# Competition Policy Watch
## India Perspective

**This periodic dossier produced by CUTS International examines the policy interface affecting competition in India, which can be both positive and negative. 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,

We are pleased to present the second edition of Competition Policy Watch for Q2 2026 (April-June). Building on our inaugural issue, this edition continues to track and analyse policy and regulatory developments shaping competition across the Indian economy. As before, developments are organised under three themes: Trade Policies, Policies Promoting Competition, and Policies Inhibiting Competition, offering a holistic view of government intervention, market dynamics, and consumer welfare.

A recurring theme this quarter is the challenge of designing interventions that bolster resilience and domestic capacity without undermining competitive neutrality. Measures such as temporary customs duty exemptions on industrial inputs, concessional domestic sales for SEZ units, anti-dumping duties, and proposals to correct inverted tariffs show efforts to strengthen manufacturing amid global uncertainty. While these responses address genuine economic and geopolitical pressures, they also risk becoming persistent distortions that weaken competition or disadvantage downstream industries.

The quarter also witnessed several reforms aimed at improving market efficiency and lower barriers to entry. Expansion of highway asset monetisation, steps to streamline insolvency resolution, regulatory harmonisation for advanced medical therapies, and the proposed "One Nation, One KYC" framework reflect an emphasis on simpler regulation and greater market participation. Sector-specific initiatives in telecommunications, aviation, and legal services further underscore the role of independent regulators in promoting transparency and contestability.

At the same time, several structural concerns merit careful attention. Growing concentration in critical infrastructure, debates over corporate governance, banking consolidation, and the allocation of large public contracts raise questions about market concentration and the long-term effects of policy choices. Many individual measures are defensible on efficiency or governance grounds. Taken together they demonstrate that competition policy now extends well beyond antitrust enforcement to encompass trade, infrastructure, financial regulation, corporate governance, public procurement, and industrial policy.

We hope you find this edition informative and thought-provoking. Please share this bulletin within your professional networks to foster informed discussion and support competitive, resilient, consumer-oriented markets in India.

Cheers!

# Contents

# 1. Trade Policies

## 1.1 Government May Extend the Zero-Duty Import Window[1]

India exempted 40 critical petrochemical products, including methanol, anhydrous ammonia, toluene, styrene and vinyl chloride monomer, from customs duty on April 02, 2026. This temporary, targeted relief aims to protect industries such as plastics, packaging, textiles, pharmaceuticals and auto components from supply disruptions linked to the Strait of Hormuz amid the West Asia conflict.

With the exemption set to lapse on June 30, officials have said that the government will decide on an extension only after assessing the evolving situation in West Asia, cargo movement through the Strait, and the revenue implications.

***Food for Thought***

*The zero-duty window on key inputs lowers costs for downstream users without directly shielding any single finished-goods sector from competition. Industry groups such as the Indian Pharmaceutical Alliance and Pharmexil have welcomed the measure for stabilising input costs across multiple players rather than favouring specific firms. From a competitiveness perspective, it helps preserve the viability of export-oriented manufacturing ecosystems during external shocks, supporting jobs and capacity utilisation in affected sectors.*

*At the same time, repeated extensions of "temporary" relief measure risk turning it into a permanent form of protection. This is, therefore, a textbook case of trade policy responding to a geopolitical shock. The review process, involving an inter-ministerial panel weighing fresh sectoral demands alongside new duties elsewhere, illustrates how an emergency measure can broaden instrument of industrial policy. If extended without clear sunset clauses, the exemption could place domestic petrochemical producers at a sustained cost disadvantage relative to downstream users, creating a distortion in the opposite direction.*

*For MSMEs in downstream industries, the relief supports short-term survival and efforts to diversify import sources. Consumers also benefit through greater price stability in products, pharmaceuticals and auto components.*

1 https://www.business-standard.com/economy/news/govt-weighs-extending-zero-duty-import-on-40-products-beyond-june-30-126061800516_1.html

*Overall, the policy is more oriented toward preserving the competitiveness of exporters during supply shocks than protecting domestic firms. Formalising strict sunset reviews and requiring periodic re-justification, as practiced in several jurisdictions facing similar energy-security challenges, would strengthen the policy while supporting Ease of Doing Business objectives.*

## 1.2 SEZ Units Get One-Year Duty Relief for Domestic Sales[2]

Effective April 01, 2026-March 31, 2027, the government has allowed Special Economic Zone (SEZ) units to sell goods into the Domestic Tariff Area at concessional customs duty rates. This measure is expected to benefit an estimated 1,200 SEZ manufacturing units. The concession is capped at 30 percent of a unit's highest annual FOB export value during the preceding three financial years, requires a minimum of 20 percent value addition, applies only to units that commenced production on or before March 31, 2025, and excludes Free Trade Warehousing Zone units.

***Food for Thought***

*The measure addresses a genuine structural challenge. SEZs, established primarily for exports, have faced idle capacity amid volatile global demand. Allowing limited domestic sales at concessional duty rates enables underutilised capacity to be put to productive use. For India's manufacturing ambitions, this is a sensible efficiency-enhancing reform that does not favour any single company or sector. It also helps sustain export-oriented manufacturing ecosystems and supports employment through higher capacity utilisation.*

*The competition concern is more nuanced. SEZ units have historically enjoyed benefits (such as earlier tax holidays and duty-free capital goods imports) that ordinary Domestic Tariff Area manufacturers never received. This creates an uneven playing field between two categories of domestic producers. The 30 percent cap, 20 percent value-addition requirement, and eligibility cut-off act as useful guardrails to keep this a capacity-utilisation tool rather than a backdoor route to unrestricted domestic competition.*

