Roundtable on

Competition Concerns in the Cloud Services Market and Optimality of Regulatory & Policy Interventions

Wednesday, 29 July 2026 | India International Centre, New Delhi

(Chatham House Rules)

Event Report

On 29 July 2026, CUTS International organised a roundtable on *"Competition Concerns in the Cloud Services Market and Optimality of Regulatory & Policy Interventions"* under Chatham House Rules. The discussion brought together around 45 participants, including representatives from regulators, industry, the legal profession, academia, and civil society and few global experts. The central focus was whether cloud services should be brought within the scope of India's proposed Digital Competition Bill, an ex ante regulatory framework for digital markets.

The roundtable began with presentations on two recent CUTS studies. The first, *Competition Concerns in Cloud Services Market and Application of Indian Competition Law*, examined issues such as cloud credits and discounts, egress fees, interoperability barriers, licensing restrictions, tying and bundling, self-preferencing, and data leveraging. It concluded that most of these concerns can already be addressed under the Competition Act, 2002, particularly in light of recent institutional developments such as the settlement and commitment mechanism and the establishment of the Digital Market Division. The second study, *[Over]Regulating Cloud Services: A Case for Restraint*, cautioned against extending hard ex ante obligations to cloud services without a strong evidence base. It argued for a proportionate regulatory approach and suggested that India consider the voluntary commitments on switching and interoperability that major cloud service providers (CSPs) have offered to the UK Competition and Markets Authority (CMA).

The broad consensus emerging from the discussion was that cloud services are a backbone of India's fast-growing digital economy, and any intervention in this market must be carefully calibrated to avoid overregulation while preserving innovation, competition, and growth. Participants noted that extending the commitments made by major cloud service providers to the UK CMA to the Indian market could be a practical first step. In particular, commitments relating to egress fees and interoperability were seen as capable of improving competition and expanding choices for business users.

A recent Oxford Economics study was cited to show that digital regulation can significantly shape startup ecosystems, with more restrictive regimes potentially leading to fewer startups formation, lower venture capital investment, and fewer startup-supported jobs.

It was also noted that cloud services help startups by reducing the need for large upfront capital expenditure, but heavier compliance burdens may divert resources away from product development and research. Cloud regulation should therefore be assessed not only through the lens of supplier-side competition, but also in terms of its downstream effects on startups, innovation, and digital public infrastructure (DPI). This point was especially relevant in India, where DPIs such as UPI and ONDC depend heavily on cloud services provided by both domestic and multinational firms. Additional regulatory burdens on CSPs could have unintended consequences for such DPIs.

The discussion further noted that the definition of "cloud services" remains fluid and technologically complex, making it difficult to define the market in purely legal terms. Participants observed that market definition in this sector is as much an economic and technological exercise as it is a legal one. It was also argued that cloud services markets are largely business-to-business markets, and that market tipping is less evident than in some other digital sectors, which may make the proposed Digital Competition Bill a less natural fit for this market.

Another important thread in the discussion was the role of existing competition law tools. It was pointed out that the Competition Act, 2002 already provides behavioural and structural remedies to address market failures, and that interim measures can be used to prevent harm while investigations are ongoing. The newly introduced settlement and commitment provisions, together with the setting up of Digital Market Division within Competition Commission of India, were seen as useful tools for achieving timely and effective competition outcomes.

The roundtable also drew lessons from other jurisdictions and policy approaches. Reference of Nigerian and African experience were made to suggest that developing countries should initially rely on softer instruments such as guidelines, market engagement, and competition advocacy rather than immediate hard regulation. A study of AI value chains was also discussed, showing that many firms use multi-cloud and hybrid cloud models and that a substantial share rely on medium and smaller providers. This raised concerns that regulating only large firms by size could leave similar conduct by smaller firms outside regulatory scrutiny.

The discussion connected cloud regulation to broader debates on AI and Competition as well. It was noted that one of the key lessons from the Market Study on AI and Competition is the need to balance innovation and regulation carefully. Since AI technologies evolve rapidly, rigid regulation may be difficult to implement effectively. The AI market study therefore favoured guidance notes and self-regulatory approaches over immediate prescriptive rules. It was also observed that the AI ecosystem spans multiple layers, including data, compute infrastructure, algorithms, and foundation models, and that large technology firms often offer vertically integrated AI stacks. At the same time, startups acknowledged that such integrated cloud and AI services have helped many of them launch and grow. Market studies and competition advocacy were therefore identified as especially important in fast-changing technology sectors.

It was also deliberated that two large multinational CSPs have made commitments to the UK CMA regarding the waiver of egress fees and improvements in interoperability, which contributed to the CMA not pursuing Strategic Market Status investigations as recommended in its market inquiry. While there was broad agreement that similar commitments should be extended to India, participants differed on the best strategy for doing so.

Some felt that cloud services should be included within a hard ex ante digital competition regime such as the Digital Competition Bill in order to bring major firms to the negotiation table. Others argued that a Suo motu inquiry by the Competition Commission of India could be sufficient. It was also suggested that, given the extent of these firms' investments in India, government-level engagement could help secure similar commitments without the need for immediate hard regulation.

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