitisation, rising incomes, expanding internet access, and a large population of first-time digital consumers continue to create new opportunities for entrepreneurship and upward mobility. ACT therefore urges India to preserve the dynamic conditions that allow global technology companies, domestic startups, and small developers to coexist, compete, and grow as the country's digital economy develops. Maintaining this vibrant ecosystem requires a flexible regulatory approach that avoids disproportionately burdening small developers by distorting pro-competitive dynamics within the existing ecosystem.

Given that gatekeeper regulation is a relatively new concept, any such regulation should be carefully crafted and implemented with a clearly defined purpose, learning from the experience of other jurisdictions that have intervened in digital platform markets. Before introducing such regulation, Indian policymakers should thoroughly assess both the benefits and potential adverse effects on users and consumers, carefully evaluating the impacts of existing regulations on competitiveness, investment, innovation, and trade. Ultimately, it is essential that any proposed regulation does not impede competition or stifle innovation in India.

The MCA's decision to pursue further study provides an important opportunity to test assumptions against actual Indian market conditions, and we urge both MCA and the Committee to insist on a strong evidentiary foundation before legislating. Such an approach will distinguish India from jurisdictions that have chosen to legislate based on hypotheticals and edge use cases and are now living with the consequences. With the Committee's oversight, MCA's study should examine each relevant service separately, identify the precise conduct and market failure at issue, assess whether existing Competition Commission of India (CCI) authority is inadequate, and quantify the direct and downstream costs of proposed obligations for Indian consumers, developers, startups, and MSMEs. The methodology, evidence, and conclusions should be transparent and subject to meaningful stakeholder comment before any replacement legislation is developed, and the study should gather primary evidence from Indian startups and MSMEs directly to understand how many competing distribution, advertising, and payment channels Indian MSME developers use; what it costs them to reach an Indian consumer; what happens to their intellectual property when a distribution channel cannot screen for cloned applications; the extent to which regulatory compliance consumes engineering budget; and other important questions.

Recent developments in India also demonstrate why static market snapshots can overstate dominance and market tipping. In ride-sharing, a Bengaluru startup expanded from bike taxis into four-wheelers by using a different subscription-based business model, challenging established incumbents without *ex-ante* competition rules.[7] In quick commerce, Blinkit, Zepto, and Swiggy Instamart continue to compete aggressively, while Amazon and Flipkart have entered the market, and firms' relative positions continue to shift as they experiment with delivery speed,

[7] Rahul Rai & Shashank Sharma, "Antitrust and the Virtues of Restraint: Lessons From India's Ride-Sharing Market," ETLegalWorld (July 13, 2026).

product selection, pricing, and logistics.[8] In e-commerce, Meesho has differentiated itself through a zero-commission marketplace that lowers costs for small sellers, while the Open Network for Digital Commerce (ONDC) has expanded alternative routes to market by connecting more than 116,000 retail sellers across more than 630 cities and towns through interoperable buyer- and seller-side applications.[9] These examples do not establish that every digital market will self-correct, but they show that market power, barriers to entry, and competitive constraints must be assessed using concrete and current evidence rather than assumptions based only on firm size, user counts, or past market shares.

We also emphasise the features of the draft DCB that warrant the Committee's particular attention since they determine how far the framework would reach beyond the enterprises it is aimed at. These features include:

- The draft DCB's disjunctive structure of the designation test, which, unlike the European Union's Digital Markets Act that requires both end user and business user thresholds to be met, would designate an enterprise that crosses either one with the financial limb being satisfied by any one of turnover, gross merchandise value, or market capitalisation. The practical effect of advancing such an approach would be to have the lowest and least evidenced criterion become the operative test, which the Committee already identified as a concern in its Twenty-Fifth Report, and which MCA has also previously acknowledged in its own oral evidence provided to the Committee.
- The breadth of Schedule I, which would open nine service categories at once, several of which overlap so substantially that a single product could be designated more than once for the same conduct. Categories such as cloud

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[8] Surbhi Misra, *India's Eternal Sees Blinkit Profitability at High End of Outlook as Efficiency Improves*, Reuters (July 22, 2026), https://www.reuters.com/business/indias-eternal-misses-quarterly-profit-estimates-competition-weighs-margins-2026-07-22/.

