[Over]Regulating Cloud Services

A Case for Restraint

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#2605

Contents

Acknowledgement

We, the authors, sincerely thank the following experts and industry representatives for sharing their valuable insights: Rajesh Jain, Milind Borgikar, Chandraprakash Sharma, Harleen Sethi, Shashank Sharma, Isha Suri, Karthik Rao, Bharat Reddy, and Kunal Raj Barua. We also thank numerous other industry representatives who contributed insights but preferred to remain anonymous.

We are grateful to Shivaling Salakki and Manasa R of Cyber Security Karnataka, Indian Institute of Science, for facilitating our consultations in Bangalore.

We acknowledge the contributions of our former colleagues: Samriddh Shastry, Vaswati Rudrapal, Aakarsh Bhargav, and Akshay Sharma.

We extend special thanks to Madhuri Vasnani and Mukesh Tyagi of the Publications Team at CUTS International for their exemplary support in producing this report.

Finally, we express our deepest gratitude to all individuals – named or unnamed – whose support made this publication possible. Any errors remain our sole responsibility.

1. Background

By 2029-30, India's digital economy is projected to contribute about one-fifth of the country's national income.[1] The Startup India initiative, launched a decade ago, has enabled over 200,000 recognised startups and generated more than 21 lakh job opportunities.[2] India hosts the world's third-largest startup ecosystem. A major driver of this transformation is the growing availability and accessibility of cloud services, which provide scalable, flexible, and cost-effective infrastructure for data storage, processing, and advanced applications, as well as innovation.

With the growing start-up ecosystem, the Indian cloud services market is expanding rapidly. It was valued at around US$37bn in 2025 and is projected to reach approximately US$267bn by 2034, growing at a compound annual growth rate (CAGR) of 24.5 percent.[3] Cloud adoption has now become mainstream, with over 80 percent of Indian organisations using cloud platforms to support analytics and advanced applications.[4]

In this context, cloud services are the backbone of India's fast-growing digital economy.[5] They enable innovation, e-governance, and digital transformation across sectors by reducing IT overhead and allowing businesses to focus on growth and competitiveness.

Given the strategic importance of cloud services for the national economy, any regulatory intervention in this sector must be carefully designed and implemented. Such regulation should be optimal and must pass the tests of 'necessity' and 'proportionality'. Excessive or poorly calibrated regulation must be guarded against, as it could harm the burgeoning digital economy. Overregulation may stifle innovation and agility, increase compliance costs for businesses,

1 Press Release Page | Press Information Bureau

2 https://x.com/PiyushGoyal/status/2011996632007745867?s=20

3 https://www.imarcgroup.com/india-cloud-computing-market

4 India's cloud and data revolution

5 Colocation and Cloud Services: Backbone of India's $1 Trillion Digital Economy Mission, ETTelecom

reduce the global competitiveness of Indian cloud service providers (CSPs) and startups, and ultimately weaken the very ecosystem that cloud services are meant to support.

In this backdrop, this Policy Brief analyses the following two potential areas where regulatory intervention in cloud services could risk tipping into overregulation:

- *Ex-ante* regulation of market competition (imposing prescriptive rules on market structure or conduct before any proven harm), and
- Price controls (setting or capping prices for cloud services, which may distort investment and innovation incentives),

2. Potential Areas of Overregulation

2.1 *Ex-ante* Regulation of Market Competition

2.1.1 *Ex-ante* regulation: concept and Indian context

Ex-ante regulation refers to setting binding rules in advance for a specific category of firms (usually large or dominant players) before any anti-competitive harm occurs, rather than waiting for violations to occur and then punishing them through *ex-post* enforcement.

In response to the 53rd Report of the Parliamentary Standing Committee on Finance titled "Anti-competitive Practices by Big Tech Companies" (December 2022), the Government of India set up a Committee on Digital Competition Law (CDCL) in February 2023. The CDCL submitted its report in February 2024, along with a draft Digital Competition Bill (draft DCB). This draft proposes an *ex-ante* hard law regime to be enforced by the Competition Commission of India (CCI) alongside the existing Competition Act, 2002.

