

Competition Commission of India Releases Market Study Report on Artificial Intelligence and Competition conducted through Management Development Institute Society (MDIS)

Study brings out how AI Adoption is Rapidly Reshaping India's Market Dynamics, Competition, and Regulatory Landscape

Report urges Government and Industry to Ensure Responsible and Transparent AI Practices

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The Competition Commission of India (CCI) has released its report, *Market Study on Artificial Intelligence and Competition*, conducted through the Management Development Institute Society (MDIS). The study *inter-alia* aimed to understand Artificial Intelligence (AI) markets and ecosystems, identify emerging and potential competition issues, and review existing and evolving regulatory frameworks governing AI systems.

The study relied on both secondary and primary research methods, including literature review, database analysis, semi-structured and structured interviews, and stakeholder surveys to provide in-depth and holistic understanding of the various objectives. The study has helped gather useful insights and information on the structure of the AI ecosystem, market trends, application of AI in user industries, potential competition issues in AI industry and user industries and other relevant aspects.

The study brings out that adoption of AI technologies in India is rapidly accelerating across various user sectors, and is reshaping competition dynamics, business operations and regulatory response. While advent of AI offers substantial benefits in efficiency, innovation, and consumer experience, there are emerging issues that may directly or indirectly have a bearing on competition and may hinder realization of its full potential. The report examines each of these aspects in detail across dedicated chapters. The study also reviews the evolution of legal and regulatory frameworks in India and other jurisdictions to keep pace with the rapid advancement of AI.

In order to promote the development of a competitive AI ecosystem in India, prevent AI driven anti-competitive practices and protect consumer welfare, the report proposes certain measures. In this regard, CCI will *inter alia* organise a conference on "AI and regulatory issues" in association with relevant stakeholders; conduct focused advocacy workshops on "AI and Competition Compliance"; focus on strengthening its technical capabilities and infrastructure; set up a think tank to drop on expertise on matters related to digital markets with special focus on AI; undertake steps to promote inter-regulatory coordination, and engage with international competition authorities and multilateral competition platforms.

Continued emphasis on measures and policy initiatives by the government, to facilitate access to AI infrastructure, and to enhance AI capabilities, with a view to remove entry barriers and foster a level playing field in development and deployment of AI in India, is recommended. Further to ensure responsible autonomy, while protecting markets from distortions, enterprises are urged to include self-audit of AI systems for competition compliance that will allow businesses to proactively identify and address potential competition concerns; and to adopt transparency measures so as to reduce information asymmetry.

It is expected that the insights gained from the market study and proposed measures will inform and contribute significantly in shaping a progressive, cutting-edge and competitive AI landscape in India.

The report can be accessed at <https://www.cci.gov.in/economics-research/market-studies>

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