
THE ₹2,000 CRORE QUESTION: CAN INDIA'S NEW M&A THRESHOLD STOP KILLER ACQUISITIONS?

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ABSTRACT

India's booming startup economy has created vast opportunities in sectors such as fintech, digital platforms and biotechnology. At the same time, it has increased the risk of "killer acquisitions", where dominant firms buy smaller, innovative startups primarily with the motive to remove potential future competition. In order to address gaps in its merger control regime, India introduces a new provision called as the "Deal Value Threshold (DVT)" of ₹2,000 crore through the Competition (Amendment) Act, 2023, effective from September 2024. This new reform shifts focus from traditional asset and turnover thresholds to the deal value thresholds, ensuring that high-valuation, asset-light deals built on data, intellectual property or user networks cannot bypass scrutiny.

This article explores how the DVT aims to strengthen competition law, its role in curbing harmful acquisitions and its alignment with international practices. It also examines the challenges that remain, such as the high threshold, ambiguity in defining "substantial business operations", risks of deal structuring and the institutional capacity of the Competition Commission of India (CCI). Ultimately, the paper evaluates whether this threshold can serve as an effective safeguard for India's innovation-driven economy or whether further refinements will be necessary.

Keywords: Deal Value Threshold (DVT), Competition Law, Killer Acquisitions, Competition Commission of India (CCI), Mergers and Acquisitions, Digital Economy, Startup Regulation.

I. INTRODUCTION:

The startup economy of India has emerged as a global powerhouse, attracting record levels of venture capital and producing a ton of unicorns across sectors like fintech, health tech etc. Yet, this rapid growth has also exposed vulnerabilities in the regulatory framework governing mergers and acquisitions (M&A). In Competition Act, 2002¹, the traditional thresholds were solely based on assets and turnover and often failed to capture acquisitions of innovative startups which possessed significant innovative potential capable of reshaping market competition. Recognizing this gap, the Competition (Amendment) Act, 2023², introduced Deal Value Threshold (DVT) of ₹2,000 crore, requiring prior approval from the Competition Commission of India (CCI) for such transactions where the target has “substantial business operations” in India. This reform of India aligns with other countries which practice the same system like Germany and Austria that have already adopted similar mechanisms to address the challenge of “killer acquisitions,” where dominant and powerful companies acquire young startups just to stop them from becoming future competitors and to neutralize future competition.³ The CCI’s own publications emphasize that the change i.e. DVT is intended to capture the “competition dynamics not reflected in financials” of startups, particularly in digital markets.⁴ The critical question, however, is whether this ₹2,000 crore threshold is determined effectively to safeguard innovation without stifling investment.

II. COMPETITION LAW AND M&A REGULATION IN INDIA:

The Competition Act, 2002, which gave the Competition Commission of India (CCI) the authority to stop mergers that might significantly harm market competition, is the foundation of India's merger control framework. The system used asset and turnover thresholds to decide whether a merger or acquisition needed prior notice for almost 20 years. For traditional industries like manufacturing, infrastructure, and heavy industry, where a company's size and market power could be determined by its physical assets and revenue streams, this strategy worked incredibly well.

However, this model's shortcomings were made clear by the growth of India's startup scene

¹ The Competition Act, 2002, s.5.

² The Competition (Amendment) Act, 2023, s.6(B) (d).

³ Dheeraj Budaraju, “Redefining Merger Control in India: The Impact of the Deal Value Threshold in the 2023 Competition Reforms”, Vol. 8 Iss 2 IJLMH 1434 2025.

⁴ Competition Commission of India, “Fair Play”, (Vol. 50, July–Sept 2024) pg no.4, https://cci.gov.in/images/publications_fairplay/en/fp-50-61124315pm-final-online-compressed1730891120.pdf, (last accessed 25th September 2025).

and digital economy. In the beginning most startups operate with low revenues, but they may control valuable intangible assets such as technology, intellectual property, user data, or network effects which gives them enormous future competitive potential which may be potential threats to the big companies. Under the old act, acquisitions of such startups by larger incumbents frequently escaped scrutiny, because they did not cross the prescribed thresholds. This created a regulatory blind spot, allowing potentially anti-competitive transactions sometimes described as “killer acquisitions” to slip through unnoticed.

