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Fair Competition  
For Greater Good

## COMPETITION COMMISSION OF INDIA

Case No. 11 of 2019

**In Re:**

Mr. Kanhaiya Singhal  
D-143, LGF, Lajpat Nagar-I,  
New Delhi-110 024.

**...Informant**

**And**

1. Indiabulls Housing Finance Limited  
M-62 & 63, 1<sup>st</sup> floor, Connaught Place,  
New Delhi- 110 001 **...Opposite Party No. 1**
2. Mr. Sameer Gehlaut  
Chairman  
Indiabulls Housing Finance Limited **...Opposite Party No. 2**
3. Mr. Gagan Banga,  
Vice Chairman and Managing Director  
Indiabulls Housing Finance Limited **...Opposite Party No. 3**
4. Mr. Ashwani Kumar Hooda,  
Deputy Managing Director  
Indiabulls Housing Finance Limited **...Opposite Party No. 4**
5. Mr. Ajit Mittal,  
Executive Director  
Indiabulls Housing Finance Limited **...Opposite Party No. 5**
6. Mr. Sachin Chaudhary,  
Chief Financial Officer  
Indiabulls Housing Finance Limited **...Opposite Party No. 6**
7. Mr. Mukesh Garg,  
Chief Financial Officer  
Indiabulls Housing Finance Limited **...Opposite Party No. 7**



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8. Mr. Ramnath Shenoy,  
Head, Analytic and Investor Relations  
Indiabulls Housing Finance Limited **...Opposite Party No. 8**
9. Mr. Ashwin Mallick,  
Head, Liabilities and Treasury  
Indiabulls Housing Finance Limited **...Opposite Party No. 9**
10. Mr. Rajiv Gandhi,  
Head, Commercial Credit  
Indiabulls Housing Finance Limited **...Opposite Party No. 10**
11. Mr. M. S. Walia,  
National Sales Head  
Indiabulls Housing Finance Limited **...Opposite Party No. 11**
12. Mr. Ripudaman Bandral,  
National Sales Head (LAP)  
Indiabulls Housing Finance Limited **...Opposite Party No. 12**
13. Mr. Somil Rastogi,  
Head Credit (Retail)  
Indiabulls Housing Finance Limited **...Opposite Party No. 13**
14. Mr. Naveen Uppal,  
Head, Risk  
Indiabulls Housing Finance Limited **...Opposite Party No. 14**
15. Mr. Salesh Kumar Yadav,  
Collections Head, Mortgage  
Indiabulls Housing Finance Limited **Opposite Party No. 15**
16. Mr. Nafees Ahmed,  
Group Head, Chief Information Officer  
Indiabulls Housing Finance Limited **...Opposite Party No. 16**
17. Mr. Vineet Jaiswal,  
President, Legal  
Indiabulls Housing Finance Limited **...Opposite Party No. 17**



18. All other Directors/ Executives/ Senior Officers/  
Persons involved in the business of M/s Indiabulls  
Housing Finance Limited.

...Opposite Party No. 18

**CORAM**

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

**Mr. U. C. Nahta**  
**Member**

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

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

1. The present information has been filed by Mr. Kanhaiya Singhal (hereinafter, the ‘**Informant**’) under Section 19(1)(a) of the Competition Act, 2002 (hereinafter, the ‘**Act**’) against Indiabulls Housing Finance Limited (hereinafter, ‘**OP-1**’) and its representatives/ employees (hereinafter, ‘**OP-2 to OP-18**’) alleging, *inter alia*, violation of the provisions of Section 3 and 4 of the Act.
2. The Informant is an Advocate-on-Record in the Supreme Court of India, a Special Public Prosecutor for Income Tax Department and Benami Transaction Act, 1988. OP-1 is a housing finance company. OP-2 to OP-18 are the officers/ employees of OP-1 and are responsible for the day-to-day business activities of OP-1.
3. It is stated in the information that the Informant had availed a Home Loan facility from OP-1, for which he entered into a Loan Agreement with OP-1 on 21.06.2018. Thereafter, he was extended a home loan of Rs. 1,00,00,000/- (Rupees One crore only) at a rate of interest of 8.75% p.a. repayable in 240 equated monthly



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instalments ('EMI') of Rs. 88,372/- (Rupees Eighty-Eight Thousand Three Hundred and Seventy-Two only).

