Predatory Pricing

Source: TH

The **Competition Commission of India (CCI)** has notified the **Determination of Cost of Production Regulations, 2025,** to regulate **predatory pricing**, particularly targeting **e-commerce** and **quick commerce platforms.**

- Predatory pricing, defined under **the Competition Act, 2002**, refers to a strategy where a company **deliberately lowers its prices below the cost of production** to reduce competition and eliminate competitors.
  - Once **competitor firms** are **weakened or eliminated**, the company typically raises prices to recoup its losses and consolidate **market control (monopoly)**.
- **New regulations replaced** the 2009 rules by removing **market value** as a benchmark and redefining **total cost** to include **depreciation** and exclude **financing overheads** (daily business expenses) for greater clarity.
  - It uses a **sector-agnostic (neutral), case-by-case approach**, better suited for dynamic digital markets.
- **CCI** is a **statutory body** established under the **Competition Act, 2002** to promote fair competition, prevent anti-competitive practices, and protect consumer interests.

Terms Related to Anti-Competitive Practices	
Cartels	**Associations** of independent businesses or countries to **regulate pricing and production** (typically illegal).
Mergers	Mergers **combine** companies into **one entity**, potentially reducing competition and attracting regulatory scrutiny.
Price Discrimination	Charging **different prices to different customers** for the same product/service.
Price Fixing Agreements	Competitors agreeing to set a **fixed price for their products/services**, eliminating competition and inflating prices.

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