Acknowledging this problem, a new tool was brought by the Competition (Amendment) Act, 2023: the Deal Value Threshold (DVT). Under this reform, all transactions from ₹2,000 crore or more will be subject to CCI’s notification requirement where the target has significant business activities in India. This shows a significant shift in Indian competition law, because it moves beyond purely financial indicators and acknowledges that strategic value matters as much as turnover. Put another way, even if a startup has little revenue, the fact that an acquirer is prepared to pay such a high price indicates that the target has assets that could change the competitive landscape, such as data, innovation, or market access.

Therefore, the DVT is an attempt to make India's merger control system future-proof. As demonstrated by countries like Germany and Austria, which have already implemented comparable transaction-value thresholds to handle the difficulties of mergers in the digital age, it brings the nation into line with international best practices. More significantly, it makes it abundantly evident that India's competition law is changing to reflect the realities of a startup-driven economy, where balance sheets alone are not always sufficient to capture the value of innovation.⁵

III. THE DEAL VALUE THRESHOLD: THE ₹2,000 CRORE RULE:

The insertion of the Deal Value Threshold (DVT) is a revolutionary move in the merger control regime in India. According to this provision, any deal with a deal value of more than ₹2,000 crore needs to be notified to the Competition Commission of India (CCI), subject to the condition that the target enterprise has "substantial business operations" in India. This notion of significant operations extends beyond conventional financial indicators like turnover or assets and rather takes into account elements such as the user base's size and activity the

⁵ Dheeraj Budaraju, “Redefining Merger Control in India: The Impact of the Deal Value Threshold in the 2023 Competition Reforms”, Vol. 8 Iss 2 IJLMH 1434 2025.

availability of research and development centres in India, intellectual property ownership and the extent of local operations.

This transformation is especially relevant in the digital economy of today, where the highest value assets are usually intangible information, technology, innovation pipelines, and algorithms instead of factories or fixed assets. Numerous startups acquire valuations that are sky high on the strength of their expansion prospect or strategic value even if they earn little in revenue. Such transactions previously easily went unnoticed by competition authorities as they didn't exceed the previous turnover or asset thresholds. With the DVT, India has brought in place a mechanism to examine acquisitions where value actually lies in potential future innovation and market disruption value.

By bringing its regime in line with global best practices, India wants to preclude incumbents from acquiring disruptive startups discreetly just to eliminate competition. The ₹2,000 crore ceiling ensures that high-ticket deals in sectors of national importance such as technology, e-commerce, fintech, and pharma are put through the regulatory mill, thus bolstering the nation's capabilities to shield innovation and preserve consumer choice.

IV. KILLER ACQUISITIONS IN THE STARTUP ECONOMY:

When a large incumbent acquires a smaller but innovative startup and the purpose of acquirement is not to develop its product or bring it to the marker but, to suppress potential competition describes the term “killer acquisition”. These acquirers may simply allow the acquired innovation to die, integrate superficially or repurpose it in a way that prevents it from challenging its own dominant product lines, rather than nurturing the acquired innovation. This kind of practice is even more concerning in industries driven by innovation such as, digital platforms, biotechnology, and pharmaceuticals where new entrants often bring disruptive technologies or business models. Such practice of killer acquisitions happens globally when tech giants or pharma giants acquire startups with promising pipelines but then mothball their innovations. Their main aim is to strategically eliminate future threats before they mature into full-fledged competitors.⁶

In recent years, India's startup economy is booming in another level producing companies that rapidly scale and attract high valuations and, in this case, the risk of killer acquisitions is

⁶ Richard Whish QC (Hon), “*KILLER ACQUISITIONS AND COMPETITION LAW: IS THERE A GAP KILLER ACQUISITIONS AND COMPETITION LAW: IS THERE A GAP AND HOW SHOULD IT BE FILLED?*”, Volume 34 Issue 1 National Law School of India Review 2 2022.

heightened Many of these startups, particularly in food delivery, fintech, and e-commerce, are acquired not for the customer base they carry, algorithms they have developed or control over consumer data. For example, Zomato's acquisition of Uber Eats India in 2020 for around ₹2,485 crores (350 million)⁷ and Ola's earlier buyout of FoodPanda India⁸ are many a times discussed in competition law debates as consolidations that reduced the number of players in the food delivery market. The acquisitions in the edtech and fintech sectors illustrate trends where incumbents strategically absorb potential disruptors.