Subsequently, the Ministry of Corporate Affairs (MCA) invited public comments on the draft DCB, signalling the start of the consultation process on this new regulatory framework.

The draft DCB, largely modelled on the European Union's Digital Markets Act (DMA), targets "Systemically Significant Digital Enterprises" (SSDEs) that meet certain qualitative and quantitative criteria and have a "significant presence" in one or more of nine specified "Core Digital Services" (CDS) listed in Schedule I. Once designated, SSDEs will be subject to additional obligations from a competition perspective with respect to the identified CDS.

One of the CDS identified in Schedule I is "cloud services". However, the CDCL report does not provide any explicit rationale for including cloud services in this list. To date, there has been no concrete evidence from Indian market studies or CCI case law to justify the inclusion of cloud services as a CDS under the draft DCB.

It is believed that there were reservations on the draft DCB from some other ministries, in particular the Ministry of Electronics and Information Technology (Meity). Various

stakeholders also raised concerns, mainly about the uncertain impact an *ex-ante* law could have on the rapidly growing Indian start-up ecosystem. A key critique was the lack of India-specific evidence to support such a policy move, especially in relation to the proposed CDS categories. While the draft DCB received some support from certain quarters, these concerns contributed to the view that the draft is, for now, being kept "on the back burner".[6] It was further reported that the government will come out with a fresh version of legislation based on a market study involving multistakeholder consultation.[7]

In November 2025, the Ministry of Corporate Affairs (MCA) issued a Request for Proposal (RFP) to undertake a market study on: "Qualitative and Quantitative thresholds for Big Tech Companies and Core Digital Services (CDS) of Schedule I".[8]

One of the four objectives of this market study is to review the proposed CDS list, which includes cloud services. The other objectives pertain to reviewing and evaluating the proposed qualitative and quantitative thresholds for designating an enterprise as SSDE; evaluating the implications of the draft DCB on these services and their stakeholders, including the potential impact on competition and market entry; and assessing the potential impact of the proposed *ex-ante* framework on smaller players, including start-ups & MSMEs.

This proposed study is consistent with the views expressed by MCA and the CCI in the 25th Report of the Parliamentary Standing Committee on Finance (August 2025), titled "Evolving Role of Competition Commission of India in the Economy, particularly in the Digital Landscape".[9] While MCA and CCI are broadly supportive of *ex-ante* regulation in digital markets, they emphasise that such regulation must be balanced and not stifle innovation. In particular, they caution against measures that could harm India's startup ecosystem or MSMEs, and argue that *ex-ante* obligations should target only conduct that is clearly and unambiguously anti-competitive.

6 https://www.cnbctv18.com/business/india-digital-competition-bill-delayed-trade-talks-with-us-ws-l-19592479.htm

7 https://www.financialexpress.com/business/industry-govt-to-withdraw-draft-digital-competition-bill-3942328/

8 https://www.mca.gov.in/bin/dms/getdocument?mds=IaUa9LfQ2aOI0UnQJmc%252BMQ%253D%253D&type=open

9 18_Finance_25.pdf

2.1.2 Relevant international developments

In a recent relevant development, the **European Commission** has opened market investigations under the DMA to examine whether Amazon (for AWS) and Microsoft (for Azure) should be designated as "gatekeepers" in cloud computing.[10] This investigation has been triggered because AWS and Azure do not currently meet the DMA gatekeeper thresholds for size, number of users, and market position. The Commission will also assess whether the DMA framework can effectively address practices that may limit competitiveness and fairness in the EU cloud computing sector.

The findings of this process, expected over the next 12 to 18 months, could be instructive for India, even though the Indian cloud services market structure and startup ecosystem differ from that of the EU.

