

COMPETITION DISTORTIONS IN INDIA – A CUTS DOSSIER

(CDI 69: July-September, 2025)

For earlier Dossiers please see: <https://cuts-ccier.org/competition-distortion-in-india/>

This periodic dossier produced by CUTS International looks at the interface of policy issues that impact competition in India, which can be both negative and positive. News, as published, is used without ascertaining its accuracy. The purpose is to flag issues to the layman, specialised policymakers, and regulators, rather than be judgmental. This would require greater analysis, particularly in terms of cost and benefits in addition to that.

Dear Reader,

Greetings!

We are pleased to present Competition Distortion Dossier #69 for Q3 2025 (July to September). This edition highlights significant news stories that have impacted India's competitive landscape, both positively and negatively. The dossier is structured into three sections: **Trade Policies**, **Policies Promoting Competition**, and **Policies Inhibiting Competition**. Central to this report is India's commitment to liberalising its economy by reducing protectionist measures and implementing initiatives to eliminate monopolistic practices across sectors.

The first section to examines India's trade policy, where the government has implemented anti-dumping measures in several sectors, including solar encapsulants, steel, polytetrafluoroethylene, and soybean oil, to safeguard and revive its domestic industries.

The second section assesses policies aimed at fostering competitive markets, focusing on the steps to support fair competition and new players from UPI upgrade to commencement of the new Navi Mumbai airport focusing on boosting consumer choice and enhancing market competition.

The final section explores policies that inadvertently stifle competition. Discriminatory state excise regimes favouring foreign liquor brands over domestic manufacturers distort market fairness, while the CCI's dismissal of Airtel's complaint against Reliance Jio reflects regulatory gaps that may allow dominant players to consolidate their position, limiting competitive checks in the sector.

As we write this edit, the government is considering consolidation in the state banking industry with the aim of developing large banks which would be more competitive. There is no particular harm but one remembers the adage: "Too Big to Fail".

In 2008 the Transatlantic banking industry was hit by bad loans and many would have folded up but for the support of the governments. On their own they may not have survived. In the past our own banks were afflicted by the spate of non performing loans which have now been brought to zero. More about this in the next edition.

We hope you enjoy reading these stories as much as we did, reporting them. Kindly also circulate this bulletin within your networks to build higher awareness which can aid our efforts to grow our economy.

Cheers!

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1. Trade Policies

1.1 India Launches Anti-dumping Probe Against Four Asian Nations¹

India's Directorate General of Trade Remedies (DGTR) has initiated an anti-dumping investigation into imports of solar encapsulants from South Korea, Thailand, and Vietnam, following an application by RenewSys India Pvt. Ltd. and other domestic producers. The investigation focuses on key encapsulant types used in solar module manufacturing, alleging that cheap imports were harming domestic production.

Further, he has also initiated an anti-dumping probe in imports of mobile covers from China and rubber chemical intermediate called 4-ADPA from China and the EU. While no duties have yet been recommended, the inquiry marks another step in India's broader use of trade remedies to protect its renewable-energy value chain and reduce import dependence on key solar components.

Food for Thought

India's anti-dumping investigation into imports of solar encapsulants, mobile covers and rubber chemicals from countries such as the EU, China, South Korea, Thailand and Vietnam is a step taken to safeguard India's domestic manufacturers from unfair pricing practices. The probe aims to determine whether these countries are exporting specific products to India at prices lower than their normal market value, thereby causing injury to the Indian industry.

As part of the investigation, the DGTR will examine import volumes, pricing patterns, the cost of production in exporting countries, and the impact on the profitability, market share, and capacity utilisation of Indian producers. If evidence confirms dumping and resultant harm, the inquiry may lead to the imposition of anti-dumping duties on the identified products to restore fair competition and create a level playing field for domestic manufacturers.

This policy intervention underscores India's increasing willingness to guard its domestic industries against what is perceived as unfair competition, namely, imports sold at dumped prices that cause harm to local firms, especially MSMEs. On the one hand, such

¹ https://economictimes.indiatimes.com/news/economy/foreign-trade/india-begins-anti-dumping-probe-against-china-south-korea-vietnam-and-thailand/articleshow/124219754.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

protections may strengthen the domestic industry, enabling Indian manufacturers to innovate, scale, invest and compete on a more level playing field. The encouragement for local production of solar-module inputs or mobile accessories may resonate well with national goals of Atmanirbharata and green growth, thereby helping Indian firms in these sectors thrive.

On the other hand, consumers might face higher prices or fewer choices if import flows are curtailed. Moreover, deploying such measures against key trading partners could invite retaliation or undermine supply chain integration, which is particularly relevant in sectors like solar and electronics that rely heavily on global value chains.

1.2 Steelmakers Call for More Protectionism²

Indian steel producers are urging the government to impose a minimum import price, arguing that despite the existing 12 percent safeguard duty, global steel prices have dropped steeply and making imports much cheaper than domestic rates. They claim that hot-rolled coils, a benchmark product, are trading 10-15 percent below the price levels at which the duty was set, squeezing profit margins (already as low as 0.3 percent in some quarters). The industry contends that without stronger trade protection, it will struggle to sustain investments and meet output goals, while any protection must also balance consumer interests.

