



## COMPETITION COMMISSION OF INDIA

Case No. 03 of 2022

**In Re:**

**Manav Seva Dham**

4/A Bhabha House, Ground Floor,  
Colaba Post Office, Colaba,  
Mumbai – 400 005.

**Informant**

**And**

**Maruti Suzuki India Ltd.**

Plot No.1, Nelson Mandela Road  
Vasant Kunj,  
New Delhi - 110070.

**Opposite Party No. 1**

**Tata Motors Ltd.**

Bombay House -24,  
Homi Mody Street,  
Mumbai - 400 001.

**Opposite Party No. 2**

**Hyundai Motor India Ltd.**

Plot No.H-1, Spicot Industrial Park,  
Irrungattukottai, Sriperumpudur Taluk,  
Kanchee Puram District,  
Tamil Nadu - 602 105.

**Opposite Party No. 3**

**Hero MotoCorp Ltd.**

Plot No. 2, Nelson Mandela Road,  
Vasant Kunj - Phase-II,  
New Delhi - 110070.

**Opposite Party No. 4**

**Mahindra and Mahindra Ltd.**

Gateway Building, Apollo Bunder,  
Mumbai - 400 001.

**Opposite Party No. 5**

**Toyota Kirloskar Motor Private Ltd.**

Plot No.1, Bidadi Industrial Area,  
Ramanagara Taluk,  
Bangalore Rural District, Karnataka-562 109.

**Opposite Party No. 6**



## CORAM

**Mr. Ashok Kumar Gupta**  
**Chairperson**

**Ms. Sangeeta Verma**  
**Member**

**Mr. Bhagwant Singh Bishnoi**  
**Member**

### Order under Section 26(2) of the Competition Act, 2002

1. The instant information has been filed by Manav Seva Dham (**'Informant'**) alleging contravention of provisions of Sections 3 and 4 of the Competition Act, 2002 (**'Act'**) by Maruti Suzuki India Ltd (**'Opposite Party No. 1'** **'Maruti'**), Tata Motors Ltd (**'Opposite Party No. 2'** **'Tata'**), Hyundai Motor India Limited (**'Opposite Party No. 3'** **'Hyundai'**), Hero MotoCorp Limited (**'Opposite Party No. 4'** **'Hero'**), Mahindra and Mahindra Limited (**'Opposite Party No. 5'** **'Mahindra'**) and Toyota Kirloskar Motor Private Limited (**'Opposite Party No. 6'** **'Toyota'**) (hereinafter Maruti, Tata, Hyundai, Hero, Mahindra, and Toyota are collectively referred to as **'Opposite Parties'**).

#### ***Facts and allegations, as per information***

2. The Informant, a Non-Government Organisation, is a trust registered under the Bombay Public Trusts Act, 1950 and is stated to be involved in various social activities and has been raising issues relating to public interest before the concerned authorities.

3. The Opposite Parties are Original Equipment Manufacturers (OEMs) and are, *inter alia*, stated to be engaged in the manufacture of passenger motor vehicles and provide motor insurance service to buyers of their vehicles.

4. It has been stated that, because of their market share, size, resources, reputation, etc., the Opposite Parties are enjoying a dominant position in the market for automobiles and motor insurance in India, which enables them to operate independently of competitive forces. It has further been stated that there is an apparent monopoly and cartelisation by the Opposite Parties in selling insurance policies through their fully owned insurance broking or subsidiary/group



companies and servicing and repairing motor vehicles in respect of the insurance policies sold by them, which is detrimental to the insurance policyholders. It has been stated that the Informant has received several complaints from various insurance companies as well as motor insurance policyholders about the monopolistic practices of the Opposite Parties herein.

5. It has been stated that the Opposite Parties also operate/authorise/regulate or otherwise control the operations of various authorised workshops and service stations that are in the business of selling automobile spare parts and rendering after-sale automobile maintenance services. The Opposite Parties ensure that the genuine spare parts are only available with their authorised dealers, and their authorised dealers continue to charge arbitrary high prices from the consumers, who are forced to avail the services for repairing and maintaining their motor vehicles since the genuine spare parts, diagnostic tools, and technical information required to service their cars are not made available to independent repair workshops, failing which, the warranty of the vehicle would lapse. The Informant has submitted that the Opposite Parties have effectively created a monopoly over the motor insurance and repair services for their motor vehicles. Reliance has been placed upon the decision of the Commission in the case of *Shri Shamsher Kataria and Honda Seil Cars India Limited and others (Case No. 3 of 2011)* on this aspect.