Similarly, in 2025, an independent inquiry group of the **UK's Competition and Markets Authority** (CMA) recommended that the CMA consider designating Amazon Web Services (AWS) and Microsoft Azure with "Strategic Market Status" (SMS) in the UK cloud services market.[11] Such a designation under the Digital Markets, Competition and Consumers Act (DMCCA) – an ex-ante regulatory regime – would have empowered the CMA to impose targeted interventions to enhance competition, choice, and innovation. However, this recommendation drew criticism on grounds of proportionality and optimality.

For instance, in its submission on the CMA's provisional findings, the International Centre for Law & Economics (ICLE) cautioned that: "*Even if one accepts that there are competition concerns in the UK cloud-services market, the remedies must be narrowly tailored and evidence-based. Imposing broad behavioural obligations or regulatory oversight via an SMS designation is a far-reaching step that could reshape the incentives in this dynamic sector*."[12]

ICLE concluded that an SMS designation for AWS and Azure risked overregulation and adverse consequences for the UK's cloud market, and advocated the principle of

[10] Commission launches market investigations on cloud computing services under the Digital Markets Act

[11] CMA, Final decision report

[12] International_Center_for_Law_and_Economics_response_to_provisional_decision.pdf

proportionality: the CMA should adopt the least intrusive remedy that effectively addresses the competition concerns.[13]

Nonetheless, in March 2026, the CMA Board convened to decide its next programme of work under the Digital Markets Competition Regime[14] (DMCR) and considered the recommendations from its 2025 cloud services market investigation. These deliberations culminated in a report dated 31 March 2026 titled "Actions on Cloud and Business Software through the UK Digital Market Competition Regime."[15]

The Board evaluated three potential areas for action highlighted in the investigation report: (1) reducing the cost of moving data by tackling egress fees; (2) improving the interoperability of AWS and Microsoft Azure; and (3) addressing Microsoft's licensing practices.

The Board decided **not** to pursue an SMS investigation for AWS and MS Azure. Instead, it directed the CMA to maintain active engagement with both providers to ensure they take meaningful steps on egress fees and interoperability. However, it authorised the CMA to launch an SMS investigation (in May 2026) into **Microsoft's "business software ecosystem"** to address competition concerns in the cloud market related to software licensing, including ensuring a level playing field for all cloud service providers.

The CMA emphasised that its approach under the DMCR is to deliver the greatest possible impact for the UK as quickly and proportionately as possible, leveraging the framework's flexibility to select the most effective approach for each issue.[16]

Notably, between July 2025 (when the final inquiry report was published) and March 2026, the CMA engaged with AWS and Microsoft, during which both companies offered voluntary actions to address concerns about egress fees and interoperability measures expected to ease switching and promote multi-cloud adoption, thus supporting greater choice for UK businesses.

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13 *Ibid*

14 A regulatory framework adopted for the enforcement of the DMCC Act.

15 Actions on cloud and business software through the UK digital markets competition regime

16 *Ibid*

Some of these actions have already been implemented, while others are underway.[17] Key commitments from AWS[18] and Microsoft[19] include:

- **Waiving egress fees** for UK customers switching cloud providers, applicable for a switching period of at least 180 days, triggered as soon as a customer decides to switch at least one service.
- **Reducing egress fees** in UK customer contracts for moving data between their data centres and those of rivals to facilitate multi-cloud deployments.
- **Launching new interconnection products** that directly link their data centres to each other and to Google Cloud Platform, with scope for further connections to other clouds. This reduces the engineering effort required to manage the network component of a multi-cloud architecture.
- **Extending EU GDPR-compliant steps** (particularly on data portability and interoperability) to the UK, ensuring these benefits are available to UK customers. This will further promote multi-clouding.
- **Establishing a clear process** for customers and competitors to request interoperability information and features.
- **Adopting standards for AI agents** to connect to their cloud products, which may in time facilitate cross-cloud application connectivity and switching.
- **Developing AI agents** to support migration of cloud workloads from on-premises infrastructure to the cloud, anticipated also to aid switching in future. AI coding agents are expected to reduce the engineering effort required to switch or adopt a multi-cloud approach.
- **Enhancing multi-cloud management tools.** AWS has simplified security management across multi-cloud environments, while Microsoft has expanded its multi-cloud control panel. AWS has also signalled plans for further work on a unified multi-cloud management interface.

