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The First Gatekeeper Penalty: EU Fines Google 890 Million Euros Under the Digital Markets Act

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> *The European Commission fined Google 890 million euros on July 23, 2026 for breaches of the Digital Markets Act, finding that the company favoured its own services in Google Search and restricted how app developers could direct users to cheaper purchase options outside Google Play. It is the first penalty imposed on Google under the DMA and the largest sanction issued under the regulation to date.*

WHAT THE COMMISSION DECIDED

The penalty splits into two distinct findings, each addressing a different market.

FINDING	AMOUNT	CONDUCT
Search self-preferencing	460 million euros	Google favoured its own vertical services in Google Search results over those of rival providers
App store anti-steering	430 million euros	Google restricted app developers from informing users about, and directing them to, cheaper purchase options outside Google Play
Total	**890 million euros**	

Google has been given **60 days** to bring the conduct to an end. Failure to comply exposes the company to periodic penalty payments of up to **5 per cent of its worldwide turnover**, a remedy structurally more coercive than the fine itself because it accrues continuously until compliance is achieved.

Self-Preferencing and Anti-Steering Explained

Self-preferencing is the practice by which a platform that both operates a marketplace and competes within it ranks its own offering above rivals. The concern is not that the platform participates in the market, but that it controls the ranking mechanism that determines whether rivals are seen at all.

Anti-steering refers to contractual restrictions preventing app developers from telling users that the same subscription or product is available more cheaply on the developer's own website. The restriction protects the app store's commission by keeping users inside a payment system that charges it.

Both conducts share a structure: the harm arises from the platform's simultaneous role as **rule-maker and market participant**.

WHY THE DMA IS DIFFERENT

The Digital Markets Act, which entered into force in 2022, marks a shift in regulatory method rather than merely an increase in penalties.

APPROACH	TRADITIONAL ANTITRUST	DIGITAL MARKETS ACT
Timing	Ex post: acts after harm is proven	Ex ante: obligations apply in advance
Trigger	Case-by-case investigation of abuse	Designation as a "gatekeeper" by objective thresholds
Burden	Regulator must prove dominance and abuse	Obligations attach automatically on designation
Speed	Years of litigation	Compliance deadlines measured in weeks or months

The rationale for ex-ante regulation is the problem of **market tipping**. In digital markets characterised by network effects, by the time a lengthy antitrust case concludes, the market may already have tipped irreversibly towards the dominant firm. A remedy delivered five years late is not a remedy. The DMA therefore imposes conduct rules upfront on firms designated as gatekeepers, without requiring proof of abuse in each instance.

THE INDIA ANGLE

India is examining the same regulatory question, and the European decision is directly relevant to that debate.

India's existing framework is the **Competition Act, 2002**, enforced by the **Competition Commission of India (CCI)**, and it operates on the traditional ex-post model. The **Committee on Digital Competition Law** concluded that this model does not deliver timely redress against anti-competitive conduct in digital markets and may be ineffective against irreversible market tipping. It recommended a separate Digital Competition Act allowing the CCI to regulate large digital enterprises in an ex-ante manner.

The resulting draft **Digital Competition Bill** borrows its architecture visibly from the DMA.

FEATURE	PROPOSED INDIAN DESIGN
Regulated entity	Systemically Significant Digital Enterprise (SSDE)
Designation basis	Provision of any of 9 identified Core Digital Services, plus financial and user thresholds
Financial threshold	Global market capitalisation above 75 billion US dollars
User threshold	At least 1 crore end users or 10,000 business users in India
Core obligations	Prohibitions on self-preferencing and unauthorised cross-use of data
Maximum penalty	Up to 10 per cent of global turnover

The draft has attracted a substantive critique from Indian industry: the quantitative thresholds are said to be low enough that fast-growing domestic digital firms could be designated as gatekeepers without possessing genuine systemic significance, importing compliance costs designed for global platforms onto companies still scaling. The Bill remains under consideration.

The Analytical Tension

The case for ex-ante rules is speed and the prevention of irreversible harm. The case against is regulatory error: obligations imposed in advance apply to conduct that has not been shown to be harmful in the specific market, and over-inclusive thresholds can penalise growth rather than dominance. A well-argued Mains answer holds both, and locates the resolution in threshold design and periodic review rather than in choosing one model outright.

UPSC RELEVANCE

GS Paper 3: Effects of liberalisation on the economy; changes in industrial policy; growth and development; issues relating to competition and regulation.

GS Paper 2: Regulatory bodies and their mandate; effect of policies of developed countries on India's interests.

Prelims pointers:

- The European Commission fined Google 890 million euros on July 23, 2026 under the Digital Markets Act.
- The split was 460 million euros for search self-preferencing and 430 million euros for Play Store anti-steering.
- Google was given 60 days to comply, failing which periodic penalties of up to 5 per cent of worldwide turnover may apply.

- It is the first DMA penalty against Google and the largest DMA sanction so far; the DMA entered into force in 2022.
- India's competition framework is the Competition Act, 2002, enforced by the Competition Commission of India.
- The proposed Indian category is the Systemically Significant Digital Enterprise, based on 9 Core Digital Services plus thresholds.
- Proposed Indian thresholds include global market capitalisation above 75 billion US dollars and at least 1 crore end users or 10,000 business users.

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EUROPEAN COMMISSION DECISION, JULY 23, 2026:

- Total fine: 890 million euros, approximately 1 billion US dollars
- Search self-preferencing: 460 million euros
- Google Play anti-steering: 430 million euros
- Compliance window: 60 days
- Non-compliance exposure: periodic penalty payments up to 5 per cent of worldwide turnover
- First DMA penalty against Google; largest DMA sanction issued to date

DIGITAL MARKETS ACT:

- Entered into force in 2022
- Regulates designated “gatekeeper” platforms on an ex-ante basis
- Obligations attach on designation rather than on proof of abuse
- Core rationale: preventing irreversible market tipping in network-effect markets

INDIA’S FRAMEWORK:

- Competition Act, 2002, enforced by the Competition Commission of India, operates ex post
- The Committee on Digital Competition Law recommended a separate ex-ante Digital Competition Act
- Proposed designation: Systemically Significant Digital Enterprise (SSDE)
- Basis: any of 9 identified Core Digital Services plus financial and user thresholds
- Thresholds: global market capitalisation above 75 billion US dollars; at least 1 crore end users or 10,000 business users
- Proposed maximum penalty: up to 10 per cent of global turnover
- Principal industry critique: thresholds may be low enough to capture domestic firms lacking systemic significance

KEY CONCEPTS:

- Self-preferencing: a platform ranking its own services above competing services on a marketplace it controls
- Anti-steering: contractual restrictions preventing developers from directing users to cheaper alternatives outside the app store
- Market tipping: the point at which network effects make a dominant position practically irreversible

Sources: European Commission, PRS Legislative Research, The Hindu

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