Food for Thought

The call from domestic steel makers in India for a minimum import price support from the government arises from their concern that global steel prices have slumped, imports are entering the Indian steel market at very low prices, and existing safeguards (a 12 percent interim duty) are not adequate. They claim such support will help them continue investing to meet steel output goals.

While the policy aims to protect local industry, preserve margins, sustaining investment and capacity expansion, the impact on India's competitive market environment is complex. On one hand, setting a floor on imports could help domestic producers stabilise profits, avoid dumping-led price undercutting, protect MSMEs, and support their ability to invest. On the other hand, interventions such as MIP or elevated duties can reduce import competition, which may relieve pressure on domestic firms to become more

² <https://manufacturing.economictimes.indiatimes.com/news/industry/indian-steelmakers-demand-minimum-import-price-amid-global-slump/123624790>

efficient, innovate or lower costs. They may also raise prices for downstream users and consumers, and hinder market dynamism.

Moreover, given India's role in global value chains and its aims of manufacturing growth, over-protection could lead to less exposure to competitive discipline. For policymakers and analysts, the key challenge will be to strike a balance in protecting the domestic steel industry enough to maintain investment and jobs, while ensuring the market remains open and performance-oriented so that producers stay globally competitive and consumers are not unduly burdened.

1.3 Anti-Dumping Duty May Aid Teflon Maker GFL³

The DGTR has proposed a five-year anti-dumping duty of \$2.8–5.9 per kg on PTFE imports from China and Russia, aiming to protect domestic producers from unfairly low-priced imports. The move is expected to benefit Gujarat Fluorochemicals Ltd (GFL), which commands about 40 percent of India's PTFE market, by improving its profit margins by around ₹3-3.5 per kg and adding nearly ₹80-100 crore to earnings by FY27–28. However, growing competition from SRF and operational challenges could temper these gains.

Food for Thought

The proposal by the DGTR to impose anti-dumping duties on PTFE imports from China and Russia signals India's willingness to defend the domestic industry when faced with pricing and market-share distortion. For an important domestic producer like Gujarat Fluorochemicals Ltd. (GFL), which controls roughly 35-40 percent of the Indian PTFE market, this decision will create an opportunity to reset pricing, protect margins and reclaim lost competitiveness. Lower-priced imports from China and Russia were reported at around US\$ 6-6.5/kg, compared with domestic realisations of around US\$ 7.1/kg, impacting domestic players.

From a market competition perspective, on one hand, it will restore a more level playing field as domestic firms will no longer be required to absorb continual undercutting by imports, which were reportedly suppressing domestic prices, reducing capacity utilisation and eating into local market share. On the other hand, it may reduce competitive pressure: with a protective duty in place, domestic producers might face weaker external

³ <https://www.livemint.com/market/commodities/gujarat-fluorochemicals-anti-dumping-duty-ptfe-india-11758699197499.html>

challenges, which lowers incentives for cost optimisation, innovation, improved quality, or deeper linkages in the value chain.

Thus, there should be a continuous push through effective policies for domestic firms towards upgradation and scaling, rather than imposing duties in silos, to reduce the long-term risk of a less dynamic domestic sector. This means keeping an eye not just on whether protection is granted, but also on whether firms leverage the respite to invest, grow, train workers, and connect further along value chains.

1.4 SOPA Seeks 10% Edible Oil Duty Hike to Support Farmers⁴

The Soybean Processors' Association of India (SOPA) has urged the government to increase import duties on edible oils by at least 10 percent to protect farmers from persistently low domestic prices. Cheaper imports have discouraged oilseed cultivation, with soybean acreage declining by over five percent this year and market prices remaining consistently below the Minimum Support Price (MSP), despite government procurement interventions.

SOPA argues that prolonged low or zero import duties have harmed India's oilseed economy and that raising customs duties is essential to restore farmer confidence, incentivise oilseed production, and move the country towards greater self-sufficiency in edible oils.

Food for Thought

SOPA's request to the government to raise the import duty on edible oils by at least 10 percent centres around helping oilseed farmers whose cultivation is becoming less attractive due to depressed domestic soybean prices and competition from cheaper imported oils. By reducing the inflow of cheap edible oil imports, the domestic oilseed processors and growers are likely to enjoy a more stable price environment, improved returns, and an incentive to expand cultivation. On the competition front, however, this measure has mixed implications.

On the positive side, higher import duties can level the playing field for domestic producers, reducing the advantage that imported oils enjoy due to lower costs or favourable global market conditions. This may enable more Indian oilseed processing units to compete, invest and expand, thus helping the upstream oilseed value chain

⁴ <https://economictimes.indiatimes.com/industry/cons-products/food/sopa-seeks-10-hike-in-edible-oil-import-duty-to-support-farmers/articleshow/123743523.cms?from=mdr>

(farmers → processors → refiners) become more robust. By bolstering domestic oilseed cultivation, the country's dependence on imports may decrease, potentially enhancing its strategic self-reliance.