AWS and Microsoft have already implemented some of these measures. The CMA will continue active engagement to ensure the remaining commitments are fulfilled. The Board will

17 *Ibid*. See Annexures I and II

18 Delivering good outcomes for UK customers and aws-uk-customer-switching-addendum.pdf

19 Working constructively with the UK CMA to support customer choice and cloud competition - Microsoft On the Issues and Fact sheet: Working constructively with the UK CMA to support customer choice and cloud competition

assess the extent to which these actions on egress fees and interoperability truly benefit UK customers, seeking views from customers and competitors to inform this dialogue, and will review progress in six months.

These developments at the UK CMA offer valuable insights for India. Rather than proceeding with a formal SMS investigation under its ex-ante framework, the CMA opted for proactive, continued engagement with the relevant cloud service providers, accepting their voluntary commitments to mitigate identified competition concerns. According to the CMA, this approach yields the "greatest immediate benefit, with the fastest route to impact."

Regarding Microsoft's "business software ecosystem," apart from the UK-CMA, which launched a SMS investigation, the **Japan Fair Trade Commission** (JFTC) opened an investigation in March 2026 into Microsoft's suspected violation of competition law. It sought information and comments from third parties. The alleged violation relates to the terms of trade for Microsoft software and services – such as Windows Server, Windows Client, Microsoft SQL Server, Microsoft 365, and Visual Studio – when used on cloud services offered by competitors.[20]

The JFTC suspects that Microsoft violated competition law by:

- Prohibiting enterprises that hold (or may acquire) licenses from using its software and services on cloud platforms competing with Azure.

- Altering or imposing terms that raise costs for users combining Microsoft software and services with rival cloud services, compared to using them on Azure.

These UK CMA and JFTC investigations offer valuable insights for the Competition Commission of India (CCI). The interplay between software licensing and cloud services warrants scrutiny from a competition-law perspective.

[20] 【JFTC Seeks Information and Comments from Third Parties Concerning the Suspected Violation of the Antimonopoly Act by Microsoft Corporation, etc.】 Statement by the Secretary General at a regular press conference (March 4, 2026) | Japan Fair Trade Commission

2.1.3 Examining inclusion of cloud services under *ex-ante* law

In light of these developments, the following paragraphs examine whether the inclusion of "cloud services" within an ex-ante framework (such as the draft DCB) is appropriate.

It is important to note that most of the reported competition concerns in the cloud services market can already be addressed under India's existing *ex-post* competition law – the Competition Act, 2002. As shown in the CUTS briefing paper "Competition Concerns in Cloud Services Market and Application of Indian Competition Law"[21], the typical concerns include:

- Cloud credits and discounts,
- Egress fees,
- Technical barriers and poor interoperability,
- Licensing restrictions,
- Tying and bundling,
- Self-preferencing, and
- Data leveraging.

Most of these practices fall squarely within the scope of prohibitions under Sections 3 and 4 of the Competition Act, which deal with anti-competitive agreements and abuse of dominance, respectively. Some technological solutions have also been discussed in the said paper. In other words, there are solutions available sans ex-ante regulation.

Therefore, the only argument left – which is also the primary rationale offered – for an additional ex-ante law is that *ex-post* competition law enforcement is often slow and reactive, and may be too late to correct market distortions before markets tip into stable dominance.

However, the Indian cloud services market appears not to exhibit the same strong market tipping characteristics observed in some segments of digital platform markets, particularly those based on the marketplace model (such as e-commerce, food delivery, and ride-sharing). On the contrary, the cloud services market in India, which has only a minimal marketplace component, seems to be thriving with the addition of new players, both global and domestic.