*There are also fiscal trade-offs. Concessional duties reduce customs revenue, and differential treatment of SEZ and non-SEZ manufacturers may create tensions within the domestic manufacturing sector. The policy's long-term impact will depend on how*

2 https://www.business-standard.com/economy/news/govt-allows-temporary-customs-duty-relief-for-sez-units-sold-domestically-126040100240_1.html

*rigorously the caps and eligibility conditions are enforced and how well it complements initiatives, such as Production-Linked Incentive schemes. These factors will determine whether the measure remains a modest efficiency-enhancing reform or evolves into a more problematic parallel-tariff regime.*

## 1.3 China's Export Surge Raises Diversion Risk for India[3]

China's exports surged 19.4 percent year-on-year in May 2026 to a record US$376.78bn, accelerating from April's 14.1 percent growth. The increase was driven by semiconductors, automobiles and AI-related hardware. Exports to the US rose by more than 35 percent, the fastest pace since early 2021, despite ongoing tariff tensions in the broader US-China trade relationship. Chinese electric vehicle maker BYD alone exported more than 160,600 vehicles in May, an 80 percent increase over the previous year.

***Food for Thought***

*The export surge is likely to intensify competitive pressure in global manufacturing markets, including India. Sectors such as automobiles, electronics, renewable energy equipment, chemicals and consumer electronics could face increased import competition from lower-cost Chinese products. While stronger import competition can enhance consumer welfare through lower prices, better quality and greater choice, it may also compress margins for domestic manufacturers that operating with relatively higher production costs. This dynamic poses particular challenges for smaller firms and tests the competitiveness of Indian industry.*

*The broader is one of preserving export-oriented manufacturing ecosystems during periods of weak global demand. Higher capacity utilisation in such conditions generally supports employment. At the same time, policy responses such as anti-dumping duties involve trade-offs. While they can protect domestic industries from unfair competition, they may also increase input costs for downstream manufacturers and create differential treatment across segments of the manufacturing sector.*

*Complementing policies are therefore essential. Production-Linked Incentive (PLI) schemes, alongside faster regulatory approvals, greater investment in research and development, and efforts to strengthen self-reliance in active pharmaceutical ingredients (APIs), can help improve India's manufacturing competitiveness. Several Southeast Asian*

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3 https://apnews.com/article/china-trade-exports-trump-iran-economy-33ee2ae323cb9bd8189bf1b13fbe9edf

*economies have combined targeted trade defence measures with domestic reforms.For India, the more durable strategy lies in strengthening its value-added manufacturing base through "China Plus One" strategies, supply chain diversification, and productivity-enhancing reforms. Such an approach advances the objectives of Make in India, reduces excessive import dependence, and builds long-term competitiveness rather than relying solely on protectionist measures.*

## 1.4 India Imposes Five-Year Duty on Rubber Chemical Imports[4]

India has imposed anti-dumping duties of US$75-US$1,748 per tonne for five years on Sulphenamides Accelerators (used in rubber and tyre manufacturing) imported from China, the EU and the US. The decision follows a finding by the Directorate General of Trade Remedies that the products were being dumped below their normal value, causing material injury to domestic producers such as NOCIL. In parallel, the government has extended anti-dumping duties on aluminium foil and imposed fresh duties on PET resin imports from China.

***Food for Thought***

*Under WTO rules, anti-dumping duties are a legitimate remedy against a specific unfair trade practice, i.e., selling exports below their normal value, rather than a form of conventional protectionism. DGTR investigations are quasi-judicial and evidence-based processes rather than discretionary interventions. Domestic rubber-chemical manufacturers facing genuinely predatory import pricing therefore have a credible case for such relief. Without it, Indian producers could be driven out of a market, not because they are less efficient than foreign competitors, but because they are competing against artificially low-priced imports.*

*The competition concern lies in market concentration and the duration of production. NOCIL is one of few significant domestic producers of Sulphenamides Accelerators. A five-year duty therefore provides substantial protection from imports originating in three major trading blocs simultaneously, giving domestic producers a prolonged period of reduced competitive pressure in a market with limited alternative suppliers. Moreover, anti-dumping duties often prove persistent. Although WTO rules provide for sunset reviews, duties are frequently extended—as illustrated by the continuation of duties on aluminium foil — rather than allowed to expire when dumping margins decline.*

[4] https://www.business-standard.com/economy/news/govt-imposes-anti-dumping-duty-on-chemical-imported-from-china-eu-us-126062200637_1.html

*The tyre industry, as the principal downstream user, is likely to bear input costs, which may ultimately be passed on to consumers through higher prices for tyres and rubber products. The extent of this pass-through will depend on the level of competition in downstream markets. Another consideration is import diversion, whereby imports shift to countries not covered by the duties. Ultimately, whether the policy delivers a net benefit for India will depend on whether NOCIL and other domestic producers use the period of protection to expand capacity, improve productivity, and enhance cost competitiveness, rather than merely benefiting from higher margins. International practice offers a useful benchmark: both the EU and the United States operate comparable sunset-review mechanisms, suggesting that the review process—rather than the initial imposition of duties—is where competitive discipline is ultimately tested.*

## 1.5 GTRI Flags Inverted Duty Structure in Aluminium Sector[5]

The Global Trade Research Initiative (GTRI) has urged overhaul of India's aluminium trade policy. A 7.5 percent import duty on unwrought aluminium, combined with low or zero FTA duties on finished products, has created an inverted duty structure. India exported US$7bn in aluminium products in FY26, mostly primary metal, while importing finished goods that compete with domestic manufacturers. GTRI recommends removing the import duty on unwrought aluminium and imposing a 20 percent export duty on primary aluminium, following China's model.