On the other hand, raising import duties also reduces competitive pressure from foreign sources. Less import penetration may ease price competition, which could dampen incentives for domestic firms to innovate, reduce costs, improve quality or become more efficient. For consumers and downstream users of edible oils (food companies, households) it could mean higher prices or reduced choices. In addition, while protecting farmers is critical (especially given that soybean prices have been persistently below MSP levels), any policy tilt towards protection must ensure it doesn't lead to market distortions or inefficiencies in the longer term.

It is essential to strike a balance between the welfare of farmers and the protection of domestic industry, while maintaining the need to keep markets open, competitive, and dynamic. If the duty hike is used as a temporary corrective measure while domestic oilseed and processing industries upgrade, then it could be positive. However, if it becomes a permanent shield, the risk is that India's edible-oil value chain may miss out on global best practices, cost efficiencies, and innovation, thereby affecting its competitiveness, employment potential, and long-term sustainability.

2. Promoting Competition

2.1 SC: NCLT Can Probe Fraud in Oppression, Mismanagement Cases⁵

The Supreme Court of India has affirmed that the National Company Law Tribunal (NCLT) possesses the authority to examine allegations of fraud, coercion, and manipulation when such claims are central to cases of oppression and mismanagement under the Companies Act. This ruling upholds a decision by the NCLT that annulled a gift deed and share transfer on the grounds of fraudulent conduct.

The Court emphasised that the NCLT's jurisdiction extends to addressing fraudulent actions that are integral to disputes concerning the management and affairs of a company, thereby reinforcing the tribunal's role in safeguarding corporate governance and shareholder interests. Where allegations of fraud, coercion, or manipulation are inseparable from the claim, the tribunal must address them.

⁵ See <https://www.barandbench.com/news/litigation/nclt-can-examine-fraud-in-oppression-and-mismanagement-cases-supreme-court>.

Food for Thought

The Supreme Court's affirmation that the NCLT can examine allegations of fraud, coercion, and manipulation in cases of oppression and mismanagement strengthens the tribunal's mandate to protect the interests of shareholders and corporates. By upholding the NCLT's decision to annul a gift deed and share transfer on the grounds of fraudulent conduct, the court has clarified that allegations of fraud inseparable from management disputes cannot be ignored. By empowering a specialised tribunal to deliver faster, more holistic redress for minority shareholders, the policy reduces entry barriers, deters rent-extraction and fosters a level playing field.

This ruling is significant for two reasons. Firstly, it reinforces corporate governance by ensuring that fraudulent or coercive actions affecting company management are subject to judicial scrutiny, thereby safeguarding the interests of minority shareholders and promoting transparency. This means dominant firms cannot quietly deploy anti-competitive manoeuvres behind corporate structures.

Secondly, it empowers the NCLT to act decisively in disputes involving managerial mismanagement, which could improve confidence among investors and new entrants. When startups or smaller shareholders see that the system effectively protects their rights (against mismanagement or oppressive practices), they are more likely to participate, invest, and challenge incumbents.

The decision may also influence corporate behaviour, encouraging companies to adopt stricter internal controls and ethical practices to avoid litigation. Legal practitioners and industry bodies are likely to see this as a reinforcement of the NCLT's quasi-judicial authority, potentially leading to more rigorous enforcement of the Companies Act provisions. Over time, this could contribute to a more accountable corporate ecosystem in India.

2.2 New UPI Rules Effective Today: Key Points⁶

Starting August 01, 2025, the National Payments Corporation of India (NPCI) has implemented new Unified Payments Interface (UPI) guidelines aimed at enhancing system performance and reducing fraud risks. Key changes include:

⁶ See <https://indianexpress.com/article/india/upi-new-rules-from-august-1-all-you-need-to-know-10162121/>.

- Balance Enquiry Limit: Users can now check their account balance through UPI apps up to 50 times per day per app.
- Transaction Status Requests: Users are permitted to request the status of a transaction only after 45 to 60 seconds of initiating or authenticating the original transaction.
- Autopay Mandate Execution: UPI Autopay mandates, such as bill payments and subscriptions, can only be executed during non-peak hours. Peak hours are defined as 10:00–13:00 and 17:00–21:30.
- Linked Accounts View: Users can view their linked bank accounts up to 25 times per app per day.

These measures are designed to country, enhancing the performance of UPI and mitigating fraud risks nationwide.

Food for Thought

The latest UPI guidelines introduced by NPCI, effective from August 01, 2025, reflect a subtle but significant shift in India's approach to digital payments, prioritising system stability and security over unfettered convenience. By limiting balance enquiries, capping linked account views, and restricting autopay execution to non-peak hours, NPCI is sending a clear message that the rapid growth of UPI cannot come at the cost of performance bottlenecks or fraud exposure. While some users may view these limits as restrictive, the reality is that a few seconds' delay or fewer queries could prevent larger-scale transaction failures or misuse.

