

## **1. Tech titans under watch**

**Prelims Level: Governance**

**Mains Level: GS-II Statutory, regulatory and various Quasi-Judicial Bodies.**

### **Why in News?**

- In the recent past a number of investigations have been initiated, against the tech giants Amazon, Google, Facebook and Apple by the regulatory agencies over practices that amounts to anti-competitive behaviour.
- These investigations are termed under an over-arching term called ‘anti-trust regulations’.

### **Background:**

- The world has witnessed the emergence of Big tech firms like Google, Facebook, Amazon, Apple, Twitter, Microsoft etc in recent decades. With growing monopoly in the respective areas these firms have a growing clout over world population in the recent times. As a result regulators around the world are calling upon these Bigtechs including Amazon, Apple, Facebook and Google to curb their market monopoly power.

### **Basic Issues:**

- Basically there are two sources of tension, which has led to the anti-trust regulations against the Tech-Giants.

#### **1. Anti-competitive Behaviour**

- These companies have engaged in anti-competitive behaviour by thus stifling smaller potential rivals and holding onto an outsized market share.

#### **2. Influence on Policy-Making**

- Due to the monopoly in these businesses, they now have a vast influence on policy making, which could have large-scale impact particularly with respect to issues like data privacy.
- Example: The United States Justice Department and the House Judiciary Committee separately has recently announced major antitrust investigations into Google, Facebook, Amazon and Apple promising “a top-to-bottom review of the market power held by giant tech platforms.”

### **Recent examples of Anti-Trust Regulations:**

#### **1. Facebook**

- In February 2019, Facebook faced the wrath of antitrust agencies of multiple countries including US, UK, Singapore etc over consumer privacy issues, unauthorized data leak and

undue influence on consumers including voter behavior during elections and shaping public discourse.

- The questions are also focused on acquisition by FB to maintain its pre-eminent market position in the social networking ecosystem (WhatsApp for example).
- Besides, FB also acquired Onavo, a data analysis firm, in 2013, which then allegedly helped the social media giant see off potential competitors by having access to data.

## **2. Google**

- The US department of justice is preparing to launch antitrust proceedings against Google.
- Case: Google being a monopoly in search engines gives it undue advantage in online advertising space. Google handles more than 90% of online searches across the world and therefore can influence the advertising through search results.
- It is also alleged that Google has increasingly been sending users to its own sites to answer their queries, including products such as Google Flights, Google Maps etc.
- Google is also alleged to be biased over publishing of some news in favour of some political ideology and restricting the others.

## **3. Amazon**

- The Federal Trade Commission of US is initiating an antitrust proceeding against Amazon.
- Case: Being a monopoly in online retailing, it has stifled competition by restricting its sellers from selling their goods more cheaply on other platforms.
- Questions have also been raised on whether Amazon favours its self-branded products over those of third-party sellers, by requiring other sellers to use its advertising services by rankings of product search displays, or by using data on other sellers to tweak its own offerings to its advantage.
- Besides a number of acquisitions by Amazon is also seen as anti-competitive Eg: Flipkart in India, Whole Foods, an upmarket U.S. grocery chain etc.

## **4. Apple**

- Recently there have been questions over the App Store policies with respect to how Apple ranks search results and exclusion of certain competing apps from the Store. For example, Spotify a music streaming app has complained on the alleged restrictions of their app on App store.
- Besides there are also questions as to how Apple determines revenue sharing with the companies that have their app on the App store.

## **Legislative framework regarding Anti-trust regulations in India**

- In the pre-liberalisation era, the antitrust regulation in India was confined to curbing monopolization through the Monopolistic and Restrictive Trade Practices Act, 1969.
- In the post-LPG era, the antitrust law in India had to focus on promoting competition, thereby giving a fillip to investment climate.
- Accordingly Competition Act, 2002 was enacted replacing the MRTP Act.

### **About Competition Act, 2002: Main Provisions:**

- To check anti-competitive practices like 'cartelization'.
- Regulation of mergers and acquisitions and combinations.
- To ensure freedom of trade.
- It restricts the abuse of dominant position of any enterprise that control supply, prices, or other practices that deny market access to other competing firms.
- It also applies to foreign multinational corporations operating in India and foreign companies selling their goods in India.
- The Act also provides for Competition Commission of India as the competition regulator in India vested with the powers of a civil court

