MARKET POWER AND DIGITAL CONVERGENCE: A LEGAL–ECONOMIC ASSESSMENT OF THE CCI'S RELIANCE–DISNEY ORDER

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ABSTRACT

One of the most significant developments in India's media and digital businesses is the merger of Walt Disney's Star India and Reliance Industries' Viacom18, which was assessed by the Competition Commission of India (CCI) in Combination No. C-2024/05/1155. The largest broadcaster in India, two significant over-the-top (OTT) platforms, and the largest portfolio of premium cricket broadcasting rights are all included in the deal, which forces the CCI to address difficult issues brought on by digital convergence. The legal and economic logic used by the CCI is examined in this article, with particular attention paid to how it handles relevant market definition, horizontal and vertical overlaps, and conglomerate effects resulting from the Reliance–Jio ecosystem. It contends that the CCI's embrace of multisided platform dynamics, its examination of cross-market leverage, and its acknowledgement of sports broadcasting rights as "must-have" inputs represent a substantial shift in Indian merger control. Despite recognizing significant foreclosure risks, the Commission's extensive reliance on behavioral promises exposes weaknesses in the regulatory framework for digital ecosystems with significant network effects. In order to protect competition in India's quickly changing media, telecom, and over-the-top (OTT) landscape, this article argues that even while the CCI has made significant progress towards a convergence-aware competition framework, strict enforcement and more precise rules for conglomerate market power are still required.

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I. Introduction

Significant enthusiasm and worries about possible monopolistic control in the Indian entertainment industry were raised by the merger of India's largest conglomerate Reliance Industries and entertainment behemoth Walt Disney, in the Media & Entertainment sector, which unites the media assets of Reliance-Disney. This merger/ combination is anticipated to revolutionize the M&E sector in India and put fierce competition on other OTT platforms like Netflix, Amazon Prime, Sony LIV, and others.

The scale of consolidation—encompassing India's largest broadcaster, two of the most-watched OTT platforms, and control over premium sports rights—invoked serious concerns of appreciable adverse effects on competition ("AAEC") under Sections 3 and 4 read with Sections 5 and 6 of the Competition Act 2002[2].

The Commission had previously examined large broadcasting mergers, including *Sony/Zee*[3] and *Disney/UTV*[4], but none matched the structural complexity of this transaction. Unlike earlier combinations confined to broadcasting markets, the present transaction required the CCI to examine – horizontal overlaps in television broadcasting and sports rights, vertical overlaps between content and distribution, and the joint venture effects arising from Reliance Jio's integrated ecosystem comprising telecom, broadband, OTT, and digital advertising segments.

This article argues that the CCI demonstrated a notable evolution by recognizing digital convergence, identifying cross-market theories of harm, and treating sports rights as "must-have" inputs. *At the same time, the order reveals conceptual ambiguity in the Commission's treatment of conglomerate power and its reliance on behavioral remedies, especially in an ecosystem dominated by data-driven platform strategies.*

II. Background of the Transaction

The proposed combination involved the merger of Star India Private Limited ("Disney Star") with Viacom18 Media Private Limited, controlled by Reliance Industries Limited ("RIL") through its subsidiary. Disney and Reliance were to hold joint control over the merged entity