For consumers and businesses, the impact is likely to be gradual but tangible. Routine payments may require more planning, particularly recurring bills or subscriptions, while fintech platforms will need to optimise app performance to ensure smooth experiences within the new constraints. In the broader context, these rules could help prevent systemic risks, alleviate operational stress on banks, and mitigate potential vulnerabilities that could be exploited by fraudsters.

Ultimately, the move reflects India's commitment to building a resilient digital payments ecosystem. Temporary inconveniences today could safeguard the trust and reliability that have made UPI a cornerstone of India's fintech revolution, ensuring that growth is sustainable, secure, and inclusive. The NPCI's new guidelines further serve as a timely reminder that rapid digital adoption must be accompanied by robust regulatory oversight and risk management frameworks. Crafting policies that balance convenience

with security is the need of the hour to prevent systemic failures that could undermine public confidence in digital payments.

2.3 Only 'Made In UP' EVs to Get Subsidy Benefits⁷

Uttar Pradesh (UP) is set to revisit its electric vehicle (EV) subsidy policy. The state will limit its EV subsidy benefits to only those vehicles that are manufactured or assembled within the state. This follows the conclusion of the earlier subsidy scheme that began in 2022. According to the revised policy, only EVs manufactured or assembled in UP will qualify for financial benefits such as purchase subsidies, road tax exemptions, and registration fee waivers.

Under the new policy, EVs made in UP and registered in the state will be eligible for full rebates on registration fees and road tax until October 13, 2027. The move is part of the government's push to boost local manufacturing and encourage EV companies to set up production units in Uttar Pradesh. Buyers looking to avail of subsidies will need to ensure their vehicles meet the "Made in UP" requirement.

Food for Thought

UP's decision to restrict EV subsidies exclusively to vehicles manufactured or assembled within the state is poised to reshape the regional electric mobility market. Firstly, by tying subsidies to local manufacturing, the policy raises the stakes for EV producers; that is, firms must either locate production in UP or risk losing major cost advantages. This will create competitive pressure among manufacturers to secure a presence in the state, reduce production costs, innovate in manufacturing processes, and expedite scale.

Further, this can help break up the concentration of supply in just a few regions or global hubs, opening space for new entrants or smaller firms willing to locate production in UP and compete on cost, quality or niche segments. Yet, smaller or new entrants without local facilities could find themselves locked out, reducing competitive pressure in the short term and potentially giving an advantage to well-capitalised incumbents.

Consumers, meanwhile, face a mixed bag. While localised production might eventually lead to more choice and competitive pricing as production scales, the immediate effect could be limited availability of eligible models and higher prices if manufacturers pass on the costs of setting up in UP.

⁷ See <https://www.ndtv.com/india-news/up-ev-subsidy-scheme-ends-october-13-only-made-in-up-electric-vehicles-to-get-subsidy-benefits-from-october-14-9443872>.

That said, the policy also has a very positive dimension. By incentivising local manufacturing, UP could emerge as a major EV production hub, creating jobs, attracting investment, and strengthening the domestic supply chain. Over time, this could lower production costs, improve the availability of EVs, and position India as a global EV player, benefiting both industry and consumers.

Historically, India has seen similar “localisation-first” policies in solar and electronics manufacturing, which boosted domestic production but initially constrained consumer choice and slowed adoption. Could the EV sector experience a similar dynamic? The policy could either catalyse a local EV ecosystem or create regional silos, where consumers outside UP and even some within have fewer affordable options.

Ultimately, this is a classic tension between industrial policy and market competition. Subsidies tied to geography incentivise investment but can distort competition and delay benefits to consumers. The next few years will reveal whether UP becomes a hub for India’s EV revolution or a cautionary tale of well-intentioned protectionism.

2.4 Parliament Clears Bill to Consolidate Port Laws, Boost Ease of Business⁸

The Parliament has approved the Indian Ports Bill, 2025, which repeals the century-old Indian Ports Act of 1908 to bring a modern, unified legal framework for India’s ports. The new law creates a Maritime State Development Council to advise on national port planning, empowers states via State Maritime Boards, mandates a maritime single-window system, and introduces mechanisms for transparent tariff publication, dispute resolution, pollution control, safety, and data sharing.

Its stated goals are to improve ease of doing business, enable integrated port development, and align India’s maritime sector with global best practices.

Food for Thought

India has taken a bold step by repealing the century-old Indian Ports Act of 1908⁹ and passing the Indian Ports Bill, 2025, which aims to establish a unified, modern legal framework for the country’s ports. The Bill establishes a Maritime State Development Council, empowers states through State Maritime Boards, and introduces a maritime

⁸ See <https://www.ndtv.com/india-news/up-ev-subsidy-scheme-ends-october-13-only-made-in-up-electric-vehicles-to-get-subsidy-benefits-from-october-14-9443872>.