[21] CUTS (2025), competition-concerns-in-cloud-services-market-and-application-of-indian-competition-law.pdf

This suggests that the Indian cloud market remains relatively contestable and is not yet in a "tipped" state where a small number of dominant players exclude effective competition.

Furthermore, with the establishment of a dedicated Digital Markets Division[22] within the Competition Commission of India (CCI) and the introduction of new "Settlement and Commitment" mechanisms under the Competition (Amendment) Act, 2023, India's *ex-post* enforcement framework is becoming increasingly well-equipped to address digital-market concerns in a timely and targeted manner. The approach recently adopted by the UK CMA – opting for proactive engagement and voluntary commitments over the invocation of *ex-ante* framework – corroborates the efficacy of such flexible, remedy-focused enforcement in dynamic digital sectors.

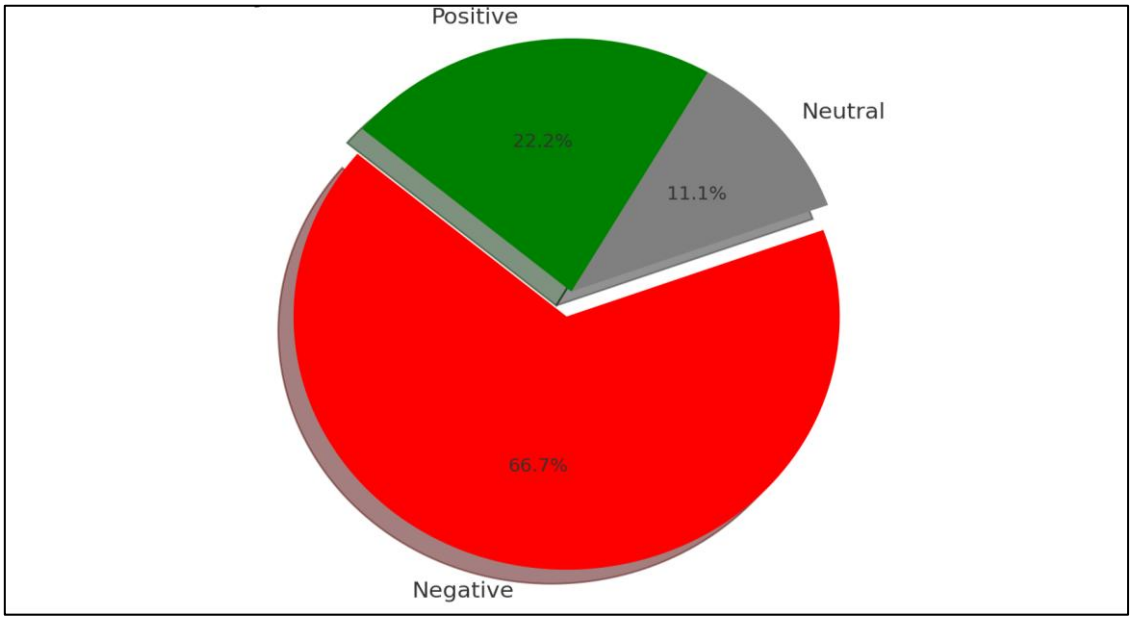
2.1.4 Stakeholders' views – A netnographic review

A netnographic review was conducted to identify themes from publicly available digital sources, including news articles, policy commentaries, legal analyses, and industry blogs. This analysis reveals divergent but overlapping perspectives among key stakeholder groups regarding the inclusion of "cloud services" in the draft DCB:

- Industry voices and news commentary largely urge policymakers to reconsider the inclusion of cloud services within the DCB.
- Stakeholders advocate for strengthening existing competition enforcement, narrowing definitions, and focusing on evidence-based remedies to address specific anti-competitive practices, without imposing additional burdens on startups and investors.