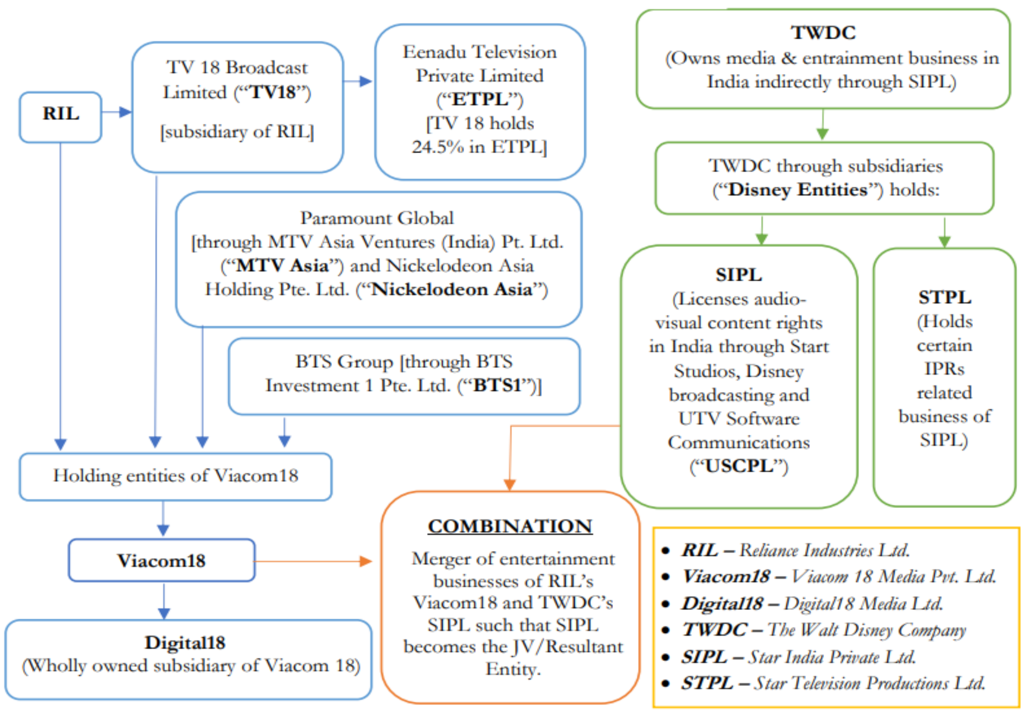
[2] Competition Act 2002, ss 3–6.
[3] *CCI, Order under Section 31(1) in the matter of Sony Pictures Networks India Pvt Ltd and Zee Entertainment Enterprises Ltd* (C-2022/04/923, 2022).
[4] *CCI, Order approving the acquisition of UTV by Walt Disney Company* (C-2011/01/1, 2012).

through a combination of equity, shareholder rights, and governance arrangements[5].

The significance of the transaction can be appreciated through the assets it consolidates:

- Television broadcasting: Disney Star held India's largest television portfolio, while Viacom18 operated leading entertainment and regional channels.
- Sports broadcasting rights: Viacom18 controlled IPL digital rights; Disney held ICC, BCCI and other premium cricket rights.
- OTT streaming: Disney+ Hotstar and JioCinema were among India's most-viewed platforms.
- Distribution: Reliance Jio possessed India's largest telecom and fibre-to-home subscriber base.
- Advertising markets: Both parties were leading players in TV and digital ad markets.

Corporate Structure of the Parties



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[5] *CCI, Order in Combination Registration No. C-2024/05/1155* (28 August 2024) para 9.

[6] Aditya Bhardwaj and Rinki Singh, 'Decoding CCI Approval of the Reliance-Disney Handshake' (Dentons Link Legal, 3 December 2024) https://www.mondaq.com/india/antitrust-eu-competition/1552868/decoding-cci-approval-of-the-reliance-disney-handshake accessed 15 November 2025.

The combination therefore raised prima facie concerns in multiple relevant markets, prompting the CCI to order a Phase II investigation in accordance with Regulation 19(1) of the Combination Regulations.[7]

Three features distinguished the transaction from earlier media mergers:

1. The unprecedented consolidation of premium sports rights (cricket in the present case), recognized as essential content for both distributors and advertisers.

2. Vertical integration with Jio's telecom and broadband distribution networks, which enhanced the merged entity's ability to foreclose rival OTT platforms.

3. The role of multi-sided platform economics, particularly in advertising-funded OTT content.

III. Relevant Market Definition

The background sets the tone necessary to analyze how the CCI defined relevant markets and evaluated the competitive impacts. The Commission decided to leave the exact delineation of the relevant market open, as it was observed that the Proposed Combination is not likely to cause AAEC in any of the plausible relevant market(s) in India, in light of the voluntary modifications offered by the Parties.[8]

Both continuity and evolution can be seen in the CCI's approach to pertinent market definition in the order. In order to reflect the realities of convergence, the Commission established new segmentation, especially with regard to sports rights and digital markets, while also drawing on its prior television broadcasting jurisprudence.