⁹ <https://port.py.gov.in/sites/default/files/indianportact1908.pdf>

single-window system, along with mechanisms for transparent tariffs, dispute resolution, pollution control, safety, and data sharing. The stated goal is clear: ease of doing business, integrated port development, and alignment with global best practices.

Historically, India's ports have been governed by fragmented regulations, with past attempts at reform like the Major Port Authorities Act, 2021¹⁰ focusing largely on administrative efficiency without fully modernising legal structures. While these reforms improved operations in some ports, challenges persisted regarding regulatory clarity, tariff transparency, and multi-stakeholder coordination.

The new law is promising because it consolidates rules, provides clear governance structures, and promotes digital integration, all of which can reduce delays, improve private investment, and foster competition in port services. However, there are potential downsides. Greater autonomy for states may lead to regulatory divergence, inconsistent enforcement, or interstate conflicts. Without strong central oversight, some reforms may be implemented unevenly, limiting their impact on national efficiency.

Going forward, if implemented effectively, the Indian Ports Bill could significantly enhance ease of doing business, streamline port operations, and strengthen India's position in global maritime trade. However, its success will depend on striking a balance between state flexibility and national coordination.

2.5 Air India Group to Start 20 Daily Flights from Navi Mumbai Airport¹¹

Air India has announced plans to launch operations from the newly built Navi Mumbai International Airport (NMIA), starting with 20 daily flights (40 air traffic movements) under its low-cost arm, Air India Express, which will connect 15 domestic cities. The group aims to scale up to 55 daily departures (110 ATMs) by mid-2026, including up to 5 international flights, and further expand to 60 daily departures by winter 2026.

The new airport, long-awaited, is expected to ease congestion at Mumbai's current facility and provide fresh capacity for growth. In the initial phase, it will operate between 8 am and 8 pm, with limited flight windows, as security clearances, customs/immigration setup, as well as full operational testing are still underway.

¹⁰ <https://shipmin.gov.in/sites/default/files/MPAACT2021.pdf>

¹¹ See https://www.business-standard.com/finance/news/india-fastest-payments-globally-imf-upi-digital-cash-decline-125071001415_1.html.

Food for Thought

Air India's announcement to begin operations from the newly developed Navi Mumbai International Airport (NMIA) marks a significant shift in India's aviation landscape. Starting with 20 daily flights under Air India Express and plans to scale up to 60 daily departures by winter 2026, this move promises to ease congestion at Mumbai's main airport while unlocking new domestic and limited international connectivity.

From a competitive standpoint, this development changes the game. In the last edition,¹² we highlighted Akasa Air's setback due to its lack of international flying rights, which constrained its growth and market reach. With Air India now operating both domestic and international flights from NMIA, it gains a first-mover advantage in connectivity and network expansion, potentially capturing high-value passengers and boosting brand visibility.

For consumers, the outcome is largely positive as they will now have more flight options, reduced congestion, and potential fare competitiveness. For the industry, it nudges other airlines, including Akasa, towards strategic partnerships, fleet expansion, or lobbying for regulatory approvals to remain competitive. Overall, the new airport and Air India's aggressive launch could stimulate competition, enhance operational efficiency, and create a more dynamic aviation market in the Mumbai region.

2.6 Lenders of Jaiprakash Associates to Meet; Five Bidders in Fray¹³

Lenders of Jaiprakash Associates Ltd (JAL), which is currently undergoing insolvency proceedings, are scheduled to meet to initiate a challenge process among the five shortlisted bidders. These include Adani Group, Dalmia Bharat, Vedanta, Jindal Power, and PNC Infratech. The process is aimed at maximising recoveries for creditors, with the minimum bid floor set at ₹12,000 crore. Each bidder will have an opportunity to revise and improve their offers during this stage.

Following the challenge process (a bidding process proposed to identify the highest committed financial proposal on an NPV basis for secured financial creditors), bidders will be required to submit final resolution plans that comply with the Insolvency &

¹² <https://cuts-ccier.org/pdf/CDIDossier-jan-mar2025.pdf>

¹³ See https://economictimes.indiatimes.com/news/india/lenders-of-bankrupt-jaiprakash-associates-to-meet-friday-challenge-process-among-5-bidders-likely/articleshow/123703243.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

Bankruptcy Code (IBC) norms. The outcome will determine who ultimately takes over JAL's assets, which span power, cement, and infrastructure projects, and will have significant implications for both the company's revival and creditor recoveries.

Food for Thought

This bidding war is a clear accelerant for market consolidation, particularly in the cement industry. If Adani or Dalmia, already existing giants in the sector, succeed, then we are looking at an increasingly tight oligopoly. This is not just about corporate chess as it translates to real-world effects like hardened pricing power, which could ultimately inflate the cost of everything from housing to public infrastructure. The "efficiency" gains touted in mergers often come at the expense of consumer choice and price sensitivity.

