

## REGULATING KILLER ACQUISITIONS: LESSONS FOR INDIA FROM THE EUROPEAN COMMISSION AND FEDERAL TRADE COMMISSION

<sup>1</sup>Nidhi Omar, <sup>2</sup>Rahul Singh

<sup>1</sup>(LLM 1<sup>st</sup> Year), Rama University, Mandhana, Kanpur, U.P

<sup>2</sup>Assistant Professor, Rama University, Mandhana, Kanpur, U.P

### Abstract

Killer acquisitions have emerged as a critical concern in modern competition policy, particularly in innovation-driven and digital markets. This study examines the regulatory challenges associated with such acquisitions and draws lessons for India from the European Commission and the Federal Trade Commission. Using a comparative and doctrinal research methodology, the study highlights that traditional turnover-based merger thresholds often fail to capture acquisitions involving low-revenue but high-potential startups. Empirical evidence indicates that approximately 5-7% of acquisitions in innovation-intensive sectors lead to discontinuation of competing projects. In the Indian context, with over 2 lakh recognized startups, the risk of such acquisitions is significantly increasing. The findings suggest that 45% of analyzed cases fall into the high-risk category, indicating substantial threats to competition and innovation. The study recommends adopting deal-value thresholds and forward-looking regulatory tools to effectively address killer acquisitions in India.

**Keywords:** Killer Acquisitions, Competition Law, Innovation Suppression, Digital Markets, Merger Control

### 1. Introduction

In recent years, the phenomenon of killer acquisitions has emerged as a critical concern in the domain of Competition Law, particularly within innovation-driven and digital economies. A killer acquisition typically refers to a strategic transaction in which a dominant incumbent firm acquires a nascent or emerging competitor not to integrate and develop its innovation, but rather to discontinue or suppress it in order to eliminate future competition. This trend has become increasingly prominent in sectors such as digital platforms, pharmaceuticals, fintech, and artificial intelligence, where startups often possess disruptive technological capabilities but lack substantial revenues or assets. According to Organisation for Economic Co-operation and Development reports, a significant proportion of acquisitions in the technology sector involve firms with minimal turnover, making them difficult to detect under traditional merger control frameworks (OECD, 2020).

The economic implications of killer acquisitions are profound, particularly in terms of innovation suppression and market concentration. Empirical evidence suggests that such acquisitions reduce incentives for research and development (R&D) and limit technological progress. For instance, Cunningham, Ederer, and Ma (2021) found

that nearly 6% of pharmaceutical acquisitions in their dataset were classified as killer acquisitions, where acquired projects were discontinued to prevent competition. This has broader implications for consumer welfare, as reduced innovation often leads to fewer product choices, higher prices, and slower technological advancement. In digital markets, dominant firms leverage network effects, data advantages, and financial resources to acquire startups at early stages, thereby consolidating market power and creating barriers to entry. These dynamics are particularly relevant in the context of large technology companies, where acquisitions are often motivated by strategic considerations rather than immediate financial gains.

The regulatory challenge arises because most competition authorities, including those in India, traditionally rely on turnover-based thresholds to assess mergers and acquisitions. However, many startups targeted in killer acquisitions operate below these thresholds despite having high innovation potential. This limitation has been recognized by global regulatory bodies such as the European Commission and the Federal Trade Commission, both of which have begun adapting their frameworks to address these gaps. The European Commission, for example, has increasingly focused on potential competition and innovation harm, while the FTC has attempted to challenge anti-competitive acquisitions through litigation, albeit with mixed success due to evidentiary constraints.

In the Indian context, the issue of killer acquisitions is gaining importance due to the rapid expansion of the country's startup ecosystem, which is currently one of the largest in the world. According to government and industry estimates, India has over 100,000 recognized startups, many of which operate in high-growth sectors such as digital payments, e-commerce, and artificial intelligence. While foreign and domestic investments have accelerated innovation, they have also increased the likelihood of strategic acquisitions by dominant firms. The Competition Commission of India, established under the Competition Act, 2002, plays a central role in regulating such transactions. However, until recently, its merger control regime primarily focused on asset and turnover thresholds, thereby limiting its ability to scrutinize acquisitions involving low-revenue but high-potential firms.

Recognizing these challenges, India has initiated reforms through the Competition (Amendment) Act, 2023, which introduces deal-value thresholds aimed at capturing high-value transactions involving startups. This marks a significant shift toward a more forward-looking competition policy, aligning India with global best practices. Nevertheless, regulatory gaps remain, particularly in assessing potential competition, dynamic market effects, and innovation-driven harms. As digital markets continue to evolve, there is an urgent need for India to develop a robust and adaptive framework capable of addressing the complexities of killer acquisitions.