A. Television Broadcasting Markets

The CCI followed its established practice of defining separate relevant markets by language and genre, consistent with its order in approving the combination of *Sony & Zee*.[9] The Commission reiterated that consumers in India exhibit strong language-based viewing

[7] Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations 2011, reg 19(1).
[8] *CCI, Order in C-2024/05/1155* (28 August 2024) para 24.
[9] *Sony/Zee Order* (n 2) paras 37–45.

preferences, and that genres such as general entertainment channels ("GECs"), movies, and sports cater to distinct viewer needs.[10] This bifurcation is consistent with Section 2(r) of the Competition Act, which emphasizes demand substitutability. However, the approach arguably underestimates the extent to which linear broadcasting faces long-run substitution from OTT platforms, especially for movies and entertainment content. The CCI acknowledged this substitutability but maintained separate markets due to differences in pricing, delivery modes, and consumer behaviour.[11]

B. OTT Streaming Services

The CCI in its order treated the OTT streaming as a separate relevant market from television broadcasting it noted that OTT consumption is device-agnostic, personalized, and increasingly price-sensitive. More importantly, the CCI recognized sub-market distinctions within OTT, driven by – content type (sports vs entertainment), business model (subscription vs advertising), price point (free vs paid). This granular analysis brings the reasoning closer to EU practice, which sometimes segments streaming markets based on premium content (e.g., sports rights and Hollywood content).[12]

It is reasonable to treat entertainment OTT and sports OTT as separate categories because data shows that viewers treat sports on TV and sports on OTT as almost interchangeable, while this pattern does not hold for entertainment content. The distinction between entertainment OTT and sports OTT is arguably justified, as empirical evidence suggests near-perfect substitution between linear sports broadcasting and OTT sports streaming.[13]

C. Sports Broadcasting Rights as a Distinct Market

A major innovation in the order is the CCI's finding that premium cricket rights constitute a distinct relevant market.[14] Cricket broadcasts in India consistently command over 85% of national sports viewership, making them "must-have" content for distributors and advertisers.[15]

This mirrors the European Commission's treatment of UEFA Champions League rights and the

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[10] *CCI, Order in C-2024/05/1155* (28 August 2024) para 29.
[11] Ibid.
[12] European Commission, 'Case M.9332 – Disney/Fox' (2019).
[13] TRAI, 'Study Paper on Sports Broadcasting and Consumer Switching Behaviour' (2023).
[14] *CCI, C-2024/05/1155*
[15] Broadcast Audience Research Council (BARC), 'India Viewership Reports 2023'.

German Bundesliga as distinct markets due to their unique market power.[16] The CCI's recognition of sports rights as essential inputs is significant. The merged entity's combined control over – IPL (digital), ICC tournaments, BCCI bilateral series, and key domestic cricket events created unprecedented concentration, which triggered the concerns of input foreclosure.

D. Advertising Markets

The CCI defined separate markets for television advertising and digital advertising, noting limited substitutability.[17] Within digital advertising, the CCI acknowledged the distinct role of video advertising, dominated by YouTube, Meta, and large OTT platforms.[18] The merged entity's control over premium advertising inventory—across TV, sports, and OTT—was found to substantially increase bargaining power vis-à-vis advertisers.

IV. Assessment of Appreciable Adverse Effects on Competition (AAEC)

The CCI's AAEC analysis focused on three categories of harm: horizontal, vertical, and joint venture effect. This reflects an evolution from its earlier decisions, which treated non-horizontal effects more narrowly.

The Horizontal Effects

The CCI identified significant horizontal overlaps[19]:

1. Television broadcasting — particularly in Hindi GEC, Hindi movies, and certain regional markets.

2. Sports broadcasting — where the merged entity would dominate cricket rights.

3. OTT entertainment — due to high combined reach of Disney+ Hotstar and JioCinema.

High combined market shares, especially in cricket broadcasting (exceeding 55–60% across some segments), were deemed likely to reduce competitive rivalry. The CCI noted risks of

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[16] European Commission, 'Bundesliga Media Rights' (COMP/C-2/37.214, 2005).
[17] *CCI, C-2024/05/1155*
[18] Ibid.
[19] Ibid.

higher advertising rates, reduced incentives to improve content quality, and reduced consumer choice. Viacom18 (JioCinema) had not participated in a rights auction prior to 2021, but nevertheless participated and won the IPL digital streaming rights which demonstrated that there was no entry barrier for bidding for and acquiring cricketing rights. Further, large global players such as Meta and 'Amazon had shown interest in acquiring sports rights, including cricket rights, which the Tribunal considered as countervailing power from the possible competitors.

