

INDIA LAUNCHES ANTITRUST RAIDS ON AMAZON SELLERS CLOUDTAIL, APPARIO

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

Amazon Shopping and Flipkart apps are seen on the smartphone in this picture | Photo Credit: Reuters

India's antitrust body launched raids on Thursday against two top domestic sellers of online retail giant Amazon.com Inc over accusations of having violated competition laws, two sources with direct knowledge of the matter told Reuters.

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Indian retailers, a key part of Prime Minister Narendra Modi's support base, have long contended that Amazon's platform largely benefits a few big sellers, with the firm engaging in predatory pricing that harms their businesses.

The company says it complies with all Indian laws.

The exact nature of the purported violations prompting Thursday's raids was not immediately clear. The two sellers were Cloudtail and Appario, the sources said on condition of anonymity, as the details were not public.

Amazon, which has an indirect equity stake in both, did not immediately respond to a request for comment. Cloudtail, Appario and the regulator, the Competition Commission of India (CCI), also did not immediately respond to emailed queries.

One source said the raids, carried out in the capital, New Delhi and the southern tech hub of Bengaluru, related to CCI's investigation ordered in January 2020.

In that case, Amazon and rival Walmart's Flipkart face accusations of anti-competitive practices, such as promoting preferred sellers on websites and giving priority to listings by some sellers.

The companies deny the accusations, and the antitrust investigation continues.

Amazon has previously said it "does not give preferential treatment to any seller on its marketplace," and "treats all sellers in a fair, transparent, and non-discriminatory manner".

A Reuters investigation last year, based on Amazon documents, showed it had given preferential treatment for years to a small group of sellers, including Cloudtail, and used them to bypass Indian laws.

The report showed Amazon had for years helped a small number of sellers prosper on its platform, with discounted fees and helping Cloudtail strike special deals with big tech firms.

The anti-trust body told a court the Reuters report corroborated evidence it had received against Amazon.

In August, Amazon and Cloudfare decided the latter would cease to be a seller from May 2022.

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