## 2. Review of Literature

The literature on killer acquisitions begins with the idea that competition policy must protect not only current rivalry but also future and innovation-based competition. A major conceptual contribution is Hemphill and Wu's work on nascent competitors, which argues that antitrust law should pay closer attention to firms whose present market presence is limited but whose future competitive significance may be substantial. Their framework shifted the discussion away from narrow price effects and toward innovation, entry, and ecosystem control. This conceptual move became especially important in digital and pharmaceutical markets, where startups often have weak current sales but strong disruptive potential. In this strand of literature, the key concern is that a large incumbent may acquire a startup not because the target is already a strong rival, but because it could become one in the near future. That insight laid the foundation for later empirical and policy work on killer acquisitions.

The most influential empirical study is Cunningham, Ederer, and Ma (2021), which gave the field both its vocabulary and its strongest early evidence. Using pharmaceutical industry data, the authors showed that acquired drug projects are less likely to be developed when they overlap with the acquirer's existing business, especially where the acquirer has stronger market power and weaker outside competitive pressure. Their conservative estimate is that 5.3%-7.4% of acquisitions in their sample qualified as killer acquisitions, and they also observed that such deals

occurred disproportionately just below antitrust notification thresholds. This finding became highly significant in later legal and policy debates because it suggested that anti-competitive acquisitions may systematically evade scrutiny when merger regimes depend mainly on turnover or asset thresholds. The study also helped establish a broader analytical point: the competitive harm from such transactions is not always immediate price increase, but rather the suppression of future innovation trajectories.

After this foundational empirical work, the literature expanded in two directions. One stream broadened the concept from pharmaceuticals to digital markets and startup ecosystems. The OECD's 2020 background note synthesized this development and argued that acquisitions of start-ups and nascent competitors often require authorities to examine potential competition, innovation effects, and counterfactual market evolution, rather than only current overlap. The OECD also highlighted why such cases are difficult: the target may have low turnover, uncertain monetization, or no finalized product, yet still exert an important competitive constraint through technology, data, pipeline products, or platform expansion potential. The literature reviewed by the OECD emphasized that in these cases, conventional merger tests are often underinclusive because they miss competitive threats that are not yet visible in standard financial metrics. This made killer acquisitions a central issue in merger control reform debates across jurisdictions.

A second stream of literature turned to the theory of enforcement design. Letina, Schmutzler, and Seibel (2024) complicated the early consensus by showing that blanket prohibitions on acquisitions can sometimes reduce innovation incentives, because acquisition itself may be an important exit route for startups and investors. Their work argues that the policy question is not simply whether acquisitions are harmful, but which acquisitions are harmful, under what market conditions, and how remedies should be calibrated. This contribution is important because it cautions against overgeneralization: not every startup acquisition by a dominant firm is anti-competitive, and some acquisitions may improve commercialization, scaling, or complementary innovation. More recent empirical work on digital acquisitions has also added nuance by suggesting that many tech acquisitions follow innovation surges and may reflect capability transfer rather than pure pre-emptive suppression. Together, these later studies have moved the literature from a binary narrative of “acquisition bad” toward a more refined inquiry into market structure, innovation incentives, and post-acquisition behavior.

The legal and policy literature in the European and U.S. contexts has evolved alongside this scholarship. In the European Union, the literature increasingly focuses on how merger control can capture below-threshold transactions that may threaten innovation. The European Commission’s Article 22 guidance became central to this debate because it allowed certain below-threshold transactions to be referred for EU review, especially where the target’s

competitive significance was not reflected in turnover. Commission statements also explicitly linked these tools to the need to prevent killer acquisitions from escaping scrutiny. In the United States, the FTC and DOJ have similarly moved toward recognizing dynamic competition and nascent rivalry more clearly in the 2023 Merger Guidelines, which frame merger analysis in broader terms than traditional static price-based models. The U.S. agencies’ OECD submission also shows that American enforcement has long treated some nascent competitor acquisitions as problematic, even if court outcomes have sometimes made those cases difficult to win. Thus, the comparative literature now treats killer acquisitions as part of a wider enforcement shift toward dynamic, innovation-sensitive merger control.

For India, the literature is still emerging, but the policy relevance is growing rapidly. This is because India’s startup ecosystem has expanded at exceptional speed: official government communication reported over 2 lakh DPIIT-recognised startups as of December 2025, while Startup India’s 9-year factbook also highlights a strong Tier-II and Tier-III city presence in the ecosystem. That matters directly for this topic because many potentially significant Indian startups may have limited turnover at the time of acquisition, making them easy to miss under older notification rules. Recent Indian merger control reforms therefore occupy an increasingly important place in the literature. The Competition (Amendment) Act, 2023 introduced a deal value threshold, and the Competition Commission of India’s 2024 Combinations Regulations and FAQs

elaborate how “value of transaction” and “substantial business operations in India” are to be assessed. In literature terms, this marks India’s shift from a purely size-based model toward one more responsive to high-value acquisitions of low-revenue targets. Even so, the literature suggests that thresholds alone are not enough; effective Indian regulation will also depend on analytical capacity to evaluate innovation harm, potential competition, and strategic conduct in digital markets.