The Vertical Effects

Vertical concerns were rooted in Reliance Jio's control over distribution infrastructure- mobile networks, broadband (JioFiber), set-top boxes (Jio STB), smart devices (JioPhone and Jio STB interface). The merged entity could potentially foreclose rival OTT platforms by:

- bundling JioCinema + Hotstar with Jio telecom plans;
- offering zero-rated or subsidized data for its own platforms;
- prioritizing its content on Jio set-top boxes;
- restricting access to premium sports rights.

The CCI explicitly recognized these risks.[20] This reflects a shift from earlier precedents, where vertical concerns were often dismissed due to the absence of clear evidence of foreclosure.

The Conglomerate Effects and Cross-Market Leveraging

The CCI acknowledged that conglomerate ecosystems—similar to Big Tech platforms—can leverage dominance from one market to another.[21] Reliance's integrated ecosystem (telecom, broadband, OTT, commerce, payments, and advertising) creates the possibility of tying and bundling across telecom + OTT, raising rivals' costs by withholding must-have cricket rights, multi-homing disincentives for consumers, preferential advertising treatment through integrated ad sales. The Commission drew on OECD's 2020 report on "Conglomerate Mergers in the Digital Age" to support the relevance of such theories of harm.[22]While the CCI

[20] Ibid.
[21] Ibid.
[22] OECD, 'Conglomerate Effects of Mergers in Digital Markets' (2020).

acknowledged conglomerate risks, it ultimately relied on behavioural commitments rather than structural remedies to address them.

V. Digital Convergence and Economic Assessment

Digital Convergence is the most analytically complex component of the CCI's assessment is underdeveloped in the order. Broadcasting, telecom, digital advertising, and over-the-top (OTT) are examples of formerly different industries that are collapsing into integrated ecosystems where market power can be used simultaneously rather than sequentially across marketplaces. This crossroads is where the combined Reliance-Disney company operates, posing risks that are beyond the scope of segregated market analysis.

The CCI’s analysis implicitly recognises three economic pillars of convergence:

(1) multi-sided platform dynamics,

(2) must-have content and input foreclosure, and

(3) network effects combined with economies of scale and scope.

These pillars are expanded upon in this part, which places them in the context of comparative competition law and modern economic theory.

1) **Multi-sided platform dynamics**

OTT platforms operate as multi-sided markets connecting the consumers, the advertisers, the content producers, and the distributors. The merged entity’s ability to bundle across these sides increases the risk of exclusionary conduct. Network effects in OTT markets—driven by subscriber base, content library, and data analytics—could reinforce dominance. The Commission acknowledged that JioCinema's zero-pricing strategy for sports content could distort competition.[23]

2) **“Must-Have” Content and Foreclosure**

Cricket is a classic example of “must-have content”, as recognised by both EU

[23] CCI, C-2024/05/1155 (n 8) para 280.

competition law and the UK Competition and Markets Authority.[24]The merged entity's combined control over premium cricket creates input foreclosure (rivals cannot access cricket rights), customer foreclosure (consumers migrate to the merged OTT platform) and lastly advertising foreclosure (advertisers forced to deal with one dominant entity).

3) Network Effects and Economies of Scale

Strong direct and indirect network effects are seen in OTT markets. A substantial user base drives content producers to add additional content to the platform, making it more appealing to new consumers.

Economies of scale and scope also play a decisive role:

i) Economies of scale reduce average content acquisition costs as the user base grows.

ii) Economies of scope allow shared use of production studios, intellectual property libraries, and advertising networks across products.

These dynamics greatly benefit the combined business. The merged platform has access to both Disney's worldwide content collection and Reliance's wide national distribution, giving it a cost advantage that few rivals can match.

VI. Remedies and Commitments

The CCI's acceptance of the combination was contingent upon a blend of structural and behavioural remedies. This marks a shift from earlier merger precedents where the Commission relied primarily on behavioural commitments, especially in digital markets.