***Food for Thought***

*The inverted duty structure genuinely disadvantages more than 3,500 downstream MSMEs GTRI cites. These firms pay import-parity prices for raw aluminium because domestic primary producers' price at the global benchmark plus the duty equivalent. At the same time, they compete against finished imports that enter at low or zero FTA duty. This creates a real competitiveness gap between two different tiers of Indian industry. Primary producers stand on one side and downstream fabricators, on the other. It is not simply a domestic vs. foreign question.*

*From an industrial policy perspective, the objective is not merely to support downstream firms but to encourage greater domestic value addition. GTRI's proposed fix, a 20 percent export duty on primary aluminium metal mirroring China's roughly 30 percent duty on*

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[5] https://www.business-standard.com/industry/news/india-should-curb-primary-aluminium-exports-to-boost-manufacturing-gtri-126061800737_1.html. *Note: much of the framing below follows GTRI's own diagnosis and prescription, as set out in its report and founder Ajay Srivastava's public comments; it is presented here rather than as this dossier's independent assessment.*

*ingots, would help downstream manufacturers. However, it does so by constraining primary producers' ability to sell into the higher-priced global market. This effectively cross-subsidises one part of the value chain from another.*

*Whether this is sound policy depends on which market distortion is greater. The current system is biased against value-added manufacturing. This weakens jobs, exports and investment. A new export duty would create a fresh bias against primary producers' export freedom. Around a quarter of India's aluminium consumption flows through government-funded infrastructure such as railways, power transmission and defence. The current inverted structure therefore also has a public-cost dimension. GTRI estimates it raises input costs on aluminium-intensive public projects by roughly 3 percent. This is an underappreciated angle on how a private-sector tariff distortion becomes a public expenditure issue.*

*If downstream manufacturers obtain cheaper aluminium, these benefits could flow further. Consumers may gain through lower prices and greater product availability in the end.*

## 1.6 India Seeks Tariff Parity After US Drug Duty Hike[6]

Following the US decision to impose 100 percent tariffs on patented pharmaceutical imports and ingredients (with preferential rates for some partners), India is negotiating for tariff parity. Generics, biosimilars and ingredients, i.e., the bulk of India's exports, remain exempt for at least a year. The impact falls mainly on the growing Contract Research, Development and Manufacturing (CRDMO) segment and branded portfolios.

***Food for Thought***

*This story sits at the intersection of trade policy and India's longer-term competitiveness strategy. It is not a purely domestic distortion. Yet it belongs in this dossier because its outcome will shape the competitiveness Indian CRDMO players relative to rivals in China and, increasingly, the US itself as reshoring incentives gain momentum. The US tariff design, which offers zero-tariff treatment to firms making onshoring or MFN pricing commitments, is itself a form of managed competition. It uses tariff policy to redirect where pharmaceutical manufacturing capacity is built globally rather than letting comparative advantage decide.*

[6] https://www.whalesbook.com/news/English/international-news/US-Pharma-Tariffs-Exempt-Indias-Generics-New-Trade-Policy-Creates-Global-Risk/69cfcb6069ec081354e40866

*For India, the risk is less about the immediate exposure of around one billion dollars and more about signalling. Higher tariffs may alter investment decisions. They could encourage Indian pharmaceutical firms to establish manufacturing facilities in the US or diversify production across lower-tariff jurisdictions. This would increase operational costs and affect India's attractiveness as a global manufacturing base. The tariffs may also influence global pharmaceutical supply chains by diverting high-value manufacturing and contract development projects away from India.*

*If Indian CRDMO firms respond to a high-tariff patented-drug regime by shifting focus toward generics, where India already dominates, rather than climbing the value chain into patented and specialty manufacturing, the policy could inadvertently lock India into a lower-margin segment of global pharma. This would happen even as it protects near-term export revenue. The proposed reciprocal packages under discussion, including generic pricing concessions, IP law reforms to curb evergreening, and incentives for API manufacturing on both sides, suggest this negotiation is really about the shape of the future India-US pharma relationship rather than a narrow tariff dispute. The competitive positioning India secures now, such as parity with the EU or UK band or better, will matter more over a decade than the immediate revenue math.*

*India should therefore focus on strengthening its domestic pharmaceutical ecosystem. Faster regulatory approvals, R&D incentives, API self-reliance, and Production-Linked Incentives can sustain competitiveness irrespective of external tariff changes.*

# 2. Policies Promoting Competition

## 2.1 Airlines Oppose Higher Airport User Fees[7]

IndiGo and Air India have formally objected to steep proposed user development fees (UDF) at the upcoming Noida International and Navi Mumbai International airports. Noida's proposed domestic departure UDF starts at ₹653 (rising around 41 percent by FY30) versus Delhi's current ₹129, while Navi Mumbai has proposed a 45 percent cumulative UDF hike over five years. Airport operators argue that early users must share the cost of new infrastructure. Airlines counter that high charges will force them to prioritise higher-yield routes over expanding capacity at the new airports.

