

CORPORATE GOVERNANCE AND ANTI TRUST COMPLIANCE IN DIGITAL PLATFORM MARKETS: STRENGTHENING BOARD OVERSIGHT IN THE ERA OF MODERN DIGITAL ECONOMY

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ABSTRACT

The rapid expansion of digital platform companies has significantly transformed global market structures and competitive dynamics, creating complex challenges for traditional competition law frameworks. Practices such as algorithmic pricing, self-preferencing, data concentration and network-effect-driven dominance have enabled platform firms to accumulate substantial market power in relatively short periods. In India, while the Competition Act, 2002 provides a foundational framework to address anti-competitive agreements and abuse of dominant position, it does not explicitly incorporate corporate governance obligations or board-level responsibility for ensuring antitrust compliance within firms operating in digital markets. This paper examines the intersection of corporate governance and competition law in the context of digital platform ecosystems. It highlights how algorithm-driven decision-making, multi-sided market structures and data-intensive business models complicate the application of conventional antitrust principles and raise significant concerns regarding accountability and enforcement. The study argues that effective corporate governance, particularly proactive board oversight, is essential for identifying, managing and mitigating competition law risks arising from automated systems and platform-based strategies. Further, it emphasises that boards of directors must play an active role in embedding antitrust compliance through structured governance frameworks, algorithmic accountability mechanisms, internal monitoring systems and continuous risk assessment processes. Judicial interpretations of director duties under the Companies Act, 2013 also reinforce the expectation of due diligence and legal compliance as part of fiduciary responsibility. The paper ultimately advocates for an

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integrated regulatory approach that combines strengthened competition law enforcement with robust corporate governance mechanisms to ensure fair competition, protect consumer welfare and promote sustainable innovation in India's evolving digital economy.

Keywords: Digital platforms, Corporate governance, Antitrust compliance, Algorithmic pricing, Competition law.

INTRODUCTION

Digital platform companies have become central actors in the modern digital economy. Unlike traditional firms, digital platforms function as intermediary infrastructures that facilitate interactions between multiple groups of users, creating what economists describe as multi-sided markets. In such markets, platforms connect participants such as consumers, advertisers, developers and service providers while deriving value from network effects and the large-scale accumulation of data. Prominent examples include companies such as Google, Amazon, Meta Platforms and Apple, whose platforms connect millions of users and businesses globally. Through extensive data aggregation, algorithmic decision-making and strong network effects, these firms are often able to acquire substantial market power within relatively short periods.¹

The economic structure of digital platforms differs fundamentally from traditional single-sided markets. In multi-sided markets, the value of a platform to one group of users depends on the participation of another group. For instance, online marketplaces become more valuable to consumers as more sellers join and simultaneously more attractive to sellers when consumer participation increases. This phenomenon, known as indirect network effects, can create significant barriers to entry and reinforce market dominance. Consequently, competition concerns in digital markets extend beyond traditional price-based conduct to issues such as data concentration, self-preferencing, algorithmic pricing and exclusionary platform practices. Competition in two-sided markets depends on the platform's ability to manage indirect network

¹ Organisation for Economic Co-operation and Development (OECD), *An Introduction to Online Platforms and Their Role in the Digital Transformation* (OECD Publishing, 13 May 2019), available at <https://doi.org/10.1787/53e5f593-en> last seen on 17-03-2026

effects, where the value of the platform for one group, such as consumers, is inextricably linked to the participation of the other group, such as merchants or developers.²

Competition law seeks to promote fair market conditions, prevent the abuse of market power and protect consumer welfare and innovation. Traditionally, antitrust enforcement has relied on neoclassical economic models that focus on operational conduct such as price-fixing and merger-friendly environments. However, the rise of the 'algorithm-driven economy' has introduced new competitive risks, such as tacit collusion facilitated by pricing algorithms, perfect behavioural discrimination and the disproportionate power of super-platforms - which suggest that traditional free-market philosophy may no longer be sufficient to protect consumer interests.³

In response to this, regulators increasingly recognise that competition compliance must also be embedded within corporate governance structures. Board of directors are therefore expected to oversee compliance frameworks, manage competition-related risks and ensure that corporate strategies, including data practices and algorithmic systems, do not facilitate anti-competitive conduct. Accordingly, the integration of board duties and corporate governance mechanisms has become an important dimension of antitrust regulation in digital platform markets.

