



COMMERCIAL/CORPORATE

COMPETITION ACT

CONSUMER

TECHNOLOGY LAW

Intel Found in Breach of Indian Competition Law: CCI Imposes INR 27.38 Crore Penalty for India-Specific Warranty Restriction on Boxed Microprocessors

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PUBLISHED 7 May 2026

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Background and Context

The Competition Commission of India (CCI) has, in a significant ruling dated 12 February 2026, held Intel Corporation (Intel) to have abused its dominant position in the Indian market for boxed microprocessors for desktop personal computers. The Commission imposed a monetary penalty of INR 27.38 crore on Intel for conduct spanning from 25 April 2016 to 1 April 2024, a period of eight years during which Intel maintained a warranty service policy that discriminated against Indian consumers and foreclosed parallel importers from the market.

The proceedings originated from an information filed in 2019 by Matrix Info Systems Pvt. Ltd. (Matrix), a Delhi-based IT trading company engaged in the parallel importation of Intel boxed microprocessors (BMPs). Matrix alleged that Intel's decision, effective 25 April 2016, to restrict in-India warranty service exclusively to BMPs purchased through Intel's authorised Indian distributors constituted an abuse of dominant position under Sections 3 and 4 of the Competition Act, 2002 (the Act).

Prior to the policy change, Intel had provided a worldwide manufacturer's warranty covering BMPs regardless of the country of purchase. The revised policy, designated the India Specific Warranty Policy, meant that a consumer or trader who purchased a genuine Intel BMP from an authorised Intel distributor in any country other than India would be redirected abroad for warranty service, rather than receiving it within India. No comparable restriction was imposed in Australia, China, or elsewhere.

Key Legal Findings

Relevant Market. The Commission defined the relevant market as the *market for Boxed Microprocessors for Desktop PCs in India*. It distinguished BMPs from tray microprocessors (which are sold to original equipment manufacturers and come pre-installed in devices) on the basis of packaging, method of sale, end-use profile, and the fact that the warranty policy change applied exclusively to the BMP channel. The Commission also declined to treat ARM-based and x86-based processors as substitutable for the purposes of this market, noting that x86 architecture retains a distinct position for desktop PC assemblage and that claims of cross-architecture substitutability by OEMs such as Apple and Dell were not material to the reseller and system integrator segment.

Dominance. Drawing on market share data covering 2016 to 2021, the Commission found Intel to have maintained a consistently dominant position throughout the period of contravention, with only AMD present as a competitor. Intel's market share by sales volume remained substantially higher than AMD's in every year under review, and AMD did not outperform Intel in value or volume at any point. The Commission rejected Intel's reliance on AMD's improving financial metrics and asset turnover ratios as indicators of competitive constraint, observing that business model differences (Intel owns manufacturing facilities; AMD outsources) explained AMD's superior asset returns and that the Commission's focus was on competitive conditions in the relevant market, not on financial performance benchmarks.

Abuse: Unfair and Discriminatory Condition (Section 4(2)(a)(i)). The Commission held that the India Specific Warranty Policy was unfair and discriminatory. Intel's own warranty literature acknowledged the authenticity of BMPs purchased through its authorised overseas distributors, yet those products were denied in-India service. The counterfeit and grey market concerns advanced by Intel to justify the restriction were found to be without substance: Intel possessed a functional mechanism (the Intel Processor Diagnostic Tool, using FPO and ATPO numbers) to verify authenticity, and in any event the issue of counterfeit products is not confined to India. The Commission further observed that customers in the South Asian region, excluding India, continued to enjoy worldwide warranty coverage, rendering the India-specific restriction discriminatory as against Indian consumers.

Abuse: Limiting Market and Consumer Choice (Section 4(2)(b)(i)). The Commission found that the warranty restriction compelled parallel importers and end consumers to source BMPs through Intel's authorised Indian distributors, who offered products at materially higher prices than those available through overseas channels. The Commission's analysis of price data showed that in respect of certain models, the difference between the Informant's import price and the authorised distributor's sale price ranged from 44% to 133%. While acknowledging that the DG's price comparison was not perfectly calibrated (comparing purchase price of the parallel importer against sale price of the authorised distributor), the Commission concluded that the pricing differential was significant enough to demonstrate that the warranty policy effectively foreclosed access to competitively priced BMPs, limiting consumer choice in contravention of Section 4(2)(b)(i) of the Act.

Abuse: Denial of Market Access (Section 4(2)(c)). The Commission examined sales data across Intel's authorised distributors and the two parallel importers from whom evidence was available. The data showed a marked increase in the proportion of BMP sales flowing through authorised distribution channels after 2016, consistent with Intel's own stated rationale for the policy change, namely the protection of its authorised distribution network. Matrix's sales of Intel BMPs declined sharply from a peak of approximately 69,398 units in 2016 to 3,260 units by 2019, after which it exited the relevant market. The Commission found this constituted a denial of market access in violation of Section 4(2)(c) of the Act.

Commission's Reasoning and Treatment of Intel's Defences

Intel advanced several substantive and procedural defences. First, it maintained a distinction between the 'warranty' (a substantive three-year promise on genuine products) and 'warranty service' (the mechanism for its delivery), arguing that it had never refused the underlying warranty. The Commission disposed of this argument by noting that redirecting a consumer outside India to claim service on a defective microprocessor entails prohibitive cost, delay, and cross-border logistics; for practical purposes, the distinction between warranty and service is illusory.