[7] https://www.newsbytesapp.com/news/business/indigo-air-india-oppose-steep-charges-at-new-airports/story

Following AERA's April 8 order cutting landing and parking charges for domestic flights by 25 percent for three months, the Association of Private Airport Operators (APAO) has sought policy support from the Ministry of Civil Aviation amid cash-flow concerns for operators.[8]

***Food for Thought***

*Reasonable airport charges promote competition by lowering barriers to entry and expansion for airlines. From a market access perspective, they enable both new entrants and existing carriers to compete across a wider range of routes, particularly in price-sensitive domestic markets. This, in turn, supports greater route diversity and capacity expansion in the short term.*

*At the same time, greenfield airports must recover the substantial upfront costs of infrastructure development. New airports such as Noida International Airport (NIA) and Navi Mumbai International Airport (NMIAL) face significant capital expenditure, and requiring early users to bear part of these costs is not inherently anti-competitive. Rather, it reflects the way greenfield infrastructure is commonly financed worldwide when it is not fully subsidised by the state.*

*The competition concern lies less in the principle of cost recovery than in market power and regulatory sequencing. If new airports lock in aggressive charges from day one, airlines already squeezed by high fuel costs and thin margins will simply route capacity to established hubs. This entrenches Delhi and Mumbai's dominance rather than diversifying the market as intended. IATA's global experience suggests secondary airports launching with high charges typically struggle to build traffic. It becomes a chicken-and-egg problem: airlines will not come until fares are competitive with established hubs, but airports cannot lower fares without a traffic base. AERA's ongoing review of NMIAL and NIA's tariff proposals will effectively decide whether India gets genuinely competing metro airports or merely nominally separate ones that funnel traffic back to the incumbents.*

*The mirror image story of private airport operators seeking relief from the landing-charge cut raises similar issues. Airport operators have a real point that a uniform, emergency-style cut applied overnight to already-built assets under long-term concession agreements changes the economics those concessions were priced on. This is*

8 https://www.livemint.com/industry/private-airport-operators-seek-relief-after-tariff-cut-warn-of-cash-flow-strain-aai-revenue-11777563940839.html

*a form of regulatory risk. It could make future private investment in Indian airport infrastructure more cautious. Such caution would undermine the private-capital-led capacity expansion that policy has otherwise encouraged. APAO has argued the uniform reduction is arbitrary and called instead for a differentiated, airport-specific approach.*

*At the same time, the rationale for reducing landing-charges, passing cost savings on to airlines and ultimately passengers during a period of exceptionally high fuel costs — is a defensible, competition-enhancing measure. It can help ease consolidation pressures in an airline industry where only a handful of carriers remain financially viable. How the Ministry resolves this issue will signal whether India's PPP airport model can accommodate sudden regulatory shifts without discouraging future private investment.*

## 2.2 NHAI Launches FY27 Asset-Monetisation Drive[9]

The National Highways Authority of India has kicked off its 2026-27 asset monetisation programme. It has identified 17 highway stretches spanning 1,692.5 km across nine states for monetisation via the Toll-Operate-Transfer and Infrastructure Investment Trust routes. The target is ₹30,000-35,000 crore for the year. In the first bid, Epic Concesiones narrowly outbid Adani Enterprises for a Tamil Nadu highway bundle at ₹2,259 crore.

***Food for Thought***

*The monetisation of 17 highway stretches through TOT and InvIT models is expected to enhance competitive participation in infrastructure management. By opening mature highway assets to private investors through market-based bidding, this programme encourages participation from both domestic and international infrastructure developers, institutional investors, and infrastructure funds. This approach supports competitive concession allocation rather than direct market rivalry. It aligns with broader efforts to crowd in private investment alongside public capex, advancing the Viksit Bharat agenda. Good infrastructure in turn improves manufacturing efficiency, enhances exports, and helps attract FDI.*

*NHAI is not selling the underlying asset or granting a permanent monopoly. Instead, it auctions a time-limited right to operate and collect tolls, with proceeds recycled into new construction. The model in principle lets multiple private players compete for each individual bundle rather than concentrating national highway operation in one or two*

[9] https://indianinfrastructure.com/2026/06/10/nhai-flags-off-asset-monetisation-drive-for-2026-27/

*hands. The narrow margin between Epic Concesiones and Adani Enterprises in the first bid (₹2,259 crore) is itself a healthy sign of a genuinely contested auction rather than a foregone conclusion.*

*The competitive risk to watch is less about this particular auction and more structural. If a small number of large infrastructure conglomerates with deep balance sheets consistently outbid smaller players across successive TOT bundles, as has happened in some previous rounds of highway and airport monetisation, the programme could gradually concentrate a large share of India's toll road network in very few hands, even though each individual auction looks competitive in isolation. That represents a different failure mode from an outright monopoly. Competitive bidding may be formally maintained at each stage, yet the aggregate outcome could still result in concentrated ownership. Whether the remaining bundles across the 17 identified stretches sustain the kind of robust bidding seen in Tamil Nadu, rather than evolving into a pattern in which the same two or three large players alternate winning contracts, will be a better indicator of genuine competitive intensity than the headline monetisation target alone.*

## 2.3 Foreign Law Firms Enter India Cautiously[10]

More than a year after the Bar Council of India's amended rules (notified May 2025) permitted limited foreign lawyer and firm entry into India's legal services market, actual entry has been limited. The market is reportedly worth over US$45bn. Entry is restricted to non-litigious foreign and international law and arbitration work. Registration fees are roughly US$15,000-25,000 for individuals and firms respectively (plus renewal and per-jurisdiction fees).

There is also a 60-day "fly-in fly-out" cap for those who skip registration. Indian law firms and legal press cite registration costs, the litigation-practice prohibition, and vagueness around what counts as "practice" under the fly-in fly-out exception as reasons for cautious uptake.