THE EMERGING LEGAL ISSUE IN DIGITAL PLATFORM MARKETS IN THE INDIAN CONTEXT

The expansion of digital platform enterprises in India has introduced complex regulatory challenges for competition authorities. In contrast to conventional markets, digital platforms operating in India rely extensively on algorithmic systems, large-scale data analytics and automated decision-making processes to determine pricing structures, product visibility and search rankings. These technological mechanisms play a decisive role in shaping consumer choices and competitive conditions within platform ecosystems. While such innovations contribute to efficiency and market growth, they simultaneously create novel risks of anti-

² Marc Rysman, 'The Economics of Two-Sided Markets', 23 *Journal of Economic Perspectives* 125, 2009, available at <https://www.aeaweb.org/articles?id=10.1257/jep.23.3.125>, last seen on 16-03-2026.

³ Mark, Robert Van De. 'Virtual Competition: The Promise and Perils of the Algorithm-Driven Economy, by Ariel Ezrachi & Maurice E. Stucke.', *Osgoode Hall Law Journal* 614-619, 2018, available at <https://doi.org/10.60082/2817-5069.3297>, last seen on 16-03-2026.

competitive behaviour that are not easily captured within the traditional framework of Indian competition law. The evolving nature of these challenges has prompted increased regulatory attention under the Competition Act, 2002, particularly by the Competition Commission of India⁴.

One of the principal concerns in the Indian digital economy relates to the growing use of algorithmic pricing and automated decision-making. Digital platforms employ advanced algorithms to continuously monitor user preferences, demand fluctuations and competitor conduct, enabling real-time adjustments in pricing and product rankings. Although such practices may enhance operational efficiency and consumer convenience, they also give rise to risks such as discriminatory pricing and algorithmic coordination, where pricing outcomes may converge without any explicit agreement between competing firms. These developments pose significant challenges to established antitrust doctrines in India, which traditionally depend on demonstrating intention, agreement or conscious coordination among market participants. The theoretical and global framework for these challenges is documented in the OECD's analysis of competition policy in the digital age, which highlights how such technologies can facilitate tacit collusion and necessitate a revisiting of the 'notion of agreement' for antitrust purposes.⁵

In addition, the issue of self-preferencing has become increasingly prominent in the Indian context. Several digital platforms operate as both intermediaries and market participants, thereby creating structural conflicts of interest. In such settings, platform operators may leverage their control over search algorithms, platform interfaces and access to commercially sensitive data to prioritise their own products or affiliated entities over independent sellers. Indian competition authorities have taken cognizance of such concerns, particularly in relation to large e-commerce and digital service platforms, recognising their potential to distort market access and undermine fair competition.

Furthermore, the rise of algorithm-driven market behaviour raises important questions regarding the attribution of liability under Indian competition law. Traditional legal frameworks

⁴ Competition Commission of India, 'Market Study on E-Commerce in India' (8 January 2020), available at <https://www.cci.gov.in/images/marketstudie/en/market-study-on-e-commerce-in-india-key-findings-and-observations1653547672.pdf>, last seen on 16-03-2026

⁵ Organisation for Economic Co-operation and Development (OECD), 'Algorithms and Collusion: Competition Policy in the Digital Age' (17 May 2017), available at https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/05/algorithms-and-collusion-competition-policy-in-the-digital-age_02371a73/258dcb14-en.pdf, last seen on 16-03-2026

are primarily designed to address conduct arising from identifiable human decisions; however, automated systems complicate the process of assigning responsibility for anti-competitive outcomes. This challenge is further compounded by the absence of explicit corporate governance provisions within the Competition Act, 2002, which primarily focuses on regulating anti-competitive agreements, abuse of dominance and combinations, without directly imposing governance-based compliance obligations on corporate boards. As a result, there exists a regulatory gap between competition law enforcement and internal corporate accountability mechanisms. This has led to increasing scholarly and policy-level emphasis on strengthening corporate governance structures - particularly the role of boards of directors - to ensure proactive antitrust compliance, oversight of algorithmic systems and effective management of competition-related risks in India's rapidly evolving digital marketplace.

COMPETITION LAW REGULATION OF DIGITAL PLATFORM COMPANIES

The regulation of digital platform companies in India is primarily governed by the Competition Act, 2002, which addresses anti-competitive agreements, abuse of dominant position and liability of individuals responsible for corporate conduct. Although the statute predates the emergence of large digital platforms, its provisions are increasingly interpreted by the Competition Commission of India (CCI) to address competition concerns arising in digital markets. In particular, Sections 3, 4 and 48 of the Act are repeatedly interpreted in regulating the conduct of digital platform enterprises.⁶

Section 3 prohibits agreements that cause or are likely to cause an appreciable adverse effect on competition (AAEC) in India. This provision covers both horizontal and vertical agreements. In digital platform markets, such agreements may arise through contractual arrangements between platforms and third-party sellers, advertisers or service providers. Practices such as exclusive agreements, preferential listings or restrictive platform policies may limit market access for competing businesses. Further, concerns have emerged that algorithmic pricing systems may facilitate coordinated pricing behaviour among competing firms, that raises new challenges for the application of traditional cartel rules.