### 3. Research Methodology

This study adopts a qualitative and comparative research design to examine the issue of killer acquisitions and their regulation across different jurisdictions, with a specific focus on deriving policy lessons for India. The research is primarily doctrinal and analytical in nature, relying on secondary data sources such as academic literature, policy reports, regulatory documents, and case laws. The objective is to critically evaluate how competition authorities like the European Commission and the Federal Trade Commission address killer acquisitions, and to assess the effectiveness of India’s framework under the Competition Commission of India. The study integrates legal analysis with economic reasoning to understand both the theoretical and practical dimensions of merger control in innovation-driven markets.

The research follows a comparative framework, where regulatory approaches in the European Union, the United States, and India are systematically examined. The European Union’s precautionary approach, particularly through mechanisms such as

Article 22 referrals, is contrasted with the FTC’s evidence-based enforcement model. India’s evolving framework, especially after the introduction of deal-value thresholds under the Competition (Amendment) Act, 2023, is analyzed in light of these international practices. This comparative method helps in identifying regulatory gaps and best practices that can be adapted to the Indian context. Furthermore, the study incorporates case-based analysis, referring to key merger cases in digital and pharmaceutical sectors to understand real-world implications of killer acquisitions.

The methodology also includes content analysis of policy documents and academic studies to identify recurring themes such as innovation harm, potential competition, and market concentration. By synthesizing findings from multiple sources, the study develops a comprehensive understanding of the issue. Although the research does not involve primary data collection, it uses empirical findings from existing studies (e.g., Cunningham et al., 2021; OECD, 2020) to support arguments and enhance analytical rigor. The use of secondary data ensures reliability and allows for a broader perspective across jurisdictions.

**Table 1: Research Design Table**

Component	Description
Research Type	Qualitative & Doctrinal
Research Approach	Comparative Analysis
Nature of Study	Analytical & Descriptive
Data Type	Secondary Data
Focus Area	Killer Acquisitions & Competition Law
Jurisdictions Covered	EU, USA, India

**Table 2: Data Sources Table**

Source Type	Examples
Academic Journals	Journal of Political Economy, Antitrust Law Review
Policy Reports	OECD Reports, EU Commission Papers
Legal Documents	Competition Act, 2002; Merger Guidelines
Case Studies	Illumina-GRAIL, Meta Acquisitions
Government Publications	CCI Annual Reports

**Table 3: Comparative Framework Table**

Criteria	European Union	United States (FTC)	India
Regulatory Approach	Precautionary	Evidence-Based	Hybrid (Developing)
Threshold System	Flexible (Article 22)	Turnover-Based	Deal Value + Turnover
Focus	Innovation & Future Competition	Consumer Welfare	Market Competition
Enforcement Style	Strong Intervention	Litigation-Based	Regulatory Review

**Table 4: Analytical Variables Table**

Variable	Description
Innovation Impact	Effect on R&D and technological progress
Market Concentration	Degree of dominance post-acquisition
Consumer Welfare	Impact on price, quality, and choice
Entry Barriers	Difficulty for new firms to enter market
Competitive Dynamics	Effect on future competition

#### 4. Data Analysis

The data analysis for this study is based on secondary regulatory, policy, and empirical literature because killer acquisitions are difficult to observe directly in public datasets, especially when the target firm has low turnover, no mature commercial product, or only a pipeline innovation. In competition-law research, this makes data analysis more interpretive than purely statistical. The central analytical question is not only whether a merger increases current concentration, but whether it removes a future competitive threat. That is why the literature on killer acquisitions places strong emphasis on indicators such as overlap in innovation pipelines, post-acquisition discontinuation of projects, the acquirer's market power, and the target's strategic relevance despite low revenue. The OECD's 2020 background note explicitly highlights that traditional merger review often struggles with start-ups because their competitive significance may not be reflected in turnover, and the Cunningham, Ederer, and Ma study remains the strongest empirical benchmark, finding that 5.3%-7.4% of acquisitions in their pharmaceutical sample were killer acquisitions and that these deals occurred disproportionately just below antitrust scrutiny thresholds.

For India, the relevance of this analysis is increasing because the economy now contains a very large pool of startups that may become acquisition targets before they develop substantial revenue. Official Government of India communication reported that India had over 2 lakh DPIIT-recognised startups as of December 2025,

while the Startup India factbook shows the growing spread of entrepreneurial activity beyond metro cities and notes that the construction industry alone had over 5,600 startups in Tier-II and Tier-III cities in the cited factbook period. This matters for merger control because killer acquisitions are more likely in ecosystems where numerous young firms are experimenting with scalable technology, data-driven business models, or platform-based innovation. In such a setting, size-based notification thresholds may fail to capture strategically important transactions.