***Food for Thought***

*This is a useful reminder that formal market liberalisation and actual competitive entry are two different things. On paper, allowing foreign law firms in at all, after a prohibition under the Advocates Act, 1961 upheld as recently as the Supreme Court's 2018 AK Balaji judgment, is a genuine pro-competitive opening. A more competitive legal services*

10 https://www.legalbusinessonline.com/features/briefs-new-liberalisation-rules-press-indian-law-firms-and-corporations-talents-and-costs

*market can strengthen India's Ease of Doing Business by improving access to sophisticated legal advice for cross-border transactions, mergers and acquisitions, project finance and international arbitration. Over time, it should increase the range and depth of legal services available to Indian corporates. It should also give domestic lawyers international exposure and mobility.*

*Arbitration is the area most likely to witness meaningful change in the near term. Foreign lawyers can now advise clients and appear in India-seated arbitrations on a fly-in, fly-out basis. This supports India's ambition to establish itself as a regional arbitration hub.*

*The muted actual entry suggests the liberalisation was calibrated more cautiously than a genuinely contestable-market opening. Registration fees, per-jurisdiction charges, the 60-day annual practice cap, and the blanket prohibition on practicing Indian law all function as real constraints. They blunt competitive pressure on incumbent Indian firms. Domestic law firm pricing is unlikely to be disrupted while these restrictions hold.*

*Global precedent from other historically closed legal markets shows this kind of graduated opening typically takes years to translate into a materially more competitive domestic market. India appears to be following that slower trajectory. The approach preserves stability but raises questions about barriers to entry and the pace of dynamic competition in legal services.*

## 2.4 Government Pushes Faster Insolvency Resolutions[11]

The Insolvency and Bankruptcy Code (Amendment) Act, 2026, tightens timelines by requiring adjudicating authorities to admit or reject applications within 14 days and record reasons for delay. Against this backdrop, senior Ministry of Corporate Affairs officials have publicly urged insolvency professionals to expedite the resolution of stressed companies, reflecting continued concern that prolonged CIRP timelines erode asset value and discourage potential resolution applicants.

***Food for Thought***

*Efficient insolvency processes promote competitive dynamism by ensuring that inefficient firms exit or are restructured promptly. This allows more productive firms to enter, expand, or acquire productive assets. A timely and predictable insolvency framework strengthens investor confidence. It improves recoverability and reduces uncertainty*

[11] https://www.scconline.com/blog/post/2026/04/07/insolvency-bankruptcy-code-amendment-act-2026-explained/

*around distressed investments. This enhances India's overall business environment from an Ease of Doing Business perspective.*

*The 2026 Amendment Act's stricter 14-day admission timelines and expanded avoidance-transaction provisions should, if implemented well, support a more effective competitive-reallocation mechanism rather than a slow-motion holding pattern for stressed assets.*

*The harder question is whether exhortation alone changes behaviour when the real bottlenecks are structural. Persistent NCLT bench capacity constraints, the complexity of multi-creditor cases, and litigation at the NCLAT stage can add months even after a resolution plan is approved. Insolvency professionals therefore face a genuine tension between resolving cases quickly and resolving them defensibly. Rushing risks under-valued resolution plans that shortchange creditors. Thoroughness risks the delay the ministry is trying to cure. The Amendment Act's tighter statutory clocks are the more consequential lever here. Ministerial encouragement is best read as a signal of intent rather than the mechanism of change itself.*

## 2.5 TRAI Directs Jio to End Discriminatory Tariffs[12]

The Telecom Regulatory Authority of India (TRAI) directed Reliance Jio to stop restricting certain special tariff vouchers (₹249, ₹199, ₹209) to specific sales channels (Jio Stores or the MyJio app only). TRAI also ordered an end to device-specific tariff plans tied to JioPhone and JioBharat feature phones. The company has until April 14, 2026 to comply. TRAI found these practices violated its 2020 transparency directive requiring uniform publication of tariff plans across all customer touchpoints. They could lock low-income users into specific devices or retail channels.

***Food for Thought***

*This is a clear example of a sector regulator acting against monopoly behaviour by a dominant player. TRAI has used existing rules to stop Jio from employing channel-specific and device-specific restrictions. These practices act as a soft form of market segmentation that undermines genuine consumer choice and mobile number portability. Such measures are key pillars of telecom competition policy globally.*

[12] https://www.business-standard.com/companies/news/trai-asks-jio-to-end-discriminatory-tariff-plans-sets-april-14-deadline-126040400281_1.html

*Uniform publication of tariff plans reduces information asymmetry and consumer search costs. It enables more effective comparison across operators. This strengthens price competition. Consumers can then make informed switching decisions based on price and service quality rather than artificial distribution or device-based restrictions.*

*With over 500 million subscribers, Jio's restrictions functionally reduce switching and comparison-shopping. They affect price-sensitive, often rural or first-time users who benefit most from transparent options. TRAI's intervention reinforces basic contestability in a market that has consolidated to three private players (Jio, Airtel and Vodafone-Idea) plus BSNL.*

*In this consolidated structure, regulators have few remaining levers to preserve genuine consumer choice once pricing power concentrates. TRAI's enforcement action serves as a useful counterweight. It signals that even a dominant operator cannot narrow transparency and effective consumer choice at the entry-level end of the market. Whether TRAI sustains this kind of granular enforcement will indicate how seriously the regulator intends to guard affordability going forward. This directly supports consumer welfare and MSME impacts.*

## 2.6 NCLAT Upholds Adani's Jaiprakash Resolution[13]

The NCLAT dismissed Vedanta's two appeals against the Committee of Creditors' (CoC) selection of Adani Enterprises' ₹14,535-crore resolution plan for debt-laden Jaiprakash Associates (JAL). JAL was admitted to insolvency in June 2024 over unpaid dues amounting to ₹57,185 crore. NCLAT affirmed the CoC's "commercial wisdom" despite Vedanta's claim that its bid was higher by roughly ₹3,400 crore in gross plan value and ₹500 crore in net present value. The CoC approved Adani's plan in November 2025 with a 93.81 percent vote. NCLT cleared it in March 2026.