⁶ Ss 3, 4 & 48, The Competition Act, 2002.

Section 4 addresses the abuse of dominant position by enterprises operating in a relevant market. Digital platform companies may attain dominance due to strong network effects, control over data, economies of scale and high entry barriers. The provision prohibits practices such as unfair or discriminatory pricing, denial of market access and leveraging dominance in one market to enter another. These concerns have become particularly significant in digital ecosystems where platform operators may prioritise their own services or products within search results or marketplace listings, thereby disadvantaging competing sellers. The Competition Commission of India also observed that platform neutrality, where the dual role of platforms as both marketplace providers and competitors, creates inherent incentives for self-preferencing and the use of black box search algorithms to favour preferred entities.⁷

In addition to corporate liability, Section 48 of the Act establishes personal liability for individuals responsible for the conduct of the company. Directors, managers and officers who were in charge of business operations at the time of the contravention may be held accountable for competition law violations. This provision is particularly relevant in digital platform companies where strategic decisions regarding algorithms, data use and platform governance may influence competitive outcomes. Consequently, effective corporate governance and board oversight play an important role in ensuring compliance with competition law in digital markets.

COMPLIANCE CHALLENGES IN DIGITAL MARKETS

Digital platform markets present distinctive compliance challenges for firms operating within data-driven and technologically complex ecosystems. Although competition law provides a general framework to regulate anti-competitive conduct, the structural characteristics of digital markets such as algorithmic decision-making, network effects and data concentration complicate the implementation of effective compliance mechanisms. Consequently, digital platform companies must address several technological and regulatory challenges in order to ensure adherence to competition law requirements. This is particularly evident in the Indian

⁷ Supra 4

context, where the transition from traditional practices to digital ones has introduced novel implications for market entry and dominance.⁸

A primary challenge arises from the technological complexity of digital platforms. These platforms rely on advanced technologies including artificial intelligence, machine learning systems and large-scale data analytics to manage pricing, rankings and user interactions. Because such systems operate at high speed and evolve continuously through data inputs, monitoring their outcomes becomes difficult. As a result, companies may find it challenging to detect whether algorithmic processes unintentionally produce anti-competitive effects. The Monopolies Commission also notes that this high level of automation enables cost reduction and personalised product offers but simultaneously can also cause concentrated market places.⁹

Another significant concern relates to algorithmic decision-making. Digital platforms frequently use automated systems to determine prices, advertising placement and product rankings. While these tools enhance operational efficiency, they may also facilitate parallel pricing behaviour or tacit coordination among competing firms. In such situations, determining liability becomes complex, particularly when anti-competitive outcomes emerge from automated algorithmic interactions rather than deliberate managerial conduct. Such opaque practices make it increasingly difficult for authorities to detect unfair business behaviour, necessitating a shift in how existing legal criteria are applied.¹⁰

Legal uncertainty further complicates compliance efforts. Most competition statutes were enacted before the emergence of digital platform ecosystems and do not explicitly address algorithmic governance, data-driven market power or platform-based business models. As a result, regulators often interpret existing provisions to address digital market conduct, which may create uncertainty for firms attempting to determine the limits of lawful behaviour.

Additionally, digital markets are characterised by strong network effects and extensive data accumulation, both of which may reinforce market power. Platforms with large user bases and

⁸ Ram Kumar and Praveen Singh Chauhan, 'Navigating competition law in E-commerce: Challenges and implications of the digital economy', *International Journal of Criminal, Common and Statutory Law*, 4(2), 25-31, (2024), <https://doi.org/10.22271/27899497.2024.v4.i2a.89>, last seen on 15-03-2026.

⁹ Monopolies Commission, 'Competition policy: The challenge of digital markets. Special Report pursuant to Section 44(1)(4) of the Act Against Restraints on Competition (Summary)', available at https://www.monopolkommission.de/images/PDF/SG/SG68/S68_summary.pdf, last seen on 17-03-2026.

