

India accuses Samsung, Xiaomi of colluding with Amazon, Flipkart

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REUTERS

NEW DELHI – Samsung, Xiaomi and other smartphone companies colluded with Amazon and Walmart’s Flipkart to exclusively launch products on the e-commerce firms’ Indian websites in breach of antitrust laws, according to regulatory reports seen by Reuters.

Antitrust investigations conducted by the Competition Commission of India have found that Amazon and Flipkart violated local competition laws by giving preference to select sellers, prioritizing certain listings, and steeply discounting products, hurting other companies, Reuters reported.

The CCI’s 1,027-page report on Amazon also said the Indian units of five companies – Samsung, Xiaomi, Motorola, Realme and OnePlus – were “involved in the practice of exclusive” phone launches in “collusion” with Amazon and its affiliates, breaking competition law.

In Flipkart’s case, a 1,696-page CCI report said the Indian units of Samsung, Xiaomi, Motorola, Vivo, Lenovo and Realme conducted similar practices.

The inclusion of smartphone makers like Samsung and Xiaomi in the case could increase their legal and compliance headaches.

“Exclusivity in business is anathema. Not only is it against free and fair competition but also against the interest of consumers,” CCI’s additional director general G.V. Siva Prasad wrote in the Amazon and Flipkart reports, in identical findings.

Reuters is first to report the smartphone companies have been accused of anticompetitive behavior in the CCI’s



An antitrust probe in India found that Amazon and Flipkart gave preference to select sellers, according to Reuters.

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reports which are dated Aug. 9 and are not public.

Xiaomi declined to comment, while the other smartphone makers did not respond to requests for comment.

Amazon, Flipkart and the CCI did not respond.

Both the CCI reports said that during investigations Amazon and Flipkart “deliberately downplayed” allegations of exclusive launches, but officials found the practice was “rampant.”

Counterpoint Research data shows that South Korea’s Samsung and China’s Xiaomi are two of India’s biggest smartphone players, together holding an almost 36% market share, with China’s Vivo on 19%.

India’s e-retail market is set to exceed \$160B by 2028, up from \$57-60B in 2023, consultancy firm Bain estimates.

The investigation findings are a major setback for Amazon and Flipkart in a key growth market where they have faced the ire of small retailers for years for hurting their offline businesses.

The CCI has also said both companies used their foreign investments to

provide subsidized rates for services like warehousing and marketing to a select number of sellers.

Some of the smartphone companies – Xiaomi, Samsung, OnePlus, Realme and Motorola – have been ordered to submit their financial statements for three fiscal years to 2024, certified by their auditor, to the CCI, according to an internal CCI document dated Aug. 28, also seen by Reuters.

The investigation into Amazon, Flipkart and their sellers was triggered in 2020 by a complaint from an affiliate of the country’s biggest retailer association, the Confederation of All India Traders, which has 80 million members.

The CCI will in coming weeks review any objections to its findings, and could potentially impose fines along with mandating companies to change their business practices, people familiar with the matter said.

Indian retailers have repeatedly accused Amazon and Flipkart, and smartphone companies, of exclusive phone launches online, saying shopkeepers suffered as they didn’t get the latest models and customers looked for them on the shopping websites.

“Exclusive launches had not only severely affected the ordinary sellers on the platform but also the brick-and-mortar retailers who were provided mobile phones at a much later date,” both CCI reports said, citing analyses of data from smartphone companies.

Indian research firm Datum Intelligence estimates that 50% of phone sales were online last year, up from 14.5% in 2013. Flipkart had a 55% share in online phone sales in 2023, and Amazon 35%.