### *Food for Thought*

*Indian insolvency law gives the Committee of Creditors wide "commercial wisdom" discretion. This avoids turning every resolution into a protracted legal contest over which bid is highest on a single metric. The CoC weighs multiple parameters including upfront cash, implementation certainty, sector experience, and long-term viability of the plan.*

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13 https://economictimes.indiatimes.com/news/company/corporate-trends/nclat-upholds-adani-groups-bid-for-jaiprakash-associates-backs-lenders-decision/articleshow/130756536.cms?from=mdr

*NCLAT's deference to the CoC's process, having found no material procedural irregularity, is consistent with the IBC's design intent. Courts generally hesitate to substitute their judgement for creditors' collective commercial assessment.*

*The competition concern is less about this single case's fairness and more about a recurring pattern. Adani Group entities have been successful resolution applicants in several high-profile cases across sectors. Success is attributable partly to genuine financial strength and bidding aggressiveness. It nonetheless raises legitimate questions about concentration when a single, well-capitalised conglomerate becomes a disproportionately frequent winner of stressed-asset auctions.*

*Vedanta's objection highlights that IBC's multi-parameter evaluation, while legally sound, can appear opaque. This may discourage competing bids over time. Sustained bidding competition in India's insolvency market depends on potential resolution applicants believing the process is genuinely contestable. It must not appear pre-ordained toward the deepest-pocketed conglomerates. This has implications for dynamic competition and barriers to entry for other resolution applicants.*

## 2.7 NCLAT Limits Realty Insolvency to Defaulting Project[14]

The NCLAT reaffirmed that when homebuyers trigger insolvency proceedings against a real-estate developer over default on one specific project, the Corporate Insolvency Resolution Process (CIRP) must remain confined to that project and cannot extend to the developer's unrelated projects. Applying its own recent precedent involving Raheja Developers' "Raheja Shilas" project, the tribunal confined a separate CIRP to "Krishna Housing Scheme" only, directing that claims from stakeholders also be limited to that specific project.

### *Food for Thought*

*This is a pro-competitive, pro-stability ruling. It prevents an unrelated market failure (default on one project) from cascading into other functioning parts of a developer's business. Real estate developers commonly run multiple projects as separate legal or financial silos. If a default on one project drags the entire corporate entity into insolvency, uncertainty would chill homebuyer confidence and financing availability across the sector.*

14 https://www.business-standard.com/industry/news/nclat-backs-project-specific-insolvency-proceedings-against-realty-firms-126041200211_1.html

*Ring-fencing CIRP project-wise protects buyers in healthy projects from being penalised for a developer's troubles elsewhere. This supports consumer welfare and maintains confidence in the real estate market.*

*The trade-off is that project-wise ring-fencing can allow a developer with weak overall financial health continue raising funds and launching new projects. It insulates the broader corporate group from scrutiny that a consolidated insolvency process might otherwise trigger. This affects competition among developers. Firms that selectively default on weak projects while competing for new launches face softer market discipline. NCLAT's approach is defensible as insolvency law. It places extra weight on RERA and other project-level disclosure regimes to ensure homebuyers have visibility into group-wide financial stress.*

## 2.8 CDSCO Standardises Licencing for Cell and Gene Therapies[15]

Through the Drugs (Eighth Amendment) Rules, 2026, effective June 29, the government has brought stem-cell-derived products, gene therapeutic products (including CAR-T cell therapy and gene-editing treatments) and xenografts under the Centrally Licence Approving Authority (CLAA) framework. This requires joint Central-State licensing. The move aims to standardise regulatory oversight of these high-risk therapies nationally rather than leaving inconsistent state-level scrutiny.

***Food for Thought***

*Uniform national licensing standards for a fast-emerging, high-stakes therapy category represent a clear pro-competitive move. They lower regulatory-arbitrage risk and compliance uncertainty for legitimate manufacturers. Before this amendment, gaps or inconsistencies in how individual states regulated cell and gene therapies could have allowed uneven enforcement. This created an uneven playing field where less scrupulous manufacturers might have exploited weaker state oversight. They could undercut rigorous domestic developers on cost while exposing patients to greater risk.*

*Uniform licensing also strengthens patient confidence. It ensures all manufacturers meet consistent safety and quality standards. This reduces information asymmetry and encourages wider adoption of advanced therapies. A predictable national regulation can facilitate the development of a larger domestic market for these therapies. It reduces*

[15] https://www.khanglobalstudies.com/current-affairs/daily-current-affairs/2026-07-03/drugs-eighth-amendment-rules-2026

*uncertainty for manufacturers, hospitals and investors, both domestic and foreign. This supports more R&D investment and improves Ease of Doing Business.*

*The competitive dimension worth watching is barrier height rather than barrier existence. Advanced cell and gene therapies are inherently complex and expensive to develop. Dual Central-State licensing, even when well-intentioned, adds a layer of procedural complexity. Larger, better-resourced firms, including multinational biotech entrants, can absorb this more easily than smaller domestic biotech startups with tighter regulatory-affairs budgets.*

*Whether this rule change nets out as pro-competitive in practice will depend on implementation details. These include turnaround times, fee structures, and proportionate support for smaller innovators navigating the joint licensing process. Regulatory harmonisation is generally good for competition when it replaces fragmented uncertainty with predictable rules applied evenly. It becomes a barrier to entry if the compliance burden scales faster than smaller firms' capacity to bear it. Overall, firms can then compete on innovation, product quality and manufacturing capability rather than differences in regulatory enforcement across states.*

## 2.9 Sitharaman Backs 'One Nation, One KYC'[16]

Speaking at SEBI's 38th foundation day event, Finance Minister Nirmala Sitharaman called for a unified "One Nation, One KYC" framework. This would eliminate the need for investors to repeat identity verification separately across banks, stock markets, mutual funds and insurance companies. It would make investing faster and more accessible for millions of retail participants while strengthening overall financial-sector regulation.