The process itself, while promising for lenders, highlights a troubling systemic trend. The IBC was meant to be a lifeline for a diverse range of rescuers, but the final list here is a who's who of incumbent mega-conglomerates. It suggests that the high floors and complex asset structures of major bankruptcies are now exclusively the playground of a few, deep-pocketed entities. These risks sideline specialised operators and financial investors, potentially stifling the innovative restructuring that some of these assets truly need.

Ultimately, the Jaiprakash Associates saga is becoming a benchmark for how India's corporate landscape is being reshaped. While a high recovery value will be touted as an IBC success story and rightly so for the banks, we must be cautious. The code's power to maximise creditor payouts is simultaneously reinforcing market concentration in the hands of a few powerful industrial houses. The long-term health of the economy requires a balance that allows insolvency processes to revive competition, rather than simply extinguish debt.

2.7 After Etihad, SIA Orders Checks on Boeing 787 Fuel Switch Locks¹⁴

In the wake of recent aviation incidents, including a fatal accident involving an Air India Express flight, Singapore Airlines has taken proactive measures to enhance the safety of its Boeing 787 fleet. The airline has issued a directive mandating that its pilots physically verify the position of fuel switch locks during pre-flight checks. This

¹⁴ See <https://www.financialexpress.com/business/airlines-aviation-after-etihad-air-india-tragedynbsp-prompts-singapore-airlines-to-mandate-checks-on-boeing-787-fuel-switch-locks-3914486/>.

procedure ensures that the switches, which control fuel flow to the engines, are correctly set and cannot be accidentally moved during flight.

Food for Thought

The mandated check by India's Directorate General of Civil Aviation (DGCA) on all airlines operating specified Boeing models to inspect the fuel-control switch locking mechanisms after the crash is primarily a safety measure. Moreover, it is a damning indictment of Boeing's crumbling safety culture, where basic mechanical safeguards are failing on its most advanced aircraft. The fact that highly paid pilots must now physically verify a critical fuel switch will not accidentally cut off an engine mid-flight.

From a competition point of view, stronger oversight and enforced maintenance standards raise the baseline of operational performance expected of all carriers. Smaller or newer airlines, which may have had lower margins or fewer resources, must now invest to meet these standards. That reduces cost advantages tied simply to cutting corners, and pushes competition to be more about service quality, reliability, and innovation rather than lax safety or maintenance regimes.

Additionally, this can increase trust among consumers and other stakeholders across the market. When all players face the same high bar regarding safety and maintenance, the competitive field becomes fairer. This can help newer entrants or lower-cost carriers compete more credibly against incumbents, because the "safety premium" advantage of big carriers is less about hidden laxities and more about real service differentiation.

Furthermore, by requiring uniform inspections across airlines that use the same aircraft models, the DGCA effectively levels the playing field in terms of maintenance overheads. Airlines need to account for similar compliance costs, so competition shifts into areas such as route networks, pricing, customer experience, and operational efficiency, rather than being distorted by differential regulatory risk or hidden maintenance gaps.

However, to fully realise the competitive benefit, implementation must be transparent and timely: all airlines must comply, data on inspections and follow-ups should be widely reported, and regulatory enforcement must be consistent. If large incumbents manage to pass compliance more easily (due to their scale) while newer players struggle, the benefit to competition may be muted.

3. Inhibiting Competition

3.1 Why Indians Oppose an Internet Duopoly¹⁵

India's two largest telecom service providers, Reliance Jio and Bharti Airtel, have discontinued their entry-level data packs, which offered 1 GB of data per day for INR 249, thereby increasing the monthly prices for prepaid cellular data. Effectively, prepaid customers of the country's two biggest telecom operators must pay at least INR 300-350 for monthly data or contend with cheaper packs that offer limited data or validity periods. Meanwhile, smaller rival Vodafone Idea Ltd already offers 1GB per day at INR 299 for 28 days. These changes can effectively help telecom giants encourage consumers to shift to more expensive postpaid options. If more customers are prompted to move to postpaid plans, it can translate to higher, more predictable revenues for telcos.

The worry is that with Vodafone-Idea's decline and BSNL's limited reach, the intense competition that once drove data prices to rock-bottom levels is fading. This shift raises the prospect of reduced choice for consumers and the potential for future price hikes, moving away from the highly affordable internet access that Indians have become accustomed to.

Food For Thought

The Indian telecom market, once hailed for its fierce competition and rock-bottom data prices, is now dangerously concentrated in a duopoly. Reliance Jio's rise, coupled with Bharti Airtel's alignment in pricing strategies, has shifted the market dynamics from a consumer-centric to a profit-driven approach. After Jio's aggressive entry, including giving away SIMs for free and enduring initial losses, it successfully eliminated meaningful competition and secured a dominant position. The Competition Commission of India's rejection of predatory pricing complaints against Jio¹⁶ has removed a critical regulatory safeguard, paving the way for further market consolidation and reduced consumer choice.