4. The Informant has stated that OP-1 increased the rate of interest from 8.75% p.a. to 8.95% p.a. and the same was intimated to the Informant *vide* an email dated 21.08.2018. Thereafter, *vide* separate emails dated 30.09.2018 and 29.11.2018, OP-1 communicated to the Informant that the rate of interest would be increased to 9.70% p.a. and 11.15% p.a., respectively. *Vide* communication dated 30.11.2018, the Informant expressed his concern to OP-1 regarding increase in rate of interest that would cost him about Rs. 2,00,000/- per year over and above the initially contracted EMI. He further requested OP-1 not to encash the undated and unfilled cheques and also not to execute the Electronic Clearing Service (ECS) authorisation. However, OP-1 continued its illegal action by presenting an ECS for Rs. 1,01,854/- (Rupees One Lakh One Thousand Eight Hundred Fifty Four only) on 05.12.2018 instead of the authorised ECS of Rs. 88,372/- (Rupees Eighty-Eight Thousand Three Hundred and Seventy-Two only).
5. The Informant has averred that *vide* email dated 21.12.2018, OP-1 informed that the rate of interest was determined by various factors such as current economic situation, type of loan, loan size, type of security provided, amount of security cover, tenure of the loan and risk profiling *etc* and also stated that the rate of interest was changed as per the agreed terms and conditions of the Loan Agreement.
6. The Informant has alleged that he was forced to sign a number of papers by the OPs and the Loan Agreement does not mention either about the frequent revision of interest rate or that OP-1 is authorised to revise the rate of interest exorbitantly. Citing Reserve Bank of India's (RBI) circular dated 24.05.2007 and master circular dated 26.03.2012, the Informant has submitted that the rate of interest cannot be altered/ reviewed/ changed without prior intimation to the borrower or without borrower's consent. Further, as per RBI's guidelines dated 22.01.2009, the interest rate should be annualised so that the borrower knows the exact interest rate payable.



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7. The Informant has alleged that the rate of interest was increased from 8.75% p.a. to 11.15% p.a. within a short span of four months and the period of loan was increased to 364 months from 240 months without taking any consent from the Informant. The Informant has further alleged that the OP-1 has misused the blank ECS authorisation, which is contrary to law.
8. The Informant has alleged that the Loan Agreement consists of clauses, which have an appreciable adverse effect on competition in India, and contravene the provisions of Section 3 of the Act. It is further alleged that despite a drop in the market rate of interest by the RBI, OP-1 is not willing to reduce the rate of interest, which is due to its dominant position, thereby violating the provisions of Section 4 of the Act. Thus, as per the Informant, the OPs have contravened the provisions of Section 3(1), 3(4) and Section 4 of the Act.
9. Based on the above averments and allegations, the Informant has prayed that the Commission direct OPs to discontinue such practices of abuse of dominant position and to modify the Loan Agreement to an extent as may be specified by the Commission.
10. The Commission has carefully analysed the information filed by the Informant, the documents annexed therewith, and the information available in the public domain in this regard.
11. Before examining the allegations, it is appropriate to examine the role of OP-2 to OP-18 in the matter. It is observed that OP-2 to OP-18 are officials / employees of OP-1. Further, the Informant has not provided any evidence to show that OP-2 to OP-18 have indulged in any conduct which are in violation of the provisions of Sections 3 and 4 of the Act.
12. At the outset, the Informant is primarily aggrieved by increase in the rate of interest charged by OP-1 on the home loan facility availed by him and is also aggrieved with the terms and conditions of the Loan Agreement, which are alleged to be one-sided and discriminatory in nature. Further, the Informant has alluded that in-spite



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of RBI reducing the market interest rate, OP-1 is not passing on those benefits to the Informant. Based on the above, the Informant alleged that the conduct of OPs amount to be in violation of Sections 3(1), 3(4) and Section 4 of the Act.