6. It has been stated that the Informant has received numerous complaints that the aforesaid OEMs, more specifically, Maruti and Hero, refuse the cashless aspect of insurance if the insurance policy has not been obtained through them and their dealers and/or their insurance partners. The Informant has also stated that, by denying the facility of cashless claims to the policyholder when the motor insurance policy is not purchased through OEM sponsored by insurer, Maruti and Hero are discriminating between policyholders.

7. It has been stated that where the Opposite Parties are brokers of insurance policies, the claims ratio is high, and at times more than 100%, and that extra payments are being made to the Opposite Parties and their authorised dealers by insurers under false heads. As per the Informant, motor insurance commission is one of the biggest source of earnings for motor vehicle companies, and the authorised dealers of Opposite Parties have earned commissions



beyond the prescribed limits by way of brokerage on motor policies, bodyshops/workshops, third party payments, inducements, internal payments, and remunerations.

8. It has been further stated that the Opposite Parties are in a dominant position in the market and are abusing their dominant position through practices leading to bias, manipulation, denial of access to competing insurance providers, refusal to provide cashless facility, and creation of entry barriers, which is detrimental to policyholders and competitors. The Informant has submitted that these practices are abusive in the market for motor insurance through the imposition of unfair and discriminatory conditions on its customers, etc. and are limiting and restricting options available to the consumers and accordingly, are in contravention of provisions of Section 4 of the Act. It has also been alleged that the Opposite Parties have entered into several tie-in arrangements with regard to the sale of cars and insurance policies and services incidental thereto.

9. Based on the aforesaid facts and allegations, the Informant has prayed to the Commission, *inter alia*, for an investigation by the DG into the matter and impose penalties as the Commission may deem fit and to take measures for regulating all OEMs selling motor insurance policies. The Informant has also sought interim relief under Section 33 of the Act to the effect of cancellation of all insurance licences granted to OEMs and to suspend the issuance of fresh motor insurance licenses to OEMs until such time as proper guidelines and rules are not put to effect.

10. The Commission, in its meeting held on 15.02.2022, considered the Information and decided to pass an appropriate order in due course.

### ***Analysis of the Commission***

11. The Commission observes that, in the present case, the Informant, while raising the issues in the interest of the public, is primarily aggrieved by the alleged conduct of the Opposite Parties of disallowing/denial of the cashless claim to consumers if the insurance policy has not been obtained through them, their dealers, or their insurance broking companies. The above conduct is alleged to be in contravention of the provisions of Sections 3 and 4 of the Act.



12. At the outset, the Commission notes that the Informant has stated that it has received several complaints from various insurance companies as well as motor insurance policyholders about the monopolistic and exploitative practices of the Opposite Parties. However, the Informant has not provided any evidence by way of annexing any such complaint it has received, either from consumers or insurance companies with the Information.

13. The issue which arises for consideration before the Commission is whether the Opposite Parties are in a position of dominance and have abused their dominant position, as alleged. The Commission notes that, other than making bald allegations, nothing concrete has been submitted in this regard. Further, the Informant has alleged collective dominance of Opposite Parties, which is not provided for in the Act.

14. Even otherwise the Commission observes that there are various manufactures dealing in different types/categories of passenger motor vehicles and there are various insurance broking companies (that have not been arrayed as Opposite Parties as well as the insurance broking companies of the Opposite Parties), who compete with each other for selling motor vehicle insurance policies. Thus, consumers have a choice to purchase their vehicle from various manufacturers and the same also is true in respect of availing insurance facility for vehicles. In view of the above, the requirement of defining any relevant market and even examining dominance *qua* each of the manufacturer/insurance broking company does not arise in the facts and circumstances of the present case.

