

First But Not Forgiven: CCI Denies Full Immunity to Ringleader

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On 13 July 2026, the Competition Commission of India (CCI) delivered two significant orders against HP India Sales Private Limited (HP India) and its network of resellers. The orders concerned the bid-rigging of tenders for the procurement of personal systems products (System Products Case)¹ and supplies products (Supplies Case)².

Both cases originated from a lesser penalty application filed by HP India (LP Application), and were followed by disclosures made by a former HP India employee and an HP India reseller.

The orders are noteworthy as they provide the CCI's most detailed examination of a "hub-and-spoke" cartel and introduce a different leniency math for those with a central role in orchestrating cartels.

Bid-rigging in the System Products Case

Based on the LP Application, the CCI launched an investigation against HP India and 10 resellers for rigging Government e Marketplace (GeM) tenders valued at over INR 1 crore (~USD 0.10 million). The tenders concerned, inter alia, laptops, desktops, workstations and related offerings such as monitors and keyboards.

The Director General (DG) examined 41 Delhi-based tenders and found evidence of collusion in 7 of them. The investigation revealed that HP India manipulated the bidding process to ensure that a pre-determined reseller secured the bid as below:

- (a) **Bid Suppression:** HP India restricted the participation of certain resellers in GeM tenders. It did so by restricting the issuance of Manufacturer's Authorisation Forms (MAFs) (a mandatory pre-requisite for tender participation);
- (b) **Cover Bidding:** HP India arranged for support or cover bids at predetermined non-competitive prices to create a facade of competition. This ensured that the designated reseller emerged as lowest bidder 1 (L-1); and
- (c) **Direct Participation:** In certain cases, HP India participated in the very tenders in which its resellers were bidding. Since HP India had access to confidential reseller bid information, it was able to emerge as the successful L-1 bidder.

The CCI returned a finding of bid-rigging against HP India and 5 of its resellers. The CCI imposed a final penalty of ~INR 127 crore (~USD 13.35 million) on HP India; and penalties ranging from ~INR 2 lakh (~USD 2,100) to ~INR 90 lakh (~USD 95,700) on 5 of its resellers.

Despite HP India being the first lesser penalty applicant, the CCI refused to grant a 100% reduction in penalty. In refusing to grant complete immunity, the CCI placed considerable weight on HP India's central role in orchestrating the cartel.

¹ Suo Motu Case No. 07 of 2020.

² Suo Motu Case No. 08 of 2020.

Bid-rigging in the Supplies Case

This related case also arose from the LP Application whereby the CCI launched an investigation against HP India and 16 resellers for rigging GeM tenders valued at over INR 20 lakh (~USD 20,700). The tenders concerned consumables such as ink and toner cartridges and other graphic and digital manufacturing supplies used with print hardware products.

The DG found evidence that HP India manipulated the bidding process in 29 Delhi-based GeM tenders. While HP India did not participate in tenders for supplies products, the bid-rigging was carried out in a manner similar to the System Products Case. However, a few facts specific to the Supplies Case are as below:

- (a) Use of Sister Concerns for Cover Bidding: HP India issued MAFs to the sister concerns of certain resellers. These sister concerns submitted support or cover bids to satisfy minimum bid participation requirements;
- (b) Customer Allocation: Certain government accounts were designated 'Most Valuable Customer' (MVC) accounts. HP India allocated specific MVC accounts among resellers. The bidding process was manipulated to ensure that MVC accounts remained with the designated reseller; and
- (c) Price and Discount Discipline: HP India actively monitored prices and discounts offered by resellers in tenders and maintained 'price hygiene' to protect its own margins.

The CCI imposed an additional penalty of ~INR 12 crore (~USD 1.28 million) on HP India and a penalty ranging from a few thousand rupees (about a few hundred dollars) to ~INR 80 lakh (~USD 85,000) on its resellers.

The CCI returned a finding of bid-rigging against HP India and 16 of its resellers. Here too, the CCI declined to grant a 100% reduction in penalty. In doing so, the CCI noted that HP India was an ultimate beneficiary of the arrangement and its central, orchestrating role.

Key Takeaways

- **From Vertical Relationship to Horizontal Liability**

In both cases, the first question to be addressed was whether the Act's prohibition on anti-competitive conduct among competitors could apply to HP India and its resellers despite their vertical relationship.

In the System Products Case, the CCI adopted a functional approach and held that since HP India and its resellers participated in the same GeM tender, they were effectively competitors vying for the same commercial outcome. On that basis, the CCI held HP India and its resellers liable for bid-rigging.

In the Supplies Case, HP India did not participate in the tenders directly. Instead, it facilitated coordination among resellers. The CCI relied on Section 3(1) of the Act (a broad residual provision prohibiting anti-competitive conduct) and held that the conduct fell within its scope. In doing so, the CCI effectively recognised the prohibition of anti-competitive hub-and-spoke arrangements.

Key Takeaway: Although the Competition (Amendment) Act, 2023 now expressly prohibits anti-competitive hub-and-spoke arrangements, the CCI's observations are significant since they apply the same principle to investigations that pre-date the amendment. The orders underscore that an enterprise cannot rely on its vertical relationship as a shield to facilitate coordination among horizontal competitors. This will have broader implications for platform ecosystems, agency networks, and franchising structures, for investigations prior to the amendment.

- **Leniency Treatment: No Full Immunity for the Ringleader**

A common theme across both cases was HP India's claim that it merely facilitated arrangements under commercial pressure to preserve reseller relationships. The CCI found little merit in this defence. Ultimately, the CCI found HP India to be the principal beneficiary of the cartel and held that granting complete immunity would defeat the Act's objectives.

Key Takeaway: The CCI's denial of full immunity to a cartel ringleader marks a significant departure in its leniency jurisprudence, signalling that orchestrators who seek leniency may not escape accountability for their central role.

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