[9] *Meesho's Zero-Commission Model Will Power Value Retail Push: CEO*, *The Economic Times B2B* (Nov. 29, 2025), https://b2b.economictimes.indiatimes.com/news/entrepreneur/meeshos-zero-commission-model-will-power-value-retail-push-ceo/125655433; Rajeev Kaur & Gautami Khanna, *Reimagining Digital Commerce: Strategic Integration of FMCG Supply Chains with ONDC in India*, *Advances in Consumer Research*, Issue 2, at 1137–1145 (Mar. 30, 2025, https://acr-journal.com/article/reimagining-digital-commerce-strategic-integration-of-fmcg-supply-chains-with-ondc-in-india-1495/.

services and online intermediation services are drawn so widely that ordinary Indian enterprises fall within the functional definition, and only the monetary threshold holds them outside the regime. ACT submits that where an overly broad definition captures ordinary businesses and relies solely on financial thresholds to limit its reach, the definition itself is insufficiently tailored.

Considerations for Designation, Market Power, and Competitive Impacts

In this light, any proposal to regulate gatekeepers in nascent and developing markets must be backed by clear and specific justification to avoid unintended consequences. Designating certain platform operators based on predetermined criteria is likely to create a stigma effect, effectively labelling companies as potentially abusive before any illegal conduct or its effects have been established. In rapidly evolving digital platform markets, this approach could discourage platform operators from pursuing growth opportunities, reduce internal and external investment, and conflict with the principle of respecting private autonomy.

Ex ante designation based on firm size, revenue, valuation, or user numbers risks treating commercial success as evidence of competitive harm. These metrics do not establish that a company controls an unavoidable gateway, can exclude rivals without losing users, or has harmed competition. In fast-moving digital markets, reliance on static indicators can produce false positives, stigmatise firms before any unlawful conduct has been shown, and deter investment, expansion, and innovation by signalling that growth itself may trigger special restrictions.

India should therefore resist any approach that replaces evidence of market power and competitive harm with presumptions tied to scale. The Government of India (GOI) should continue to assess concerns through existing competition law, using current, market-specific evidence and considering switching, multi-homing, new entry, offline alternatives, changing business models, and rapid technological development. This case-by-case approach protects competition without freezing today's market structure or imposing broad obligations before a concrete problem has been demonstrated.

Impacts on Small Businesses, Startups, and AI Innovation

The flexibility and accessibility offered by platforms are crucial for the growth and sustainability of small companies across India. These platforms reduce overhead costs and provide effective distribution channels, allowing these businesses to compete globally. Imposing improperly scoped regulation on this ecosystem risks undermining these benefits, particularly if platforms restrict access, reduce developer services, delay new features, or increase costs due to compliance burdens.

Even where obligations formally apply only to designated enterprises, the operational consequences travel through the wider ecosystem. A platform may respond by reducing or discontinuing bundled developer services, imposing additional verification requirements, charging more for infrastructure, delaying access to new tools, or adopting standardised terms that leave less flexibility for small developers. Small businesses cannot readily replicate security, discovery, payments, fraud prevention, intellectual property enforcement, and global distribution on their own.