15. From the Information, it also appears that the said Opposite Parties have some arrangement with their insurance broking companies for the provision of insurance services to customers who buy vehicles from them. Though the Informant has alleged that this amounts to a tie-in arrangement, the customer is neither bound to obtain insurance for the vehicle from the manufacturer or its broking arm nor that of any particular insurance company. In this regard, the Commission, in its earlier decision of *Fx Enterprise Solutions India Pvt. Ltd. vs Hyundai Motor India Limited And St. Antony's Cars Pvt. Ltd vs Hyundai Motor India Limited (Case no. 36/2014 and Case No.82 of 2014)*, had an occasion to deal with a similar issue which had arisen in this case. In the said case, one of the allegations of the Informant was that Hyundai had entered into an agreement with Aditya Birla Insurance Brokers Limited (ABIBL), and due to



the said arrangement, the dealer of Hyundai, the Opposite Party in the said case, could offer insurance services of certain selected insurance companies to end customers. It was also alleged that the option of cashless accidental repair services was not extended in case a consumer chose another vendor. Accordingly, it was alleged that Hyundai had tied the sale of its cars with selected insurance vendors only, which was alleged to be in contravention of the provisions of the Act. The relevant findings are as under:

*“ 112. To address the issue, the Commission first notes that the allegation of Informant-1 is that due to the OP’s arrangement with ABIBL, the dealer is restricted in its offering of insurance services to the end-consumer to only the select companies of ABIBL. This leaves the end-consumer with limited options for procuring insurance. The option of cashless accidental repair services is not extended in case a consumer chooses another vendor.*

*113. The issue which needs to be addressed here is that whether the vertical restraint imposed by the OP on its dealers is causing appreciable adverse effect on competition in the market. It is clear that an MoU was executed between ABIBL and the OP and that the OP issue circulars from time to time to its dealers with a list of preferred insurance companies and insists that its dealers work closely with each other. However, it may be noted that there is no such clause in the agreement that dictates that the Informants could take up dealership only on the condition that they deal only with the list of empanelled insurance companies. There is no record to show that any dealership has been cancelled because the dealer failed to get the customers to take up insurance from the listed companies of the OP.*

*114. Also, the issue that consumers are left with only limited choice due to such insistence from the OP holds no ground simply because of the fact that it is not mandatory for customers to take insurance from the list of companies given by the OP. From the statements given by third parties such as Hans Hyundai, Capital Hyundai and Konzept Hyundai, it is gathered that though it is acknowledged that the OP provides a list of preferred insurance companies, the customers are free to get any insurance from any company or through any other broker without any compulsion. Incentives are given if customers take insurance through dealers from the list provided by the OP, but the same is not mandatory and the customer will not be refused any other services if it opts for other insurance companies. Having a tie-up or arrangements with insurance companies is the usual business norm. For instance, representatives of Honda Cars India Ltd. and Maruti Suzuki India Ltd. have also stated that they have also executed agreements with insurance brokers or companies and customers have taken insurance from other companies not provided in their list. Their service levels remain the same for all customers and in no way they are prejudiced against such customers. Therefore, mere recommendation that the dealers consider/ suggest the insurance companies partnered with the OP will not amount to tie-in arrangement. It is opined that the OP has not violated Section 3(4)(a) of the Act with respect to the allegation that the OP has tied the sale of its cars with selected insurance vendors only.”*



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16. Thus, the Commission observes that even if dealers offer to sell insurance policies to customers, the customers may yet have the option to buy such policy from alternative channels should they want. The Commission further observes that facility of cashless claim may be an additional benefit extended by certain brokers and may not be confined to the broking arms of the aforementioned Opposite Parties alone.

17. In view of the foregoing, the Commission is of the opinion that there exists no, *prima facie*, case and the information filed is directed to be closed forthwith against the Opposite Parties under Section 26(2) of the Act. Consequently, no case for grant for relief(s) as sought under Section 33 of the Act arises, and the same is also rejected.

18. The Secretary is directed to communicate to the Informant, accordingly.

**Sd/-**  
**(Ashok Kumar Gupta)**  
**Chairperson**

**Sd/-**  
**(Sangeeta Verma)**  
**Member**

**Sd/-**  
**(Bhagwant Singh Bishnoi)**  
**Member**

**New Delhi**  
**Date: 22.03.2022**