Firstly, this dominance directly erodes competition. With smaller rivals like Vodafone Idea weakening and BSNL unable to expand its reach meaningfully, Jio and Airtel can dictate

¹⁵ See <https://www.livemint.com/industry/telecom/mobile-prepaid-data-packs-postpaid-plans-jio-airtel-vodafone-bsnl-cheapest-internet-broadband-telecom-duopoly-11756204185444.html>.

¹⁶ See <https://timesofindia.indiatimes.com/business/india-business/ci-dismisses-airtels-complaint-against-ril-reliance-jio/articleshow/59073487.cms>.

market terms without pressure. Consumers, especially prepaid users, are now forced to either pay significantly more for data or accept packs with limited utility, fundamentally reducing affordability and choice. What was once a highly competitive market, where companies competed aggressively for users, is now shifting toward a quasi-duopoly that discourages innovation and price competitiveness.

Secondly, the impact on consumers is immediate and long-term. By nudging users toward more expensive postpaid plans, dominant players secure predictable revenues while leveraging their market position. This has systemic implications: lower competition reduces incentives for service improvement, constrains the growth of alternative providers, and risks a gradual increase in prices across the board. The very success of Jio in recouping its initial losses through market dominance has emboldened it to adjust pricing at will, further consolidating its hold over the telecom ecosystem.

Finally, this situation highlights a regulatory failure. The lack of timely intervention by authorities has allowed market power to concentrate excessively, undermining the principles of a competitive telecom landscape. If the current trajectory continues, consumers will bear the cost of reduced competition, and innovation in the sector could stagnate. Urgent regulatory action from policymakers is needed to restore balance, ensure fair pricing, and protect consumer interests before the duopoly becomes fully entrenched.

3.2 Spirit Makers Decry Bias Against Domestic Brands¹⁷

Indian spirit manufacturers have raised concerns over state excise policies, claiming that they favour imported alcoholic beverages over domestic brands. The Confederation of Indian Alcoholic Beverage Companies (CIABC) highlighted that Indian brands face significantly higher brand registration fees and excise duties compared to imported bottled-in-origin (BIO) spirits. For instance, in Maharashtra, the excise duty on India-made foreign liquor (IMFL) is double that on BIO products, leading to a surge in sales of imported brands and a decline in domestic premium brands. Similarly, in Delhi, while Indian producers must pay between INR 8 lakh to INR 25 lakh to register and sell one brand, BIO products pay just INR 15 lakh for five spirit brands.

¹⁷ See https://economictimes.indiatimes.com/industry/cons-products/liquor/indian-spirit-makers-flag-discrimination-against-foreign-brands-by-states-excise-policies/articleshow/123345404.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

The CIABC argues that such disparities undermine the government's "Atmanirbhar Bharat" initiative, which aims to promote self-reliance. They point out that while Indian premium and luxury brands are gaining international recognition, they face domestic taxation hurdles that make them less competitive. The association has urged state governments to address these anomalies to ensure a level playing field for domestic manufacturers.

Food For Thought

The plight of Indian spirit makers exposes a regulatory bias that actively penalises domestic producers. While the government promotes "Atmanirbhar Bharat" to boost self-reliance, state excise policies often contradict this vision. Higher excise duties and brand registration fees on India-made foreign liquor (IMFL) compared to imported BIO products distort the market, making it artificially easier and cheaper to sell foreign brands than domestic ones. In Maharashtra, IMFL bears double the excise duty of BIO products, and in Delhi, domestic producers pay INR 8–25 lakh per brand while imported spirits pay just INR15 lakh for five. Such disparities directly undermine domestic competitiveness, penalising brands that are gaining international acclaim and discouraging innovation in premium segments.

Firstly, this creates a structural disadvantage for Indian brands, eroding their market share not because of quality or consumer preference, but because of policy-induced hurdles. Secondly, consumers are forced into skewed choices: higher costs for domestic products nudge them toward imported alternatives, weakening the very foundation of a self-reliant industry. Ultimately, this is a failure of regulatory alignment, where state-level excise structures conflict with national initiatives, thereby compromising India's broader economic objectives.

Unless state governments act decisively to level the playing field, domestic spirit manufacturers risk being permanently marginalised, turning policy support for Indian enterprise into little more than rhetoric. Correcting these anomalies is not just an industry necessity; it is essential for a credible Atmanirbhar Bharat in the alcoholic beverages sector.

3.3 SC Recalls Bhushan Power Verdict for Fresh Review¹⁸

The Supreme Court has recalled its May 02, 2025 judgment that had ordered the liquidation of Bhushan Power and Steel Ltd (BPSL) after rejecting JSW Steel's ₹19,000 crore resolution plan under the Corporate Insolvency Resolution Process (CIRP). A bench of CJI B R Gavai and Justice S C Sharma said the appeal challenging the plan will be considered afresh, keeping all questions open for argument. The earlier ruling had quashed NCLT and NCLAT approvals of JSW's plan, citing non-compliance with Sections 30(2) and 31(2) of the Insolvency and Bankruptcy Code (IBC), and had directed liquidation under Article 142, calling the rejection of the resolution plan perverse and without jurisdiction.