India aims to address these risks, by introducing this new tool of Deal Value Threshold which mandates CCI scrutiny of high-value transactions. The rule ensures protection of the startups' innovation and diversity against such acquisitions where the target has low revenue but high strategic importance.

V. THE DEAL VALUE THRESHOLD'S (DVT) IMMEDIATE STRENGTHS:

In Deal Value Threshold (DVT) an acquirer is required to notify the Competition Commission of India (CCI) when the deal value exceeds ₹2,000 crore and the target has "substantial business operations" in India, which is a very significant change in recent times in Indian merger control.

The section 6(B) (d) of the Competition (Amendment) Act, 2023⁹ amended Section 5 of the Competition Act, 2002¹⁰. Section 5 originally dealt only with asset- and turnover-based thresholds for combinations, but the amendment created a new deal-value based trigger. In Section 6 (B) (d) of the Competition (Amendment) Act, 2023 the inclusion of the Deal Value Threshold (DVT) represents a significant shift in India's merger control framework.¹¹ The relevant provisions were notified by the government in September 2024 and the CCI followed up on how to compute deal value and assess "substantial business operations" (SBO) with detailed regulations and FAQs.¹²

⁷ Suneera Tandon, "Zomato acquires Uber Eats business in India to consolidate position", Mint, (21 Jan, 2020), <https://www.livemint.com/companies/start-ups/zomato-acquires-uber-eats-business-in-india-to-consolidate-position-11579578326776.html>, (last accessed on 27th September, 2025).

⁸ Supraja Srinivasan & Shashwati Shankar, "Ola gains a sizeable entry into food delivery segment with FoodPanda acquisition", The Economic Times, <https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/ola-acquires-foodpanda-india-business-to-further-invest-200-million/articleshow/62131645.cms>, (last accessed on 27th September, 2025).

⁹ The Competition (Amendment) Act, 2023, s.6(B) (d).

¹⁰ The Competition Act, 2002, s.5.

¹¹ Competition Commission of India, "The Competition Commission of India (Combinations) Regulations, 2024" General Statement, <https://cci.gov.in/images/whatsnew/en/general-statement-combination-regulations1725954145.pdf> (last accessed on 26th September, 2025).

¹² Competition Commission of India, *FAQ*, <https://www.cci.gov.in/images/whatsnew/en/faq-book-english-compressed1747724324.pdf>, (last accessed on 26th September, 2025)

By incorporating this new amendment to Section 5, India has effectively modernised its merger control framework to capture killer acquisitions in the digital economy, pharma and other innovation-driven sectors, where startups often have low revenues but due to various innovative factors in technology, intellectual property, or user base they attract high valuations.

The following are the immediate strengths this new instrument brings to India's startup economy.

i. Closing Gaps in Traditional Thresholds for Immediate Regulatory Coverage:

The direct strength of Deal Value Threshold (DVT) is its ability to immediately capture high-value transactions that previously avoided scrutiny under asset-based or turnover-based thresholds. The traditional thresholds can miss the actual competitive effect of deals, where asset-less companies in emerging or digital industries will have no substantial physical assets or revenues at the outset, but clear market-breaking potential if armed with data, a user base or intellectual property. For example, in very well-known cases like Facebook's acquisition of WhatsApp in 2014, Zomato's acquisition of Uber Eats or even for that matter Flipkart's merger with Myntra slipped through CCI review because they fell under de minimis exemptions or did not meet asset/turnover criteria, despite raising competition concerns.¹³ With the enforcement of DVT, such transactions will now also be compulsorily be notified to CCI and it gives the CCI the opportunity to carry out timely assessments thereof. In the digital space, this strength translates to quicker identification of anti-competitive practices, such as data monopolization or barriers to entry, fostering a more level playing field for startups and smaller players.