[22] CCI Digital Markets Unit Aims to Regulate India's Digital Economy

Figure 1: Sentiment Distribution of Stakeholder Perspectives on the Inclusion of Cloud Services in the Digital Competition Bill



A sentiment analysis of the netnographic and thematic review (Figure 1) shows a predominantly cautious and critical stance among stakeholders on the inclusion of cloud services in the draft DCB:

- Around 60 percent of insights reflect negative sentiment, highlighting concerns about regulatory uncertainty, high compliance costs, the risk of arbitrary SSDE designations, and a potential chilling effect on innovation and investment, especially for startups operating on thin margins.
- About 30 percent reflect positive sentiment, expressing support for a more level playing field, curbing self-preferencing by dominant players, and improving consumer trust through fairer market conditions.
- The remaining 10% is neutral, capturing balanced views on global regulatory parallels and mixed expectations about the long-term impact of the DCB.

The sentiment distribution suggests that while the objective of strengthening digital market regulation is broadly appreciated, the proposed inclusion of "cloud services" as a Core Digital Service under the draft DCB is met with significant apprehension. Stakeholders largely favour a more targeted, evidence-based approach rather than a broad *ex-ante* framework that could inadvertently harm innovation, investment, and competition.

2.1.5 Review under the proposed MCA study

Prima facie, the risks of overregulation seem to outweigh the potential benefits of a hard *ex-ante* regulation of the cloud services market, such as the one proposed under the draft DCB.

Therefore, before cloud services are included within the ambit of any hard *ex-ante* law, India-specific evidence and market studies must be conducted. The current MCA-sponsored market study provides a timely and appropriate opportunity to re-examine the rationale for including "cloud services" as a CDS in Schedule I of the draft DCB. Any final decision should be guided by a careful assessment of market structure, competition dynamics, and the potential impact on startups, MSMEs, and India's digital economy as a whole, as well as insights from international development.

2.2 Price Control of Cloud Services

2.2.1 Demands for price control

During a stakeholder consultation on competition in cloud services, organised by CUTS in Bangalore (July 2025), several startups highlighted concerns about high and opaque pricing by cloud service providers. Some participants suggested price control as a possible remedy, but this view remained in the minority; most participants opposed such an intervention. Recent studies support these concerns: in one survey, over 84 percent of Indian businesses reported experiencing unexpected billing or cost overruns after migrating to the cloud.[23]

This opacity in pricing makes it difficult for customers to benchmark different providers, forecast long-term expenditure, and negotiate from a position of strength and information. Pricing issues become more than just a cost matter when they become a structural barrier to choice and contestability. In this context, price transparency is not a peripheral concern, but a core enabler of effective competition.

2.2.2 Why price control is not advisable

Given these concerns, a natural question arises: should a price control mechanism be introduced in the cloud services market? The answer, on balance, is NO. Price control in this dynamic, capital-intensive sector is generally not advisable, as it risks stifling investment and innovation, degrading service quality, and creating market distortions that harm both providers

[23] The true cost of cloud in India: Challenges and opportunities | Civo

and users over time. If introduced hastily, price control could do more long-term harm to the ecosystem than short-term good to customers.

The following are some **major risks of price control** of cloud services:

- It will **discourage investment and innovation**. Cloud service providers, especially newer and Indian players, may reduce investment in new data centre regions, cutting-edge services such as AI, cybersecurity, IoT, analytics, and cost-optimisation tools, and support.
- Price control will **reduce incentives for competition on price and features**. If a price cap is introduced, providers may not compete by offering discounts for startups or volume customers, introducing creative pricing models that suit different use cases, or offering cost-effective bundled services.
- Price control will **hurt the ability of Indian startups to access cloud credits and volume discounts**. These are common practices that promote customer choice and lower migration costs.
- It may **lead to inferior quality, rationing, or reduced support**. Cloud service providers may respond to lower prices by reducing support quality; imposing usage limits, bandwidth restrictions, or slower service tiers; and shifting high-end workloads to higher-priced, non-regulated services.
- It will **increase administrative and compliance costs** as designing and enforcing price control will be quite complex and difficult. For instance, it would need to define 'regulated' services (there are hundreds of cloud services); complex price monitoring across regions, models, and customer segments; and a regulatory body with technical capacity to avoid arbitrary or inefficient enforcement.
- Price control may also **hurt Indian providers' global competitiveness**.