Second, Intel relied upon prior CCI and judicial precedents, including the Commission's decision in *Ashish Ahuja v. Snapdeal* (Case No. 17 of 2014) and the Delhi High Court's ruling in *Kapil Wadhwa v. Samsung Electronics* (2012), to argue that restricting warranty to authorised distribution channels is a legitimate business practice. The Commission distinguished both decisions: in *Ashish Ahuja*, the manufacturer did not confine warranty service specifically to products purchased in India from Indian distributors; and in *Kapil Wadhwa*, the Delhi High Court had upheld Samsung's position on the basis that Samsung provided no warranty at all on the relevant goods, even in the country of import, which is materially different from Intel's position of honouring warranty elsewhere but not in India.

Third, Intel contended that the Informant had approached the Commission with unclean hands, given its own history of customs violations and mis-declarations. The Commission firmly rejected this argument, reiterating that the antecedents of an informant are irrelevant to the merits of a competition investigation and that CCI proceedings operate in rem, addressing market-wide competitive effects rather than the individual grievances of a complainant.

Fourth, Intel argued that the effect on competition was de minimis, referencing the small number of warranty claims redirected and the Informant's small share of the overall market. The Commission held that the de minimis nature of the effect does not insulate conduct from scrutiny where the conduct is by a dominant enterprise and has the potential to cause appreciable adverse effect on competition (AAEC). Structural evidence of increased dependence on authorised distribution, combined with the exit of the Informant and the declining trajectory of parallel imports, was sufficient.

On a procedural point, Intel submitted that the denial of cross-examination rights contravened the Supreme Court's ruling in *Competition Commission of India v. Schott Glass India Pvt. Ltd.* (SC, Civil Appeal No. 5843 of 2014). The Commission noted that cross-examination under the Competition Commission of India (General) Regulations, 2024 is a matter of discretion rather than an absolute right, that Intel had been afforded the opportunity to rebut all written submissions, and that the Schott Glass matter involved materially different issues relating to predatory pricing.

Penalty Determination

The Commission applied the Competition Commission of India (Determination of Monetary Penalty) Guidelines, 2024 and the Competition Commission of India (Determination of Turnover or Income) Regulations, 2024, computing the penalty on the basis of Intel's relevant turnover from sales of BMPs for desktop PCs in India across the relevant financial years.

An aggravating factor of significance was the duration of the contravention: the India Specific Warranty Policy operated continuously for eight years, from April 2016 to April 2024. The Commission set the penalty at 8% of the average total relevant

turnover. It then applied a reduction to reflect mitigating factors, including Intel's voluntary discontinuation of the policy with effect from 1 April 2024 (announced via an interlocutory application in January 2024), Intel's cooperation throughout the investigation, and the dynamic and disruption-prone nature of the technology market in which Intel operates. The final penalty was fixed at INR 27.38 crore.

In addition to the monetary penalty, the Commission directed Intel, under Section 27(g) of the Act, to widely publicise the withdrawal of the India Specific Warranty Policy so as to ensure market awareness of the change, and to file a compliance report within sixty days of receipt of the order.

Practical Implications for Stakeholders

For multinational technology companies. This ruling establishes that a dominant manufacturer cannot deploy geographically differentiated after-sales service policies where such differentiation functions, in practice, to insulate an authorised distribution network from parallel import competition. The legitimacy of a warranty restriction is not determined by the language in which it is framed. Where a policy effectively channels consumers toward a premium distribution channel and restricts access to lower-priced alternatives, it will attract scrutiny under Section 4(2)(a)(i), 4(2)(b)(i), and 4(2)(c) of the Act.

For parallel importers and independent traders. The Commission's recognition that parallel importation is legally permissible and competitively beneficial in India is significant. The decision affirms that the regulatory framework does not permit dominant incumbents to use warranty architecture as a structural tool to disadvantage grey market or parallel import channels. Parallel importers facing analogous restrictions from other dominant manufacturers may have recourse under the Act on similar grounds.

For compliance functions. The ruling signals that warranty and after-sales service policies of dominant enterprises will be assessed for their formal structure and for their competitive effect. Companies operating in markets where they hold or approach a dominant position should ensure that geographically variable service conditions are supported by objective, verifiable justifications that are proportionate to the aim pursued. The counterfeit/grey market rationale, where the manufacturer possesses the technical means to authenticate products independently, is unlikely to satisfy this standard.

For Indian consumers and system integrators. Intel's worldwide warranty policy, restored from April 2024, now covers all genuine Intel BMPs in India regardless of the country of purchase. Consumers and assemblers who previously sourced processors through parallel import channels are entitled to warranty service in India as of that date. The Commission's order requiring broad publicity of this change is intended to ensure that the affected ecosystem is aware of the restored position.

Concluding Observations

The decision in *Matrix Info Systems v. Intel Corporation* represents a clear articulation of the CCI's approach to post-sale restrictions by dominant enterprises in technology markets. The Commission has shown itself willing to examine warranty and service policies with the same degree of scrutiny it applies to pricing conduct or exclusive dealing arrangements, particularly where those policies carry structural consequences for competition in a relevant market.

The eight-year duration of the contravention is a telling feature of the case. The Commission's willingness to trace liability from April 2016, notwithstanding the eventual voluntary withdrawal of the policy in April 2024 and despite Intel's own early-stage application to have the matter closed on the basis of that withdrawal, confirms that rectification of abusive conduct is relevant to mitigation of penalty, not to the existence of liability. The principle that subsequent corrective action cannot retrospectively sanitise earlier abuse, as articulated by the Informant and implicitly accepted by the Commission, reflects a consistent theme in CCI jurisprudence.

The decision also adds to a growing body of CCI case law examining the relationship between distribution network management and dominance abuse, and will be of relevance to any dominant manufacturer in the consumer electronics, IT hardware, or industrial goods segments that operates tiered warranty or service arrangements across distribution channels in India.

Source: *Matrix Info Systems Pvt. Ltd. v. Intel Corporation*, Case No. 05 of 2019, 2026 SCC OnLine CCI 6 (CCI, February 12, 2026)

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