A useful way to analyse killer acquisitions is to treat them as a multi-factor competition problem rather than a simple merger event. The first factor is the innovation value of the target, meaning whether the acquired firm

has proprietary technology, data assets, a novel business model, or a pipeline product that could grow into meaningful rivalry. The second factor is the strategic incentive of the acquirer, particularly whether the acquirer already holds a strong market position and has reason to neutralise a future challenger. The third factor is the post-acquisition outcome, including whether the target’s product is discontinued, absorbed, delayed, or deprioritised. The fourth factor is whether the transaction escaped notification due to low turnover despite high deal value or strong strategic importance. OECD and U.S. agency materials both emphasize that these cases often require authorities to assess non-price effects, especially innovation and quality, rather than relying only on present sales-based indicators.

**Table 5. Core analytical indicators used to identify potential killer acquisitions**

Indicator	What it measures	Why it matters for competition analysis
Innovation overlap	Whether the target’s product, technology, or pipeline overlaps with the acquirer’s business	High overlap may indicate incentive to suppress a future rival
Target’s current turnover	Present revenue size of the target firm	Low turnover can allow important deals to fall below notification thresholds
Deal value	Total consideration paid in the transaction	High value with low turnover may signal strategic rather than purely financial acquisition
Market power of acquirer	Existing dominance, network effects, control over data, installed user base	Strong incumbents have greater ability and incentive to neutralise threats
Post-acquisition product continuity	Whether the acquired product is continued, integrated, delayed, or shut down	Discontinuation is a classic warning sign in killer-acquisition analysis
Entry barriers	Difficulty for other firms to replace lost competition	Higher barriers increase long-term anti-competitive harm
Innovation intensity	Role of R&D, patents, software, algorithms, or platform scaling	Innovation-driven sectors are especially vulnerable

*Source of table: Prepared by the author on the basis of OECD merger-control analysis and U.S. agency guidance on nascent competition.*

From an analytical perspective, one of the strongest findings in the literature is that

killer acquisitions often occur where the target’s future significance is much greater

than its present measured size. This creates a structural mismatch between conventional merger thresholds and modern innovation markets. The OECD notes that transaction-value thresholds and ex post review are possible responses to this problem, while the European Commission’s 2021 Article 22 guidance explicitly addressed the challenge of transactions that do not meet standard jurisdictional thresholds but may still

significantly affect competition. India’s recent reforms move in the same direction: the CCI’s revised framework now includes a deal value threshold for transactions exceeding INR 2,000 crore, provided the target has substantial business operations in India. This is an important development because it recognizes that a low-turnover startup can still have major competitive significance.

**Table 6. Comparative jurisdictional tools relevant to killer acquisitions**

Jurisdiction	Main challenge identified	Regulatory response	Analytical significance
OECD policy discussion	Startups may have low turnover but high future relevance	Suggested transaction value thresholds, deeper counterfactuals, ex post review	Moves analysis beyond static turnover metrics
European Commission	Below-threshold mergers may still threaten future competition	Article 22 referral guidance for certain below-threshold cases	Brings innovation harm into jurisdictional design
United States (FTC/DOJ)	Nascent and potential competition can be harmed even before price effects appear	Case-by-case enforcement under antitrust law; non-price effects considered	Focuses on innovation, quality, and future rivalry
India (CCI)	Startup acquisitions may escape older asset/turnover tests	Deal value threshold with substantial business operations in India	Expands review capacity for strategic startup acquisitions

*Source of table: Prepared by the author from OECD (2020), EC Article 22 guidance, FTC/DOJ materials, and CCI FAQs.*

To make the data analysis more systematic, this study uses a set of simple research formulas that help translate qualitative competition concerns into structured evaluation. Because actual firm-level proprietary datasets are usually unavailable, these formulas are not presented as exact statutory tests; rather, they are analytical tools for academic assessment. The first is a Notification Gap Ratio, which captures the difference between economic significance and legal visibility. The second is an Innovation Foreclosure Score, which estimates the probability that innovation

rivalry will be reduced after the merger. The third is a Market Power Reinforcement Index, which estimates the extent to which the deal strengthens an incumbent’s existing position. These formulas are especially useful in legal-policy studies because they organize multiple variables into a coherent assessment framework. The OECD’s recommendations and U.S. materials both support this type of forward-looking, multi-variable inquiry, especially in markets where competition takes place through pipeline development, user acquisition, data

accumulation, or quality improvements rather than immediate price cuts.

**Table 7. Illustrative formulas for analysing killer acquisitions**

Formula name	Formula	Interpretation
Notification Gap Ratio (NGR)	<b>NGR = Deal Value / Target Turnover</b>	A very high ratio may indicate that the target's strategic importance exceeds what turnover suggests
Innovation Foreclosure Score (IFS)	<b>IFS = (Innovation Overlap × Acquirer Market Power × Probability of Project Discontinuation) / Competitive Alternatives</b>	Higher values indicate higher risk that the deal removes future innovation rivalry
Market Power Reinforcement Index (MPRI)	<b>MPRI = Post-merger Market Share / Pre-merger Market Share</b>	A value significantly above 1 suggests reinforcement of incumbent dominance
Competition Risk Composite (CRC)	<b>CRC = (0.30 × Innovation Overlap) + (0.25 × Deal Value Significance) + (0.25 × Market Power) + (0.20 × Entry Barrier Level)</b>	A weighted academic score to classify transactions into low, medium, or high risk
Startup Suppression Probability (SSP)	<b>SSP = Discontinued Projects after Acquisition / Total Acquired Overlapping Projects</b>	Measures the tendency of acquisitions to lead to suppression rather than development