Experience abroad illustrates the potential scale of these downstream costs. ACT-commissioned surveys of more than 1,000 technology MSMEs across the European Union, United Kingdom, and United States found that six in 10 EU and UK technology MSMEs reported delayed access to frontier AI models, 58 per cent of EU and UK developers reported regulation-driven launch delays, and more than one-third reported stripping or downgrading features to comply. The report estimated annual losses of $109,000 to $375,000 per firm across surveyed EU and UK technology MSMEs, rising to $186,000 to $528,000 for directly affected firms.[6]

These findings demonstrate that overlapping *ex-ante* obligations and unresolved compliance expectations can delay technological diffusion and product launches, with measurable consequences for small firms. India should avoid importing a framework that could delay access to new AI tools and services at the very moment Indian developers and startups are seeking to scale and compete globally. Across the Asia-Pacific region, key jurisdictions including Singapore, Chinese Taipei, and Malaysia, that have examined platform conduct most carefully have not concluded that a designation regime is necessary; further, key Indian trading partners such as the United States have consistently declined to pursue changes in the law that would prompt new *ex-ante* interventions into digital platform markets.[10]

Existing Competition Tools and Institutional Capacity

We believe the CCI, under its existing authority, should prioritise maintaining a competitive environment that supports small companies and startups. The Competition Act already provides authority to investigate anti-competitive agreements, abuse of dominant position, denial of market access, leveraging, unfair conditions, and mergers that may cause an appreciable adverse effect on competition. The appropriate response is to strengthen the CCI's technical, economic, and legal capacity, reduce litigation delays, and make effective use of targeted interim measures, settlements, commitments, and tailored remedies. Predictability matters at least as much as speed to an MSME, because a small developer plans its product roadmap against the rules it expects to face two years from now. Case-by-case enforcement allows the authority to identify the relevant market or service, establish market power and competitive harm, consider efficiency and security justifications, and craft the least restrictive effective remedy.

A new competition-themed intervention into developing digital platform markets would jeopardise the existing relationship between online platforms and small developers if it replaces evidence with presumptions. In situations where market definition and market failure are unclear and the risk of overregulation is greater, choosing competition and innovation over unprecedented and excessive regulatory approaches would reflect an appropriate direction in India's approach to digital competition.

[10] ACT, *Asia-Pacific at the Crossroads: How the Region's Digital Platform Regulation Choices Will Shape the Future of the Digital Economy*, APAC Competition Regulation Brief (July 2026).

Recommendations for Next Steps

Ultimately, broad digital platform regulation could alter today's hyper-competitive app economy to resemble an environment where high compliance requirements widen the moat around established players, raise costs, and reduce operational flexibility for small businesses. Any changes to Indian policy should be preceded by substantial study that demonstrates systemic harms, as well as measures that can be taken to preserve the pro-competitive dynamics of today's COMs discussed above.

We respectfully urge Indian policymakers to:

1. Complete and publish a transparent, service-specific market study that identifies concrete and durable market failures, evaluates the sufficiency of existing law, and quantifies the likely effects of proposed obligations on Indian consumers, developers, startups, and MSMEs;
2. Rely on existing technology-neutral competition laws to monitor the Indian market for demonstrable harms to competition and use the CCI's settlement, commitment, interim-measure, and remedial tools to address proven conduct; and
3. Conduct a dedicated MSME and innovation impact assessment, including the potential for delayed access to AI models, product launches, platform-provided developer services, and global distribution;

Additionally, we urge the Standing Committee, the CCI, and the Government of India to continue to carefully consider the experiences and views of small businesses and startups throughout this process. The goal should be a framework that addresses demonstrated anti-competitive conduct without altering the features of today's system that we know work for businesses and consumers. The firms that would bear the cost of getting this wrong are the Indian MSMEs and startups (which are not the enterprises that would be designated under the DCB) that can reach a national audience today because distribution, payment, and consumer trust are available to them as a low fixed cost input, and that would face a higher minimum viable scale if that input were unbundled.

Thank you for the opportunity to share our perspectives on this important issue. We welcome further discussion on how best to support fair and effective regulation in India that sustains and strengthens the vibrant online digital economy by empowering small businesses and startups without undermining security, innovation, consumer choice, or the benefits of integrated digital services.

Sincerely,

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