

BACKGROUND NOTE:
Draft The Competition Commission of India
(Determination of Cost of Production) Regulations, 2025

1. The Competition Act, 2002 (the ‘Act’) aims to prevent practices having an adverse effect on competition, to promote and sustain competition in the markets, to protect the interests of consumers and to ensure freedom of trade carried on by other participants in markets, in India. The Competition (Amendment) Act, 2023 (Amendment Act) incorporated various amendments in the Act which created a need for amendment/ repeal/ overhauling of the various regulations framed by the Commission as well as for introduction of certain new ones. In this regard, the Commission has already notified Settlement Regulations, Commitment Regulations, Lesser Penalty Regulations, General Regulations, *etc.*
2. Section 4(2)(a)(ii) of the Act prohibits predatory pricing as an abusive conduct by a dominant enterprise. In this context, Explanation (b) to Section 4 defines "predatory price" as the sale of goods or provision of services at a price below the cost—as determined by regulations—with the intent to reduce competition or eliminate competitors.
3. Similarly, the above-mentioned Explanation also refers to a cost benchmark, to be determined by regulations, for the purpose of examining allegations related to predatory pricing. In this regard, Section 64(2)(a) of the Act also empowers the Commission to make regulations w.r.t. *the cost of production to be determined under clause (b) of the Explanation to section 4*. Accordingly, the Commission notified the CCI (Determination of Cost of Production) Regulations, 2009 on 20.08.2009 (**Cost Regulations 2009**).
4. Since the enactment of the Act and the introduction of the Cost Regulations, 2009, competition law in India as well as globally, has undergone significant development. Accordingly, the Commission proposes to review the Cost Regulations 2009 wherein certain changes are being proposed to keep the regulations in sync with the evolution of competition law jurisprudence. The review of these regulations aims to align them with modern economic theories, judicial interpretations, and international competition law practices.
5. The CCI invites stakeholders to submit written comments on the draft Competition Commission of India (Determination of Cost of Production) Regulations, 2025, within 30 (thirty) days from 17.02.2025 to 19.03.2025. The comments must be sent by duly filling up the form hosted on the CCI’s website at: <https://www.cci.gov.in/stakeholders-topics-consultations>.