A. Structural Remedies

The Commission required the merged entity to divest certain sports rights to mitigate concentration concerns.[25] Although the specific rights to be divested were not disclosed publicly due to confidentiality provisions, the order indicates that the remedy aims to

[24] CMA, 'Pay-TV Movies Investigation' (2012).
[25] *CCI, Order in C-2024/05/1155* (28 August 2024) para 312.

reduce the merged entity's combined control over "premium cricket content."

The insistence on divestiture represents a departure from *Sony/Zee*, in which the CCI accepted behavioural remedies without requiring structural modifications.[26] Structural remedies are generally preferred in EU practice, as seen in *Disney/Fox*, where channel divestitures were imposed to prevent excessive market concentration.[27] The CCI's shift indicates a doctrinal evolution toward EU-style merger control when essential inputs are consolidated.

B. Behavioural Remedies

The CCI also imposed a series of behavioural obligations on the merged entity, including:

1. Non-discriminatory licensing of sports rights to third-party distributors;
2. Restrictions on exclusive bundling of Jio telecom plans with Hotstar/JioCinema content;
3. Requirements to maintain separate advertising sales teams to prevent undue bargaining power;
4. Prohibitions on discriminatory carriage arrangements on Jio Fiber and Jio Set-Top Boxes.

These remedies aim to prevent input foreclosure, protect smaller OTT competitors, and ensure platform neutrality.[28]

Behavioral remedies present well-known implementation challenges.[29] They require constant monitoring, strict compliance, periodic reporting, and significant administrative resources. Given Reliance Jio's vast ecosystem and its history of aggressive pricing strategies, monitoring compliance may prove difficult. The choice

[26] *Sony/Zee Order* (n 2) paras 106–110.
[27] European Commission, 'Case M.9332 – Disney/Fox' (2019).
[28] *CCI, C-2024/05/1155* (28 August 2024)
[29] OECD, 'Remedies in Merger Cases' (2021).

of mixed remedies—both structural and behavioral—suggests that the CCI recognizes the limitations of each remedy in isolation and the need for layered enforcement.

VIII. Implications for Indian Competition Law

The order marks the first instance where the CCI has fully recognized digital convergence across television, OTT, telecom, and advertising, explicitly applied conglomerate theories of harm and imposed combined structural + behavioral remedies in media markets. This signals a departure from earlier Indian jurisprudence, which treated media markets as siloed sectors.

Additionally, CCI's order reflects enhanced scrutiny of Integrated Digital Ecosystems given the dominance of Reliance Jio across telecom, fibre, OTT, and devices, the order shows that the CCI is prepared to investigate ecosystem-level market power, not merely individual product markets.[30]

This has implications for future transactions involving the Big Tech (Google, Meta, Amazon), the large telecom operators (Airtel, Vodafone-Idea), and the integrated media conglomerates (Sony, Zee).

The recognition of premium cricket rights as an essential input sets a precedent. Future mergers involving premium sports or entertainment content may face – heightened scrutiny, possible divestiture requirements, strict behavioral obligations. Lastly, the CCI increasingly acknowledges indirect consumer harms, such as reduced content diversity, lower innovation, quality degradation, advertising concentration. This moves Indian law closer to a consumer welfare and innovation standard rather than a purely price-centric approach. However, the order raises practical concerns such as:

1. Monitoring behavioral commitments across the Jio ecosystem;

2. Ensuring non-discriminatory access to premium sports content;

3. Preventing bundling-induced foreclosure in telecom and OTT markets.

Without robust monitoring, remedies may be insufficient to curb market power.

[30] *CCI, C-2024/05/1155* (28 August 2024)

IX. Conclusion

The CCI's order in *C-2024/05/1155* represents a landmark in India's merger control regime. By recognizing digital convergence, identifying conglomerate and vertical harms, and classifying premium cricket rights as essential inputs, the Commission has taken a significant step toward modernizing Indian competition law for the digital era. While the CCI's reliance on mixed structural and behavioral remedies reflects international best practices, the effectiveness of these remedies will depend on rigorous enforcement. The decision signals the emergence of a more sophisticated, convergence-oriented antitrust framework in India. Yet, challenges remain in addressing the complexity of integrated ecosystems, data-driven market power, and multi-sided platform dynamics. Overall, the order marks evolution—one that may shape the next decade of competition enforcement in India's media, telecom, and digital markets.