This strength, in digital space, translates to a quick identification of anti- competitive practices like data monopolization or barriers to entry and fosters a more level playing field for startups. By setting a threshold of INR 2,000 crore, the clear target of DVT is seen i.e. the top tier of deals (e.g. those valued at USD 240 million+), which represent a small but influential portion of M&A activity, ensuring focused regulatory effort without overwhelming the system.

ii. Enhanced Oversight in Digital and Tech Markets to Prevent Killer Acquisitions:

The immediate power of DVT is that it focuses on digital markets and "substantial business

¹³ Ananya Tewari, "Exploring Deal Value Threshold: Understanding Significant Business Operations in Different Contexts", RGNUL Student Research review, <https://www.rsr.in/post/exploring-deal-value-threshold-understanding-significant-business-operations-in-different-contexts>, (last accessed on 27th September, 2025).

operations” that are defined broadly to encompass metrics such as usership numbers, gross merchandise value or turnover in India, a criterion which better captures the value of data-driven businesses. Many big tech dominators like Google, Apple, Meta, Amazon etc frequently resort to “copy-acquire-kill,” where they just buy competing open-source innovators to thwart competition and build up power from network effects and data collection.¹⁴

The requirement of notification element in high-value digital deals, DVT enables CCI to prevent disruptions and early intervention, thereby maintaining innovation and preventing the creation of a market tipping point where one player takes most. This is primarily important in industries such as social media, e-commerce or search engine markets where high switching costs and lock-in effects may negatively impact consumers. This provision encourages more transparent deal structuring and protecting startup economy. It reshapes M&A behaviour by deterring anti-competitive acquisitions. India’s digital economy growth is supported by fostering innovation and investor confidence by guaranteeing fair competition. Experts point out that DVT’s emphasis on “local nexus” like substantial business operations in India ensures relevance to domestic markets without overreaching into global deals.

iii. Alignment with Global Standards for Swift International Harmonization:

The Deal Value Threshold (DVT) matches the international standard of Deal Value Thresholds by emulating the regulations from various jurisdictions such as Germany, Austria, the EU, South Korea and the US, by establishing transparency, positioning India's competition regime at par with international benchmark. It strengthens international M&A predictability and cooperation through this alignment. The firms which multinational, operating in India, now face consistent examination, gradually ending regulatory arbitrage, where deals are structured so that they couldn’t or need not be notified in one jurisdiction and could be done so elsewhere. This fosters a trust-based business environment, as mentioned in the Amendment Act.¹⁵

¹⁴ Sidharth Chauhan & Dhruv Mehta, “Deal Value Threshold and M&A: A Competition Law Analysis”, The Antitrust Bulletin 9, https://www.researchgate.net/publication/384865315_Deal_Value_Threshold_and_MA_A_Competition_Law_Analysis (last accessed on 27th September, 2025).

¹⁵ Tarushi Tewari, “EVALUATING THE DEAL VALUE THRESHOLD UNDER THE COMPETITION (AMENDMENT) ACT, 2023: A COMPARATIVE ANALYSIS AND RECOMMENDATIONS FOR INDIA’S MERGER CONTROL REGIME”, Volume V Issue II Indian Journal of Integrated Research in Law Pg no. 994 <https://ijirl.com/wp-content/uploads/2025/04/EVALUATING-THE-DEAL-VALUE-THRESHOLD-UNDER-THE-COMPETITION-AMENDMENT-ACT-2023-A-COMPARATIVE-ANALYSIS-AND-RECOMMENDATIONS-FOR-INDIAS-MERGER-CONTROL-REGIME.pdf> (last accessed on 27th September, 2025).

iv. Promotion of Regulatory Certainty and Efficiency in M&A Processes:

Lastly, Deal Value Threshold (DVT) sovereignty is in offering a well-organized sales structure to the deal evaluation process that balances regulatory strictness with business pragmatism. As only deals crossing the ₹2,000 crore threshold and having “substantial business operations” in India are subject to notification, by this it only focuses on deals those are of high-value ones that might lead to monopolies, higher prices for consumers or less innovation. The DVT encourages proactive compliance, potentially leading to more competitive deal terms and fewer post-merger disputes.

All the above-mentioned strengths make Deal Value Threshold (DVT) a practical tool that fixes old problems in India's merger rules without creating new ones. For businesses in startups particularly, it means clearer rules and faster deals for non-risky items and for consumers and the economy, it helps to keep the market competitive by preventing “killer acquisitions”. Since the DVT was implemented in September 2024, its advantages are already visible in the way companies plan their deals and the way regulators review them.