13. With regard to the allegations made under Section 4 of the Act, the first step in the examination of the allegation of abuse of dominance is to delineate the relevant market. Thereafter, dominance of OP-1 needs to be assessed in the delineated relevant market. Only if dominance is established, the Commission would proceed to examine the impugned conduct of OP-1 for any abuse(s) therein.
14. The Commission observes that the Informant has not suggested any relevant market in the matter. From the facts and circumstances, it is evident that the main grievances of the Informant relates to increase in rate of interest charged by OP-1 on the home loan. It is observed that home loan is distinct from other types of loans such as personal loan, property loan, vehicle loan, *etc.* Further, home loan can be distinguished from other types of loans based on the factors such as intended use, rate of interest charged, term of payment, *etc.* That banks and home finance companies extend home loans and compete with each other for providing home loan services, therefore, the Commission does not deem it necessary to distinguish between home loans offered by various lending entities. Based on the above, home loan can be considered as a distinct product or service. Thus, the relevant product market in the instant case is delineated as the “*market for provision of home loans.*”
15. With regard to the relevant geographic market, the Commission observes that there are many service providers that are providing the said services in the aforesaid relevant product market and are also competing with each other for providing home loans to borrowers. There exists no distinction between one region and another with reference to availing home loan services within India. Therefore, the relevant geographic market in the instant case can be considered to be “*India*”. Accordingly, the relevant market in the instant matter is delineated as ‘*market for provision of home loans in India*’.



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16. On the assessment of dominance, the Commission notes that home loan market in India has many providers including Banks, Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs). Few prominent home loan providers are State Bank of India (SBI), Punjab National Bank (PNB), ICICI Bank, HDFC Bank and DHFL. The housing finance market in India is fragmented, with 80-plus players. The Commission further observes that as per the Report on Trend and Progress of Housing in India, 2018 published by National Housing Bank<sup>1</sup>, the outstanding housing loans disbursed by banks and HFCs was about Rs. 17,00,000 crore. As per the annual report of SBI for the year 2017-18<sup>2</sup>, the housing loans disbursed by SBI were Rs. 3,13,106 crore. In other words, SBI had a market share of 18.42% in the relevant market delineated above. Further, it is observed that as per the annual report of OP-1 for the year 2017-18, it had disbursed approximately Rs. 23,329 crore as loans to the housing sector which amounts to roughly a market share of 1.37% in the relevant market delineated above. Considering the large number of players operating in the relevant market which suggests that not only the market is competitive in nature but also that OP-1 does not seem to have the ability to operate independently of the competitive forces, OP-1 is not found to be dominant in the relevant market defined *supra*. In the absence of dominance, the issue of abuse of dominant position against the OP-1 does not survive.
17. In view of the foregoing, the Commission is of the opinion that there is no case of contravention of the provisions of Section 4 of the Act against the OP-1.
18. With regard to the allegations made under Section 3(1) read with Section 3(4) of the Act, the Commission observes that the Informant has not suggested existence of any agreement, as envisaged under Section 3 of the Act, involving the OPs. Be that as it may, the Commission after examining the facts of the case has not found anything that would suggest that there exists any kind of horizontal/ vertical agreement that could be brought under the purview of Section 3 of the Act. As a

<sup>1</sup> Available at <https://nhb.org.in/wp-content/uploads/2019/03/NHB-T&P-2018-Eng.pdf> accessed on 08.05.2019

<sup>2</sup> Available at <https://www.sbi.co.in/AR1718/assets/PDF/English/2%20About%20SBI.pdf> accessed on 08.05.2019



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result, no case of contravention of the provisions of Section 3 of the Act is made out against the OPs.

19. In light of the above analysis, the Commission finds no case of contravention of the provisions of Section 3 or Section 4 of the Act against the OPs in the instant case. The matter is thus closed forthwith in terms of the provisions of Section 26(2) of the Act.
20. The Secretary is directed to communicate to the Informant, accordingly.

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

**Sd/-  
(U. C. Nahta)  
Member**

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

**Date: 24.05.2019  
New Delhi**