***Food for Thought***

*A unified KYC framework offers positive implications for both consumers and investors. It is a strong example of a reform that reduces search and switching costs without picking winners among competing financial institutions. Arguably, it represents one of the most benign categories of pro-competitive intervention available to policymakers.*

*For investors, lower participation barriers particularly benefit first-time and less financially sophisticated retail investors. This can broaden the investor base and deepen*

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16 https://newsonair.gov.in/fm-nirmala-sitharaman-calls-for-coordinated-effort-to-simplify-kyc/

*India's capital markets. Today, an investor who wants to open accounts across a bank, a broker, a mutual fund platform and an insurer typically repeat near-identical identity verification multiple times. This friction deters wider participation across product categories.*

*For consumers, the framework enhances market contestability. It makes it easier to compare and switch between competing financial service providers. It also improves customer mobility by reducing procedural frictions associated with switching or using multiple providers simultaneously.*

*If implemented as a genuinely portable, sector-agnostic KYC record, akin to how UPI created a common, interoperable payments rail that any bank or fintech can plug into, this reform could meaningfully lower entry barriers for smaller or newer fintech and investment platforms. These platforms currently struggle to match large incumbents' cross-sell convenience. From an Ease of Doing Business perspective, it reduces duplication and improves operational efficiency for regulated financial institutions.*

*The execution risk lies in the "unified" part. India already has multiple KYC registries (CKYC and various sectoral systems under RBI, SEBI and IRDAI) that have not fully interoperated despite years of effort. Previous attempts at KYC unification have faced friction over which regulator's standards and data-sharing rules take precedence. Genuine success will depend less on political commitment and more on whether RBI, SEBI and IRDAI can agree on a common technical and legal standard. This is the same interoperability challenge that has slowed past unification efforts across India's fragmented financial-sector KYC landscape.*

# 3. Policies Inhibiting Competition

## 3.1 AAI's Profits Depend Increasingly on Adani-Run Airports[17]

The Airports Authority of India (AAI) earned more than 30 percent of its FY25 net profit from just six privatised airports (Ahmedabad, Jaipur, Lucknow, Mangaluru, Guwahati, Thiruvananthapuram) operated by Adani Airports. This came through ₹2,232 crore in "under-recovery" payments, largely a one-time compensation for AAI's pre-privatisation investments. Meanwhile, roughly 75 percent of the 122 airports AAI

17 https://www.livemint.com/companies/news/aai-profit-driven-by-privatized-airports-ppp-adani-11775013672269.html

directly operates ran at a combined loss of ₹1,600 crore. AAI is preparing to privatise 11 more airports, including several currently profitable ones.

***Food for Thought***

*This dependency is structurally significant. It means AAI's own financial health, and by extension its capacity to invest in and maintain its remaining loss-making airport network, is becoming increasingly tied to the fortunes of a single private operator's cluster of airports. As AAI shifts further toward what analysts describe as a "landlord model", collecting lease rent and revenue share rather than running airports directly, its incentive structure subtly changes.*

*A regulator-cum-operator that relies on a dominant private concessionaire for a disproportionate share of its profit may find it harder to take a fully arm's-length regulatory posture toward that same concessionaire in future tariff or concession disputes. This echoes tensions already visible elsewhere.*

*The deeper competition concern is concentration risk in India's airport sector more broadly. With Adani Airports already operating six major airports and positioned as a leading bidder for several of the additional 11 slated for privatisation, continued momentum in the same direction could see a large share of India's most commercially valuable airport capacity concentrated under one corporate group. This would sit alongside its already substantial presence in ports, power transmission and other infrastructure. Each individual privatisation round can be procedurally competitive, with open bidding and transparent criteria. Yet the cumulative national outcome still trends toward concentration. This is precisely the pattern flagged in other cases.*

*Whether the remaining 11-airport privatisation is deliberately structured through bundling of profitable and loss-making airports, bid caps, or diversified allocation to avoid entrenching a single dominant operator further will be an important signal for India's airport-sector competition going into FY27. Reduced competitive pressure among airport operators may ultimately affect passenger welfare through weaker incentives to improve service quality, operational efficiency and commercial offerings*

## 3.2 Govt Seeks 3-Year Ban on Auditor Consulting[18]

The Ministry of Corporate Affairs' draft Corporate Laws (Amendment) Bill, 2026 proposes barring an auditor or audit firm from providing any non-audit services, directly or indirectly, to a company, its holding company, or its subsidiaries for a three-year period after an audit engagement ends. The move aims to eliminate lingering conflicts of interest between audit and advisory relationships. Current rules only partially address this gap.

The Federation of Indian Chambers of Commerce and Industry (FICCI) has pushed back against the proposal. It argues that the ban would raise costs for large companies, create operational inefficiencies, and reduce access to specialised expertise for corporates that rely on multidisciplinary audit-firm networks.[19]

***Food for Thought***

*The underlying governance rationale for the proposed ban is sound and well precedented internationally. Audit independence is compromised when the same firm earning lucrative advisory, tax or consulting fees from a client is also responsible for objectively certifying that client's financial statements. A three-year cooling-off period closes a real loophole and prevents an outgoing auditor from immediately pivoting into a non-audit advisory role with the same client.*

*From a market access perspective, the reform could promote competition by encouraging greater separation between audit and advisory services. This may create more opportunities for alternative service providers and strengthen contestability in the professional services market.*

*The competition concern centres on market structure among audit and professional-services firms. India's audit market, especially at the large-listed-company end, is already effectively an oligopoly dominated by a handful of large network firms. A blanket ban could disproportionately affect mid-sized and smaller audit firms that rely more heavily on cross-selling advisory work. This risks accelerating consolidation toward the largest players best able to absorb the revenue loss.*

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18 https://www.whalesbook.com/news/English/economy/India-proposes-3-year-ban-on-auditor-non-audit-services-sparks-backlash/69d2bd3531d4f2ab48099d57

19 https://www.livemint.com/companies/news/audit-firms-non-audit-services-ban-ficci-companies-act-11776942000591.html.