Solicitor General Tushar Mehta, representing the Committee of Creditors (CoC), argued that BPSL, which employs approximately 25,000 workers, had revived financially after the acquisition and questioned whether minor breaches in timelines should warrant liquidation. JSW's counsel highlighted errors in the May ruling and urged a fresh hearing, warning of its impact on the IBC framework. CJI Gavai noted the importance of protecting livelihoods and investments and indicated that the review would focus solely on the judgment itself, emphasising that the IBC's purpose is to revive companies, not shut them down, ensuring justice for workers and stakeholders.

Food for Thought

The Supreme Court's decision to recall its May 2025 verdict on BPSL highlights the tension between procedural compliance and the IBC's core objective of corporate revival. The earlier order, which rejected JSW Steel's ₹19,000 crore resolution plan and directed liquidation, risked penalising minor technical lapses while jeopardising the interests of thousands of employees, creditors, and investors. By reopening the case, the Court signals that liquidation should not automatically follow minor breaches, especially when the company can be revived.

Firstly, this move underscores the human and economic stakes involved. BPSL employs around 25,000 workers, and liquidation would have had catastrophic effects on livelihoods, industrial value chains, and creditor recoveries. Reconsidering the plan enables the judiciary to strike a balance between technical compliance and the broader

¹⁸ See https://economictimes.indiatimes.com/industry/cons-products/liquor/indian-spirit-makers-flag-discrimination-against-foreign-brands-by-states-excise-policies/articleshow/123345404.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

goal of sustaining businesses and preserving jobs, thereby reinforcing the principle that the IBC is intended to revive, not terminate, companies.

Secondly, the case carries broader implications for the IBC framework and investor confidence. A rigid precedent favouring liquidation over resolution could discourage future investors from engaging with distressed assets, weakening the resolution ecosystem. The Supreme Court's review serves as a reminder that pragmatism, equity, and stakeholder interests must guide insolvency adjudication, ensuring that the law promotes revival, economic stability, and justice for all stakeholders.

3.4 GST 2025: Major Cuts that Did Not Happen¹⁹

The GST reforms of 2025, effective from September 22, reduced the number of tax slabs from four to two- five and 18 percent, with a special 40 percent rate for luxury and sin goods. The overhaul aimed to simplify India's tax system, make everyday goods more affordable, and stimulate economic activity. However, several sectors expecting relief were left out of the cuts. Telecom services, which had sought a reduction from 18 percent to 5 percent, and mobile phones, which continued to be taxed at 18 percent, did not benefit from the reform despite industry appeals. Fuel products, such as petrol and diesel, were also excluded, remaining under excise and VAT, which preserved revenue for the Centre and states but kept fuel prices volatile. While the reforms offered significant tax relief for several goods, key sectors, including telecom, mobile devices, and fuel, saw no reduction in costs, meaning consumers did not experience lower prices in these areas.

Food for Thought

India's ambitious GST rationalisation signalled a clear shift toward simplified consumption taxation and economic stimulus. By consolidating slabs, policymakers aimed to spur mass-market demand, enhance compliance, and mitigate inflationary pressures, with early estimates indicating a moderation in the headline CPI and added savings for households. Lower rates on daily goods, vehicles, and insurance products confirmed intent to amplify consumption and manufacturing competitiveness, aligning with the government's broader growth vision.²⁰

¹⁹ See <https://economictimes.indiatimes.com/defaultinterstitial.cms>.

²⁰ See <https://economictimes.indiatimes.com/wealth/tax/do-gst-cuts-really-translate-into-genuine-savings-for-buyers/articleshow/124176570.cms>.

Yet, fundamental constraints emerged from what the Council chose to leave unchanged. Despite repeated industry appeals, telecom services and mobile phones remain at the standard 18 percent GST rate, despite digital inclusion being a policy priority, and phone demand has recently contracted by nearly one-third following prior GST hikes. The telecom sector, vital for national connectivity and productivity, received operational compliance changes but no price relief for end-users.

Likewise, petroleum products stayed outside GST, preserving critical fiscal revenues for central and state governments at the cost of continued price volatility and persistent supply chain disruptions.²¹ With coal tax rates rising from 5 percent to 18 percent, power tariffs are likely to further escalate in many states, increasing business costs that will most likely be passed on to consumers. These are largely hindering the nation's ease of doing business agenda.

The uneven reform mix means the largest slices of household utility spending on digital access and mobility are yet to benefit from GST reductions, curbing the broader promise of relief and inclusion for millions of consumers and MSMEs. These excluded sectors face dual challenges: competitive disadvantage for domestic players and lost opportunities for widespread economic stimulus. There is also a need to ensure accountability and transparency within the system to ensure that GST benefits reach last-mile consumers. From the ease of doing business angle, it is still a work in progress.

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²¹ See <https://www.acefone.com/blog/how-gst-going-to-influence-telecom-sector/>.