¹⁰ Adya Pandey, 'Competition Policy and the Digital Era: A Perspective into The Dynamics of Digital Markets and Competition Policy', *7 International Journal of Law, Management & Humanities*, 1587-1600, (2024), <https://ijlmh.com/paper/competition-policy-and-the-digital-era-a-perspective-into-the-dynamics-of-digital-markets-and-competition-policy/>, last seen on 15-03-2026.

access to significant datasets may gain structural advantages that make market entry difficult for competitors. These dynamics raise concerns regarding potential exclusionary practices, self-preferencing and data dominance. This risk is exemplified by the *Google Shopping case*, where the European Commission found that Google abused its search dominance by systematically giving prominent placement to its own comparison-shopping service while demoting those of rival services in its search results.¹¹

In light of these complexities, ensuring effective competition law compliance in digital markets requires robust internal governance mechanisms, interdisciplinary expertise and active oversight by corporate leadership, particularly the boards of directors.

IMPORTANCE OF CORPORATE GOVERNANCE

Corporate governance refers to the system of rules, processes and institutional structures through which companies are directed and controlled. It provides the framework for decision-making, accountability and regulatory compliance within corporate organisations. Effective governance promotes transparency, ethical conduct and responsible corporate behaviour. In the context of digital platform companies, corporate governance assumes particular importance because these firms operate in technologically complex environments characterised by data-driven decision-making and algorithmic systems that may raise significant competition law risks. Consequently, governance mechanisms, especially those exercised by the board of directors, play a crucial role in ensuring that corporate strategies and technological practices remain consistent with legal and regulatory requirements. This necessitates a transition from a mere ‘comply or explain’ approach to a more rigorous, mandatory statutory framework that empowers the board to move beyond ‘lip service’ and ensure functional effectiveness in oversight.¹²

The board of directors occupies a central position within corporate governance structures. Boards are responsible for supervising management, safeguarding the interests of shareholders

¹¹ Google Search (Shopping) Case, AT.39740, European Commission Decision of 27 June 2017.

¹² Umakanth Varottil, ‘Corporate Governance in India: The Transition from Code to Statute, in *Corporate Governance Codes for the 21st Century*’: International Perspectives and Critical Analyses (Jean J. du Plessis & Chee Keong Low eds., Springer International Publishing (2017), https://link.springer.com/chapter/10.1007/978-3-319-51868-8_5, last seen on 13-03-2026.

and ensuring that the company operates within the boundaries of law. Modern governance frameworks increasingly require boards to oversee not only financial performance but also legal compliance and regulatory risk management. In digital platform companies, where algorithms and data-driven strategies significantly influence market outcomes, board oversight becomes particularly important to ensure that technological systems do not facilitate anti-competitive practices.

In India, the statutory duties of directors are codified under Section 166 of the Companies Act, 2013, which requires directors to act in good faith, exercise due care, skill and diligence and promote the interests of the company and its stakeholders.¹³ These duties impose an obligation on directors to ensure that corporate conduct complies with applicable laws, including competition law regulations. Effective governance therefore requires directors to supervise corporate activities, establish compliance frameworks and monitor potential regulatory risks.

Judicial decisions have also clarified the responsibilities of corporate directors in matters of statutory compliance. In *Official Liquidator v. P A Tendolkar*, the Supreme Court emphasised that directors must exercise reasonable diligence in supervising the affairs of the company and cannot remain passive in the face of misconduct.¹⁴ Similarly, in *SMS Pharmaceuticals Ltd v Neeta Bhalla*, the Court held that individuals responsible for the conduct of business may incur liability for statutory violations.¹⁵ Furthermore, in *Sunil Bharti Mittal v CBI*, the Court clarified that liability of corporate officers depends on their role and responsibility in the alleged misconduct.¹⁶ These decisions highlight the importance of effective oversight and clearly defined governance responsibilities within corporate organisations.

In digital platform markets, strong corporate governance mechanisms serve as an important preventive tool against potential competition law violations. Through effective oversight, internal compliance systems and responsible technological governance, boards of directors can mitigate risks arising from algorithmic decision-making, data concentration and other practices that may distort market competition.

¹³ S. 166, The Companies Act, 2013.

¹⁴ *Official Liquidator, Supreme Bank Ltd. v. P A Tendolkar (dead) by L. RS. And Ors.*, 1973 AIR 1104.

¹⁵ *SMS Pharmaceuticals Ltd v Neeta Bhalla and Anr* on 20 September 2005, AIR 2005 SC 3512.

¹⁶ *Sunil Bharti Mittal v Central Bureau of Investigation*, AIR 2015 SC 923.