In addition, crafting and implementing price-control mechanisms is quite difficult because cloud services employ diverse, flexible pricing models tailored to different use cases and risk profiles. The table below summarises the main cloud pricing models and their trade-offs.

Table 1: Cloud Pricing Models: Pros and Cons

Pricing Model	Description	Pros	Cons
Pay-As-You-Go	Pay only for what you use, with no long-term commitment	High flexibility; suitable for variable workloads	Higher unit costs; not cost-efficient for steady usage
Spot Instances	Bid on unused capacity at steep discounts	Extremely low prices; good for fault-tolerant workloads	No availability guarantee; risk of interruption
Reserved Instances	Commit to specific resources for 1–3 years for a discount	Significant savings for predictable workloads	Inflexible; risk of overprovisioning
Subscription-Based	Fixed recurring fee for a set of resources over a term	Predictable costs; bundled services may add value	Potential overpayment if usage drops; hard to scale mid-term
Volume Discounts	Per-unit prices drop as usage increases	Cost-effective for large-scale operations	Requires sustained growth; risk of underutilisation
Savings Plans	Commit to a consistent spend in exchange for broad discounts	Flexible across services; good balance of savings and agility	Requires usage forecasting; overcommitment reduces value
Hybrid/Multi-cloud	Combine public/private clouds and providers	Optimises cost and performance by workload type	Complex cost management; integration and monitoring challenges

Source: Finout, "What Is the Best Cloud Pricing Model? 2025 Guide"[24]

[24] What Is the Best Cloud Pricing Model? 2025 Guide

This diversity shows that cloud pricing is not a single, simple number, but a multi-dimensional decision involving trade-offs between cost, flexibility, predictability, and risk. A one-size-fits-all price control would struggle to capture this complexity without distorting incentives and undermining innovation.

While price control may bring immediate relief – especially to startups – it is better treated as a last resort in cases of established market failures. The India-centric ICRIER study on cloud service competition,[25] while noting a high degree of market concentration, it stops short of recommending price control.

2.2.3 A better approach: transparency, competition, and targeted support

Instead of heavy-handed price control, the following lighter, more enabling approaches are preferable:

- **Transparency and comparable pricing:** Encourage service providers to disclose standard pricing and discounts (especially for startups and small businesses) in a simple, comparable format, so users can negotiate and move between providers easily.[26]
- **Support for multi-cloud and open standards:** Promote open APIs, interoperability, and multi-cloud tools so that users are not locked in to a single provider and can use price competition as a natural constraint.[27]
- **Targeted support, not across-the-board control:** For instance, use of targeted subsidies or vouchers for startups to buy cloud credits, rather than imposing economy-wide price caps that distort private investment and market competition. The Tamil Nadu Startup Data Voucher Scheme is a good example.[28]
- **Strengthen *ex-post* competition law:** Some of the pricing issues can be dealt with under the competition law. For instance, exploitative pricing or discriminatory rates can be dealt with as abuse of dominance. Similarly, collusive pricing can be dealt with under provisions related to anti-competitive agreements.