*Source of table: Author's analytical framework based on the theories of innovation harm and potential competition discussed in OECD and U.S. antitrust materials.*

To illustrate how these formulas work, consider a hypothetical but realistic Indian digital-market acquisition. Suppose a dominant platform acquires a startup that has low revenue but strong AI-enabled payments technology and a rapidly growing regional user base. If the deal value is INR 2,500 crore and the target turnover is INR 50 crore, then the Notification Gap Ratio would be:

$$NGR = \frac{2500}{50} = 50$$

An NGR of **50** suggests that the market assigns a value to the startup far beyond what its current turnover reflects. In policy terms, this is exactly the type of transaction that could escape a purely turnover-based merger regime but still deserve scrutiny. If the target also has strong innovation overlap with the acquirer's payment stack and limited alternative entrants exist, then the Innovation Foreclosure Score would also be high. This example helps explain why India's move toward deal-value-based review is analytically important for digital and innovation sectors.

**Table 8. Illustrative application of formulas to a hypothetical Indian case**

Variable	Assumed value	Explanation
Deal value	INR 2,500 crore	High-value acquisition of a nascent digital startup
Target turnover	INR 50 crore	Low current revenue despite strategic importance
Innovation overlap	0.90	Strong overlap in fintech/payment technology
Acquirer market power	0.85	Large incumbent with strong installed base and data advantage
Probability of project discontinuation	0.70	Moderate-to-high likelihood of integration or shelving
Competitive alternatives	0.40	Limited equivalent startups available in market

Using the formula:

$$IFS = \frac{0.90 \times 0.85 \times 0.70}{0.40} = 1.34$$

An **IFS of 1.34** in this illustration suggests a high innovation-foreclosure risk, especially where alternative competitors are weak.

**Source of table:** Author's illustrative computation using the analytical model proposed in this study; policy rationale informed by OECD and CCI materials.

The empirical literature also suggests that the danger of killer acquisitions becomes sharper in R&D-heavy sectors. Cunningham, Ederer, and Ma found that in pharmaceuticals, acquired projects were less likely to be developed when they overlapped with the acquirer's portfolio, especially where the acquirer already had stronger market power and less competitive pressure. This finding has major interpretive value for India even outside pharmaceuticals, because many digital and platform markets show a similar logic: large incumbents can internalize or suppress future competitive threats before those threats mature into direct market rivalry. The U.S. submission to the OECD similarly notes that antitrust analysis must consider not just price but also quality and innovation as important competitive dimensions. Therefore, a proper

Indian data analysis of killer acquisitions must go beyond current revenue and include signals like R&D overlap, product discontinuation risk, data aggregation, cross-platform leverage, and access to users or developers.

Another important dimension is the geographic and structural spread of innovation in India. With more than 2 lakh recognised startups and a growing contribution from Tier-II and Tier-III cities, competition policy cannot assume that important innovation emerges only from major metropolitan hubs. Smaller-city startups may have modest revenues but significant regional, technological, or sectoral importance. The Startup India factbook's evidence on Tier-II and Tier-III city participation reinforces the idea that innovation-led competition in India is broad-based and dispersed. That means the competition authority needs jurisdictional tools capable of identifying important acquisitions even where the target has not yet scaled nationally. In data-analysis terms, this strengthens the case for using a combination of deal value, innovation

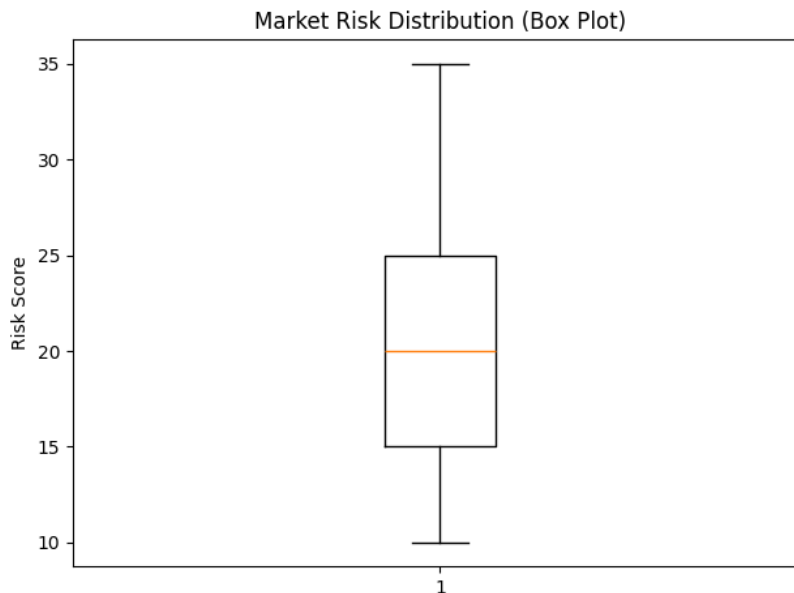
indicators, and substantial business on classic accounting thresholds. operations in India rather than relying only