BOARD DUTIES IN ENSURING ANTITRUST COMPLIANCE

In digital platform companies, the board of directors plays a critical role in ensuring compliance with competition law and antitrust regulations. As the principal supervisory body within the corporate structure, the board is responsible for establishing governance mechanisms that prevent anti-competitive conduct and promote lawful market behaviour. The technological complexity of digital markets, characterised by algorithmic systems, extensive data use and network effects, requires boards to exercise active oversight to ensure that corporate strategies remain consistent with competition law principles. Effective board supervision therefore functions as an essential institutional safeguard against antitrust violations in digital platform markets.

One of the primary responsibilities of the board is the establishment and supervision of competition law compliance programmes. Such programmes generally include internal policies, employee training, monitoring mechanisms and reporting procedures designed to ensure that corporate operations conform to regulatory requirements. In digital platform companies, compliance frameworks must specifically address risks associated with algorithmic pricing, platform governance and data-driven decision-making. By implementing structured compliance mechanisms, boards can foster a culture of lawful conduct and reduce the likelihood of regulatory violations. As the digital landscape presents multifaceted challenges ranging from antitrust concerns to market dominance, corporate law plays a vital role in establishing clear guidelines and standards for platform behaviour to ensure these entities operate within the bounds of fair competition.¹⁷

Boards also perform an important function in monitoring managerial decision-making. Although executive management is responsible for day-to-day operations, directors retain oversight of strategic decisions that may influence market conduct. Decisions relating to pricing policies, platform access rules and partnerships with third-party sellers may have significant competition law implications. Consequently, boards must evaluate such decisions within a compliance framework to ensure that corporate strategies do not facilitate anti-competitive agreements or abuse of market dominance. Such oversight is essential because, as the jurisprudence of digital platform markets evolves, a nuanced understanding of market

¹⁷ Abhijeet Singh, 'The Role of Corporate Law in Regulating Digital Platforms and Online Marketplaces', 7(2) *International Journal of Law Management & Humanities* 3419, (2024), available at <https://doi.org/10.1000/IJLMH.117391>, last seen on 15-03-2026.

dynamics is required to address the regulatory interventions necessitated by the conduct of platform giants.¹⁸

Another crucial aspect of board oversight concerns the governance of algorithms and data practices. Digital platforms rely heavily on automated systems to determine search rankings, advertisement placement and product recommendations. While these technologies enhance operational efficiency, they may also create risks of discriminatory pricing, self-preferencing or algorithmic coordination. Boards must therefore ensure that adequate internal controls exist to monitor algorithmic systems and that technological practices remain consistent with competition law obligations.

Finally, boards are responsible for conducting periodic risk assessments and promoting transparent platform governance. Regular compliance audits, internal reviews and risk evaluation processes enable companies to identify potential antitrust concerns at an early stage. Transparency in platform rules, data access policies and ranking mechanisms further strengthens accountability and helps maintain competitive neutrality within platform ecosystems. Through these measures, boards play a central role in integrating competition law compliance into the broader corporate governance framework of digital platform companies.

CONCLUSION

In conclusion, the rapid expansion of digital platform companies has necessitated a re-evaluation of traditional competition law frameworks. While existing legal provisions continue to play a vital role in regulating anti-competitive conduct, their application to data-driven, algorithmic and multi-sided markets remains complex and, at times, inadequate. The evolving nature of digital markets demands a more nuanced and adaptive regulatory approach that can effectively address emerging challenges such as algorithmic collusion, self-preferencing and data concentration.

At the same time, corporate governance has emerged as a critical internal mechanism for ensuring compliance with competition law. The role of the board of directors extends beyond

¹⁸ Anshuman Sahoo & Arindam Basu, 'Antitrust Jurisprudence of Consumer Choice in Digital Platform Markets: A Comprehensive Review of Literature', 13(3) Journal of Scientometric Research, (2024), <https://www.jscires.org/article/13/3/904>, last seen on 18-03-2026.

mere oversight to actively shaping ethical and legally compliant business strategies. By implementing robust compliance programmes, monitoring algorithmic decision-making and fostering a culture of transparency, boards can act as the first line of defence against potential antitrust violations. This preventive approach is particularly significant in digital markets, where ex-post regulatory intervention may often be insufficient or delayed.

Therefore, an integrated framework combining strengthened legal regulation with proactive corporate governance is essential for the effective functioning of digital platform markets. Policymakers must work towards developing clearer and more technology-sensitive competition rules, while corporations must reinforce internal accountability structures. Such a balanced approach will not only safeguard fair competition and consumer welfare but also support sustainable innovation in the increasingly complex digital economy.