*FICCI's objection highlights the practical trade-offs for large corporates, who value the convenience and institutional knowledge that come with integrated audit-advisory relationships. Switching providers adds coordination costs. However, smaller and mid-sized companies, less able to sustain multiple parallel relationships, may benefit more from cleaner separation. Independent audits provide stronger assurance to their creditors and minority investors.*

*The key policy question is whether a blanket three-year prohibition is proportionate. Targeted restrictions on high-conflict services could achieve similar governance objectives with less impact on competition. The final design of the rule will determine whether it strengthens both audit independence and a genuinely competitive audit market, or inadvertently narrows the pool of credible players.*

## 3.3 Anti-Monopoly Clause Removal Favours Adani in Grain Silos[20]

An investigative report alleges that the Food Corporation of India's roughly 20,000 crore rupees "Hub and Spoke" silo modernisation programme has concentrated 110 of 134 contracts, worth over 16,500 crore rupees, in the hands of just two companies, Adani Agri Logistics and Leap India. This followed a 2022 meeting where NITI Aayog and the Department of Economic Affairs opposed FCI's own proposed "anti-monopoly" clause. FCI has since publicly rejected the monopoly characterisation. It points out that Adani won contracts in the first phase but none in the second, with other bidders succeeding in later rounds. This, it says, shows the tendering process was open and non-preferential rather than an engineered duopoly.

***Food for Thought***

*FCI's rebuttal, that no single company has won every round and that Adani was shut out of Phase II entirely, is a genuine point in the programme's favour on process fairness. It does not, however, fully answer the more structural question the anti-monopoly clause was designed to address. Even fair, competitive bidding on a contract-by-contract basis can produce a concentrated outcome in aggregate if, cumulatively, the same two well-capitalised bidders end up winning the large majority of contracts by value. If the account is accurate, this is one of the more direct examples of a competition-inhibiting outcome traceable to a government decision to prioritise "market forces" over an anti-concentration safeguard the implementing agency itself had proposed.*

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20 https://www.newslaundry.com/2026/05/29/anti-monopoly-clause-gone-adanis-footprint-grew-across-indias-grain-storage-programme

*The concentration matters because grain storage is not merely another logistics contract. It sits inside India's food-security architecture, feeding the Public Distribution System that reaches hundreds of millions of people. A duopoly controlling roughly 46.5 of 60 lakh metric tonnes of new silo storage capacity gives Adani and Leap India significant, durable influence over a critical piece of public food infrastructure. There are limited built-in competitive checks should service quality, pricing on future contract renewals, or operational reliability become concerns down the line.*

*The episode also illustrates a recurring pattern across several areas where large, well-capitalised conglomerates increasingly figure prominently. Whether NITI Aayog's "let market forces prevail" reasoning holds up depends on whether future contract rounds in this and similar public-infrastructure programmes build in structural safeguards against exactly this kind of concentrated outcome, rather than relying on bidder self-restraint that competitive dynamics do not naturally supply.*

## 3.4 Banking Consolidation Revives Competition Concerns[21]

A two-part Business Line analysis by former RBI Governor C. Rangarajan and B. Sambamurthy traces a decade of consolidation reshaping Indian banking: public-sector bank mergers, and Regional Rural Bank (RRB) consolidation so aggressive that Uttar Pradesh's 36 RRBs have been merged into just one, even as newer, more granular categories such as small finance banks remain marginal.

Aggregate bank credit grew substantially, but personal loans grew much faster than infrastructure credit. Gross NPAs were brought down largely through large write-offs. Separately, on June 29, former HDFC Chairman Deepak Parekh renewed calls for further public-sector bank consolidation, higher FDI limits, and a deeper corporate bond market.

***Food for Thought***

*Bank consolidation sits at the sharpest possible competition trade-off. Former RBI Governor C. Rangarajan and B. Sambamurthy note that fewer, larger banks can underwrite big-ticket infrastructure loans and better withstand shocks. However, they*

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[21] https://www.thehindubusinessline.com/opinion/decoding-banks-return-to-health/article70970996.ece. *Note: this story synthesises two related but independently reported items: the Rangarajan-Sambamurthy Business Line series is a structural/analytical assessment of a decade of consolidation already underway, while Parekh's remarks are a fresh, dated policy intervention (June 29)*

*also caution that such mergers remove competing choices for borrowers and depositors. In the case of RRBs, merging 36 institutions into one across an entire state may erode the local character and credit relationships that made these banks useful in underserved regions. They further question the relevance of certain newer bank categories given the success of systems like UPI and call for review of whether consolidation outcomes align with the original purpose of these institutions.*

*Deepak Parekh's intervention adds another layer. He advocates for fewer large banks rather than many small ones, alongside higher FDI limits in both public and private banks and development of a deeper corporate bond market. While further consolidation points toward concentration, the parallel push for FDI and bond market reforms could expand financing sources and reduce dependence on banks alone. This offers a pro-competitive balance.*

*The competitive effects of consolidation ultimately depend not only on the number of banks but also on the ease with which new entrants can contest incumbent positions. Greater consolidation may strengthen "too-big-to-fail" expectations, give larger banks implicit advantages and disadvantaging smaller competitors. Any impact on MSMEs deserves careful consideration. Whether India's banking sector ends up more competitive or simply more concentrated will depend on whether the supporting reforms Parekh champions materialise alongside consolidation.*