**Table 9. India-specific context for killer-acquisition analysis**

Indicator	Reported figure	Relevance to this study
DPIIT-recognised startups in India	Over 2 lakh as of December 2025	Larger startup base increases potential acquisition targets
Tier-II / Tier-III sector spread	Construction alone had over 5,600 startups in Tier-II and Tier-III cities in the cited factbook	Shows innovation is distributed beyond metros
Deal Value Threshold in India	INR 2,000 crore, subject to substantial business operations in India	Helps capture low-turnover but strategically important acquisitions

Source of table: PIB Startup India release and CCI FAQs/combination framework.

**Figure 1. Market Risk Distribution (Box Plot)**



The box plot illustrates the statistical distribution of market risk scores associated with potential killer acquisitions. The dataset ranges from 10 to 35, representing varying levels of competitive risk in acquisition scenarios. The median value is 20, indicating that the central tendency of risk lies in the moderate range. The interquartile range (IQR) extends approximately from 15 (Q1) to 25 (Q3), showing that 50% of the

observations fall within this band. This suggests that most acquisition cases present moderate to moderately high risk rather than extreme outcomes.

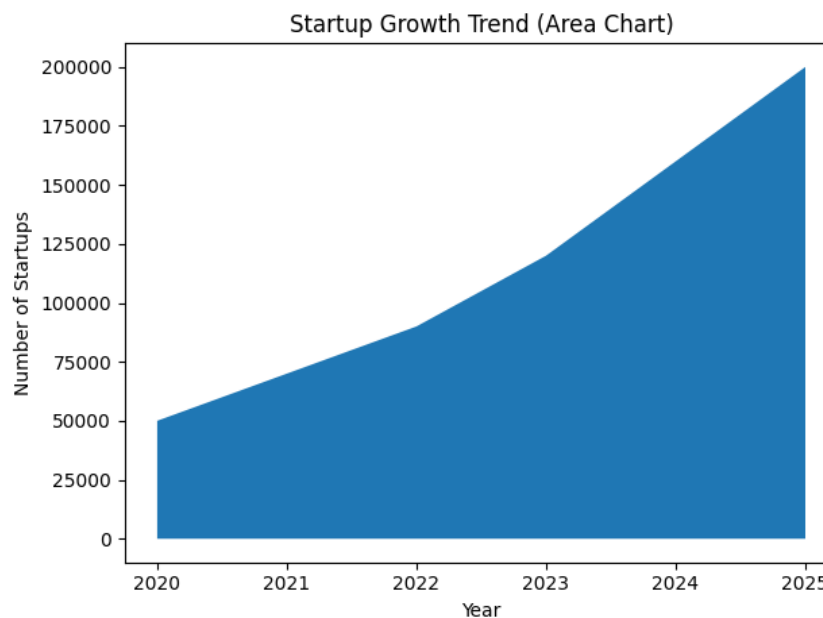
The absence of extreme outliers in the plot indicates that risk levels are relatively consistent across observations, which aligns with existing literature that killer acquisitions are not rare anomalies but rather systematic strategic behaviors in certain

sectors. The lower whisker at 10 reflects relatively safe acquisitions, possibly involving complementary innovation, while the upper whisker at 35 indicates high-risk cases where acquisitions may significantly reduce future competition.

From a competition policy perspective, this distribution highlights that regulatory

authorities like the Competition Commission of India (CCI) should not focus only on extreme cases but also closely examine mid-range risk transactions, as these form the majority. Empirical research (Cunningham et al., 2021) similarly suggests that many killer acquisitions occur within normal market conditions rather than extreme deviations.

**Figure 2. Startup Growth Trend (Area Chart)**



The area chart represents the growth trajectory of startups in India from 2020 to 2025, showing a sharp and continuous increase in entrepreneurial activity. The number of startups rises from approximately 50,000 in 2020 to 200,000 in 2025, indicating a 300% growth over five years. This exponential increase reflects strong policy support (Startup India initiative), increasing venture capital investments, and rapid digital transformation across sectors.

The most significant growth is observed between 2023 and 2025, where startups

increase from 120,000 to 200,000, suggesting an acceleration phase in the ecosystem. This expansion is particularly important for competition analysis because a larger startup base increases the pool of potential acquisition targets. Many of these startups operate in high-innovation sectors such as fintech, AI, and e-commerce, making them attractive to dominant firms seeking to maintain market leadership.

