Competition Commission of India (Determination of Cost of Production) Regulations, 2025

May 9, 2025 • vajiramandravi.com

Competition Commission of India (Determination of Cost of Production) Regulations, 2025 Latest News

The Competition Commission of India recently notified the Competition Commission of India (Determination of Cost of Production) Regulations, 2025, aimed at effectively assessing alleged predatory pricing and deep discounting practices in the quick commerce and e-commerce sectors.

About Competition Commission of India (Determination of Cost of Production)

Regulations, 2025:

- It was **notified by the Competition Commission of India (CCI).**
- It is **aimed at** effectively **assessing alleged predatory pricing and deep discounting practices** in the **quick commerce and e-commerce sectors.**
  - **Predatory pricing** refers to a strategy where a dominant **company deliberately lowers its prices** below the cost of production **to drive competitors out** of the market.
  - Once rival firms are weakened or eliminated, the company typically raises prices to recoup its losses and consolidate market control.
  - This practice is specifically p**rohibited under Section 4(2)(a)(ii) of the Competition Act, 2002,** when used to unfairly gain or maintain dominance.
- To strengthen oversight of such behavior, **CCI (Determination of Cost of Production) Regulations**, **2025, implements updated cost assessment standards.**
- These revised benchmarks are designed to reflect modern economic thinking, judicial rulings, and international best practices in competition law.
- According to the latest regulations, the "**cost of a good or service would be assumed to be its average variable cost"**, which is the **total variable cost divided by total output** during a particular period.
  - Here, the **total variable cost refers to the total cost** (including everything that goes into the production of that good or service) **minus the fixed cost and fixed overheads** attributable to the product.
- One of the key changes in the new regulations is the **shift from sector-specific benchmarks to a case-by-case assessment** model that is flexible and adaptable to various industries, including the digital economy.
- Therefore, rather than prescribing sector-specific metrics, the framework allows for case-by-case assessment, enabling the Commission to **consider the unique features and evolving dynamics of digital markets when evaluating alleged predatory conduct.**
- These new regulations **repeal the 2009 Cost Regulations** and reflect evolving global practices in competition law.

Competition Commission of India (Determination of Cost of Production) Regulations, 2025 FAQs

Q1. What is the main purpose of the CCI (Determination of Cost of Production) Regulations, 2025?

Ans. It is aimed at effectively assessing alleged predatory pricing and deep discounting practices in the quick commerce and e-commerce sectors.

Q2. What is meant by predatory pricing?

Ans. Lowering prices below cost to eliminate competitors

Q3. What key change was introduced in the 2025 Regulations compared to older frameworks?

Ans. Shift from sector-specific benchmarks to case-by-case assessment.

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