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25 Malik, P. et al (2023), "A Competition Analysis of the Indian Cloud Computing Market" (ICRIER); Indian_CloudComputing_market.pdf

26 https://one.oecd.org/document/DAF/COMP(2025)8/en/pdf

27 8 Ways to Avoid Vendor Lock-In in Cloud Strategy (2025 Guide)

28 Tamil Nadu Startup Data Voucher Scheme gets 150 applications - The Hindu Business Line

2.2.4 Good practices for businesses to manage cloud costs

Beyond regulatory measures, businesses can mitigate high cloud costs by adopting the following sound cost management practices.[29,30]

- **Adopt multi-cloud approaches:** Diversify across multiple cloud providers to reduce over-reliance on any single entity and gain stronger negotiation leverage.
- **Conduct routine cloud optimisation:** Perform regular audits to ensure optimal resource utilisation, avoiding both over-provisioning and underutilisation.
- **Prioritise training and skilling:** Equip IT and finance teams with cloud cost-management skills to identify and eliminate unnecessary expenditures.

Price control can be tempting as a quick response to high cloud prices, especially for startups and small businesses. However, in India's cloud services market, direct price control is a high-risk, low-reward option that may do long-term damage to investment, innovation, and digital competitiveness. A more balanced and sustainable approach would be to:

- treat price transparency as a structural prerequisite for competition;
- promote multi-cloud, open standards, and business-level cost-management practices; and
- keep price control as a last resort, deployable only under an established case of market failure.

29 The Rising Costs of Cloud Services in India: An In-depth Analysis - Ankura.com

30 The Economics of Cloud Adoption for Governments: Cost-Efficiency Meets Innovation | Nasscom | The Official Community of Indian IT Industry

3. Conclusion and the Way Forward

Cloud services have become the indispensable backbone of India's digital economy, powering startups, e-governance, AI innovation, and national infrastructure. Given this strategic importance, any regulation of cloud services must be precise, proportionate, and evidence-based, avoiding the pitfalls of overregulation that could stifle growth, innovation, and global competitiveness.

This paper has examined two potential areas of overregulation:

- ***Ex-ante* competition rules**: While digital markets warrant scrutiny, India's cloud sector remains contestable without the "tipping" dynamics of marketplaces like e-commerce. Existing ex-post tools under the Competition Act, 2002, bolstered by the new Digital Markets Division and settlement mechanisms, should suffice to address any anti-competitive practices in the cloud services market in a timely manner.
- **Price controls**: High costs and opacity are concerns (84 percent of businesses report overruns), but price caps would discourage investment, degrade quality, and ignore diverse pricing models. Transparency and multi-cloud support are superior remedies.

In sum, overregulation in any form could undermine the very ecosystem cloud services are meant to fuel. Therefore, a balanced approach is the best way forward. In this regard, the following are some **policy recommendations:**

- **Leverage the proposed MCA market study:** Use the proposed study as the cornerstone to rigorously re-evaluate the inclusion of cloud services as a CDS in Schedule I of the draft DCB, including the impacts on startups and small businesses of such inclusion.
- **Monitor global lessons:** Track EU DMA cloud probes and UK CMA reviews for deep insights, which can be applied in the Indian context.
- **Extend UK commitments to India:** The Government of India and/or the CCI could proactively engage with AWS and Microsoft Azure to induce them to extend the voluntary commitments made in the UK – such as waiving egress fees for switching

customers, reducing multi-cloud data transfer costs, and enhancing interoperability – to the Indian market. Given both providers' substantial ongoing investments in India's cloud infrastructure, such an approach would leverage existing commercial momentum to deliver immediate, low-friction benefits to Indian enterprises without needing an *ex-ante* framework or protracted enforcement proceedings.

- **Focussed investigation into software licensing practices:** Mirroring the UK CMA's SMS investigation and the JFTC's Antimonopoly Act probe, the CCI should launch a targeted inquiry into the interface between software licensing and cloud services – particularly Microsoft's software licensing practices that restrict use on competing cloud service providers.
- **Avoid price control and prioritise transparency & competition:** Instead of adhering to price control, mandate transparency in pricing disclosures, promote interoperability and strengthen CCI for swift ex-post action on abuse (e.g., lock-in, self-preferencing).

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