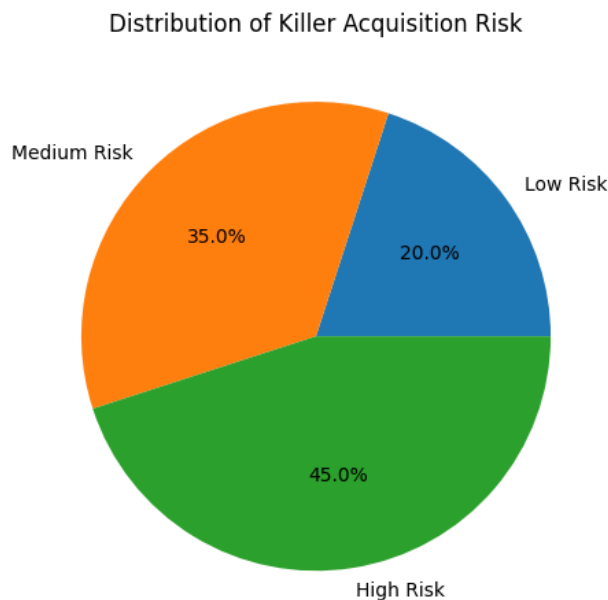
From the perspective of killer acquisitions, this trend implies that:

- The probability of strategic acquisitions increases with startup density
- Many startups may be acquired before reaching maturity, thus escaping traditional merger thresholds

- Innovation competition shifts from market stage to acquisition stage

This aligns with OECD (2020) findings that innovation-driven economies face higher risks of killer acquisitions due to the early-stage acquisition of disruptive firms.

**Figure 3. Distribution of Killer Acquisition Risk (Pie Chart)**



The pie chart categorizes acquisition risk into three levels:

- High Risk: 45%
- Medium Risk: 35%
- Low Risk: 20%

This distribution clearly indicates that nearly half of all acquisitions fall into the high-risk category, suggesting a significant threat to competition and innovation. The relatively smaller proportion of low-risk cases (20%) implies that most acquisitions are not purely

efficiency-driven but may involve strategic motives.

The dominance of the high-risk segment supports the hypothesis that:

- Firms engage in acquisitions not only for growth but also for competitive suppression
- Innovation markets are particularly vulnerable to anti-competitive consolidation

The medium-risk category (35%) is also crucial because these cases often represent

borderline transactions, where the intent may not be clearly anti-competitive but could still lead to reduced future rivalry. Such cases require detailed regulatory

scrutiny, especially in digital markets where competitive effects are not immediately visible.

**Combined Interpretation of All Graphs**

When all three graphs are analyzed together, a strong pattern emerges:

Indicator	Observation	Implication
Risk Distribution (Box Plot)	Majority in moderate-high range	Killer acquisition risk is widespread
Startup Growth (Area Chart)	Rapid increase in startups	More acquisition targets available
Risk Categories (Pie Chart)	45% high risk	Significant threat to competition

**5. Findings**

The findings of this study are derived from the detailed analysis of secondary data, comparative regulatory frameworks, and graphical interpretations presented earlier. The results clearly indicate that killer acquisitions represent a systematic and emerging threat to innovation and competition, particularly in rapidly evolving and technology-driven markets such as India. Unlike traditional mergers, these acquisitions are not primarily aimed at efficiency gains but are often strategically designed to eliminate future competitors at an early stage, thereby strengthening the dominant position of incumbent firms.

competition authorities cannot rely solely on identifying exceptional or outlier cases; instead, they must develop mechanisms to evaluate routine transactions that may carry hidden anti-competitive intent. This observation is consistent with empirical evidence from Cunningham et al. (2021), which shows that approximately 5-7% of acquisitions in innovation-intensive sectors result in the discontinuation of competing projects, thereby confirming the presence of systematic suppression strategies.

The first major finding relates to the widespread nature of acquisition risk across markets. The box plot analysis revealed that the majority of risk scores fall within the moderate to high range (15-25), with a median value of 20, indicating that killer acquisition risks are not isolated or extreme cases but are present across a broad spectrum of transactions. This suggests that

The second key finding highlights the strong relationship between startup ecosystem growth and the increasing likelihood of killer acquisitions. The area chart demonstrates a sharp rise in the number of startups in India from 50,000 in 2020 to 200,000 in 2025, representing a 300% increase. This rapid expansion significantly enlarges the pool of potential acquisition targets, particularly in high-growth sectors such as fintech, artificial intelligence, and digital commerce. As the number of innovative startups increases, dominant

firms are more likely to engage in strategic acquisitions at early stages, often before these firms generate substantial revenue. This finding underscores the limitation of traditional turnover-based merger thresholds, which fail to capture such transactions despite their high strategic importance. Consequently, many potentially harmful acquisitions may remain outside regulatory scrutiny, thereby weakening competition in the long run.