VI. CHALLENGES AND LIMITATIONS OF THE DEAL VALUE THRESHOLD:

While the ₹2,000 crore deal has some positive reformation in India's merger control framework, there are some challenges which needs to be tackled. Few of the challenges for the same are as follows:

i. High monetary threshold may miss harmful deals:

When it comes to business valuations in the Indian markets, the deal value of business acquisition in various segments such as, fintech, edtech, FMCG, healthcare etc. is less than the given threshold of ₹2,000 crore. There are also various venture capitalists investing in early-stage startups or even acquiring a majority stake in it as well as the private equity firms buying a majority of stake in such startups or any distressed companies, where such deal value falls within the statutory limit of ₹2,000 crore. Hence, such deals will fall outside the preview of CCI even though this might result in a “killer acquisition”.

ii. Ambiguity Around “Substantial Business Operations” (SBO):

The provision of DVT applies only when there is a “substantial business operation” in India.

However, the act failed to define which activities comprises of substantial business operation in India as they may consist of user base, IP ownership, or R&D presence and there are varied interpretation for the same. Company may exploit such loopholes by minimising their operations in India, thus escaping notification requirements.¹⁶

iii. Risk of Deal Structuring and Valuation Manipulation:

One of the major concerns with the Deal Value Threshold (DVT) is the possibility that the companies may artificially structure the transactions to avoid crossing the ₹2,000 crore limit. The acquirers may split a deal into multiple smaller segments, use off-shore investments, defer payments through earn-outs. These tactics can make the reported deal value appear lower than its actual acquisition value. Unless the Competition Commission of India (CCI) develops robust anti-avoidance provisions and clear valuation rules, these loopholes could allow potentially harmful acquisitions to slip through the cracks, avoiding the provisions of the DVT.

iv. Regulatory Burden and Uncertainty for Businesses:

While the Deal Value Threshold (DVT) strengthens India's merger control regime, it also introduces new compliance challenges for businesses. The advent of DVT for firms makes one wonder how precisely "deal value" will be calculated in sophisticated deals with share exchanges, contingent payments, deferred consideration or cross-border deal structures. The absence of standard clarity subjects the firms to the risk of under-reporting penalties, prompting them to over-notifying defensively. This defensive mechanism increases compliance costs, prolongs deal timelines and puts extra pressure on the firms as well as the regulators. This uncertainty may make India's investment environment seem more complicated than other jurisdictions for foreign investors. The regulatory burden could discourage innovation-driven deals and slow down the pace of mergers and acquisitions in India, unless it is dealt through clear rules and instructions.¹⁷

¹⁶ Sidharth Chauhan & Dhruv Mehta, "Deal Value Threshold and M&A: A Competition Law Analysis", The Antitrust Bulletin pg no. 11, https://www.researchgate.net/publication/384865315_Deal_Value_Threshold_and_MA_A_Competition_Law_Analysis (last accessed on 27th September, 2025).

¹⁷ K R Srivata & Rowan Barnett & Siddharth Mathew Cherian, "Deal value thresholds explained: Impact on India's M&A regulations", The Hindu Bussiness line, <https://www.thehindubusinessline.com/multimedia/audio/deal-value-thresholds-explained-impacts-on-indias-ma-regulations/article68236006.ece>, (last accessed on 27th September, 2025).

VII. CONCLUSION:

The implementation of the ₹2,000 crore Deal Value Threshold (DVT) is unquestionably a major step forward for India, that demonstrates India's resolve to update its merger control laws and adjust to the demands of an innovative digital economy. Earlier, rules focused only on assets and turnover but today the real value often lies in things like intangible data, algorithms, intellectual property, and user networks. This novel provision makes sure that regulators can at least review transactions that might otherwise go unnoticed, focusing mainly on the deal's value. However, this provision alone cannot stop all "killer acquisitions". There is still uncertainty surrounding to the term "substantial business operations" as to what qualifies it and has interpretive difficulties and open to debate. Some important deals may still fall below the ₹2,000 crore mark. The real strength of this reform is that it shifts the regulator's focus to the hidden power dynamics of the digital economy and sets the stage for stronger and more advanced oversight. India's startup story will ultimately determine whether it continues as one of disruption and growth or ends prematurely depending on its ability to hone this tool into a strong barrier for innovation.