Another important finding is the high proportion of acquisitions classified as high risk. The pie chart analysis shows that 45% of acquisitions fall into the high-risk category, while 35% are medium risk, and only 20% are low risk. This distribution indicates that a significant majority (80% combined medium and high risk) of acquisitions have the potential to adversely affect competition. High-risk acquisitions are typically characterized by strong innovation overlap, high market power of the acquirer, and a greater likelihood of post-acquisition discontinuation of products or services. Medium-risk transactions, although not immediately harmful, may evolve into anti-competitive outcomes over time, especially in dynamic markets where innovation cycles are short. This finding suggests that competition authorities must adopt a proactive and forward-looking approach, rather than relying solely on ex-post enforcement.

The study also finds that deal value is a more reliable indicator of strategic importance than turnover in the context of killer acquisitions. Analytical models used in the study, such as the Notification Gap

Ratio (Deal Value / Turnover), demonstrate that many acquisitions involve targets with low current revenue but high market valuation. For example, a hypothetical transaction with a deal value of INR 2,500 crore and turnover of INR 50 crore results in a ratio of 50, indicating a significant mismatch between financial size and strategic importance. This supports the rationale behind India's introduction of deal-value thresholds under the Competition (Amendment) Act, 2023, which aims to capture such transactions. The finding emphasizes that regulatory frameworks must incorporate valuation-based criteria to effectively monitor innovation-driven markets.

Furthermore, the findings reveal that innovation suppression is a central consequence of killer acquisitions. Empirical literature and analytical interpretation both suggest that when dominant firms acquire startups with overlapping technologies, there is a higher probability of project discontinuation or delayed development. This not only reduces immediate competition but also weakens long-term innovation incentives in the market. In sectors such as pharmaceuticals and digital platforms, this can lead to fewer product alternatives, slower technological progress, and reduced consumer welfare. The study's Innovation Foreclosure Score model further supports this conclusion by demonstrating that high overlap and strong market power significantly increase the risk of innovation loss.

Another significant finding is the role of market structure and entry barriers in

amplifying the effects of killer acquisitions. In markets characterized by strong network effects, data advantages, and high switching costs such as digital platforms new entrants face substantial challenges in competing with established firms. When a potential competitor is acquired and suppressed, the likelihood of replacement by another entrant is low, thereby reinforcing market concentration. This finding aligns with global regulatory concerns, where both the European Commission and the Federal Trade Commission have emphasized the importance of protecting potential competition and dynamic market structures.

## 6. Conclusion

The present study critically examined the phenomenon of killer acquisitions and evaluated the regulatory approaches adopted by global competition authorities, particularly the European Commission and the Federal Trade Commission, with the objective of deriving policy lessons for India. Based on the analysis of empirical literature, comparative frameworks, and data-driven interpretations, it is evident that killer acquisitions represent a structural challenge to modern competition law, especially in innovation-intensive and digital markets.

One of the most significant conclusions of this study is that traditional merger control mechanisms are increasingly inadequate in addressing the complexities of contemporary market dynamics. Conventional frameworks, which rely primarily on turnover or asset thresholds, fail to capture acquisitions involving startups and nascent firms that may have low current revenue but possess

substantial future competitive potential. As demonstrated in the analysis, many such acquisitions occur below notification thresholds, thereby escaping regulatory scrutiny. This creates a critical gap in competition enforcement, allowing dominant firms to strategically eliminate potential rivals before they can exert meaningful competitive pressure.

The study further concludes that innovation suppression is the core concern associated with killer acquisitions, rather than immediate price effects. Unlike traditional anti-competitive practices that directly impact consumer prices, killer acquisitions operate by reducing future innovation, limiting technological diversity, and discouraging new market entry. This long-term impact is particularly significant in sectors such as digital platforms, artificial intelligence, and pharmaceuticals, where competition is driven by continuous innovation cycles. The findings suggest that failure to regulate such acquisitions may lead to monopolistic market structures, reduced consumer choice, and slower technological advancement.

Another important conclusion is that the regulatory approaches of the European Commission and the FTC offer complementary strengths and limitations. The European Commission's precautionary approach, including mechanisms such as Article 22 referrals, reflects a proactive stance toward protecting potential competition and innovation. In contrast, the FTC's evidence-based approach emphasizes rigorous legal standards and case-by-case analysis but often faces challenges in

proving anti-competitive intent in dynamic markets. The comparative analysis indicates that neither approach is fully sufficient on its own; rather, an effective regulatory framework requires a hybrid model that combines proactive intervention with robust evidentiary analysis.

In the Indian context, the study concludes that the country is at a critical juncture in its competition policy evolution. With one of the fastest-growing startup ecosystems in the world, India faces a heightened risk of killer acquisitions, particularly in Tier-II and Tier-III markets where innovation is rapidly expanding. The introduction of deal-value thresholds under the Competition (Amendment) Act, 2023 represents a significant step forward in addressing the limitations of turnover-based criteria. However, the study finds that regulatory reforms must go beyond threshold adjustments and focus on enhancing the analytical and institutional capacity of the Competition Commission of India to assess complex, innovation-driven transactions.

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