



COMPETITION COMMISSION OF INDIA

Case No. 57 of 2014

In Re:

**Shri Om Prakash
Silokhara village,
Gurgaon, Haryana**

Informant No.1

**Shri Hans Raj Sharma
Silokhara village,
Gurgaon, Haryana**

Informant No.2

And

**Media Video Limited (MVL)
Park, 6th Floor, Near Red Cross Society,
Chandan Nagar, Sector -15 (II)
Gurgaon-122001 (Haryana)**

Opposite Party No. 1

**L.I.C. Housing Finance Limited,
Through Area Manager,
“The Plaza”, Second Floor,
15, M.G. Road,
Near IFFCO Chowk
Gurgaon-122001 (Haryana)**

Opposite Party No. 2



CORAM

Mr. S. L Bunker

Member

Mr. Sudhir Mital

Member

Mr. Augustine Peter

Member

Mr. U. C. Nahta

Member

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

1. The present information has been filed under section 19(1)(a) of the Competition Act, 2002 (hereinafter referred to as 'the Act') by Mr. Om Prakash (hereinafter referred to as '**Informant No. 1**') and Shri Hans Raj Sharma (hereinafter referred to as '**Informant No. 2**') against M/s Media Video Limited, Gurgaon (hereinafter referred to as '**Opposite Party No. 1**') and M/s L.I.C. Housing Finance Limited, Gurgaon (hereinafter referred to as '**Opposite Party No. 2**') alleging, *inter alia*, contravention of the provisions of Section 4 of the Act.
2. Facts of the case, as stated in the information, may be briefly noted:
 - 2.1 As per the information, the Informants are residing in Silokhara village, Gurgaon. Opposite Party No.1 is a registered company engaged *inter-alia*, in the business of



real estate development. The OP 2 is one of the largest housing finance company in India, incorporated on 19/06/89 under the Companies Act, 1956 and was promoted by LIC of India.

2.2 It is stated that the Informant No.1 booked a Residential Apartment having super area of 1350 sq. feet (the 'Residential Unit') in the Project 'Group Housing Residential Complex' (MVL Coral) being developed by the Opposite Party No. 1 on Bhiwadi - Alwar Bypass, Village Sadipur, Tehsil Tizara, District Alwar, Rajasthan, (the 'Project'). The land of the Project is owned by Smart Buildwell Pvt. Ltd. and the Project was being developed by the Opposite Party No. 1.

2.3 The Informant No.1 alleged to have paid first instalment of Rs.2,09,250/- to the Opposite Party No. 1 on 25/07/2006 towards part consideration of the Residential Unit. The Informant No.1 executed an 'Agreement to Sub-Lease' on 30/04/2007 (the 'agreement') in this regard with the Opposite Party No. 1. It is stated to have been agreed that the possession of the Residential Unit would be handed over to the Informant No.1 within 36 months from the date of the execution of the agreement. However, the environment clearance is alleged to have been received on 24/02/2012. It is further alleged that the agreement was neither registered nor properly stamped.

2.4 It is alleged that the Opposite Party No. 1, without the consent of the Apartment owners, sent a request letter dated 26/03/2012 to the Secretary, Urban Improvement Trust, Bhiwadi for amendment of the building plan.

2.5 It is stated that the Opposite Party No. 1 raised a demand notice on 14/04/2012 for an amount of Rs.21,18,443/-. In response to the said demand notice, Informant No.1 requested the Opposite Party No. 1 to allow his brother Shri Hans Raj Sharma (Informant No.2) as joint-owner of the Residential Unit which was acceded to by the Opposite Party No. 1.



2.6 The Informants entered into a tripartite agreement with the Opposite Party No.1 & Opposite Party No.2 for availing housing loan of Rs. 15 Lakhs towards purchase of the Residential Unit. The Opposite Party No.2 alleged to have asked the Informants to submit “Approved Master Site Plan of MVL Coral” before release/disbursement of the housing loan. Instead of providing the requisite document either to the Informants or to the Opposite Party No.2, the Opposite Party No.1 sent a final notice of payment on 03/09/2012 for an amount of Rs.18,18,401/- to be paid within a period of 15 days from the date of the letter failing which he will cancel their booking in the Project.

2.7 It has been alleged by the Informants that the Opposite Party No.1 did not provide the required documents despite tripartite agreement and consequently, the Opposite Party No.2 refused to disburse the loan even after its sanction. Later, the Opposite Party No.1 cancelled the said booking of the Informants in the Project. As such, both the Opposite Party No.1 and Opposite Party No.2 alleged to have abused their dominant positions.

2.8 Accordingly, it is alleged that the conduct of the Opposite Parties is anti-competitive and in contravention of the provisions of section 4 of the Act.

2.9 Based on the above averments, the Informants have prayed, *inter alia*, for quashing the cancellation of allotment by the Opposite party no.1 and issuance of direction to the Opposite Party No.2 to disburse the sanctioned loan amount of Rs. 15 lakhs.

3. The Commission has perused the information.

4. Facts of the case reveal that the grievance of the Informants primarily pertains to the alleged abusive conduct of the Opposite Parties, which is said to be in contravention of the provisions of section 4 of the Act.



5. For examination of the alleged abusive conduct of the Opposite Parties, it is required first to delineate the relevant markets for the Opposite Parties where they operate and then assess their position of dominance in their relevant markets. The Opposite Party No.1 is a real estate company and is engaged in the development and sale of residential apartments. The Opposite Party No.2 is a Housing Finance Company and provides the facility of loan to public to buy houses. As the Opposite Parties, who are operating in different markets, have been alleged to be abusing their dominant position in the present case, two different markets are required to be delineated.
6. The allegation of the Informants as against the Opposite Party No.1 in the present case is with regard to a housing project 'MVL CORAL' developed by them at Alwar Bypass, Bhiwadi, Rajasthan. Therefore, considering the issues in the present matter, the relevant product market for the Opposite Party No.1 would be the *"services of development and sale of residential apartments"*. The relevant geographical market can be delineated as *"Bhiwadi and its nearby area"*. Bhiwadi is a town in Alwar district of the state of Rajasthan and it is an industrial hub. Bhiwadi and its nearby areas offer good opportunities at affordable prices and are well within the reach of the middle class. Therefore, the relevant market for Opposite Party No.1 may be taken as the *"services of development and sale of residential apartments in Bhiwadi and its nearby area"*.
7. Considering the issues in the present matter, the relevant market for the Opposite Party No.2 would be the market of *"provision of housing loan services in India"*.
8. The Informants allege that the Opposite Parties hold dominant position in their relevant markets. The Commission observes that in order to assess the dominance of the Opposite Parties in their relevant markets, a comparison between the Opposite Parties and their competitors is required to be done on certain parameters.



9. Based on the information available in public domain, it is observed that there are many real estate players operating in the relevant market of the Opposite Party No.1. Ashiana had launched and handed over 9 group-housing projects in the said region. Other players such as Avalon- 3 projects, Geneis Infratech Private Limited- 4 projects, Piyush Developers Pvt. Ltd.- 4 projects, Nemai- 1 project, Terra realcon Pvt. Ltd.- 4 projects, Krish Group- 3 projects, BDI Group- 2 projects, Lifestyle Supertech- 2 projects, M2K, Cosmos, Essentia, Omaxe and Krish Group also have presence in the relevant market, while the Opposite Party No.1 has only 3 projects in the relevant market. Presence of such players with comparable projects in the relevant market indicates that the buyers have the option to switch to other developers in the relevant geographic market. Since there is no information available on record and on the public domain to show the position of strength of the Opposite Party No.1 which enables it to operate independently of competitive forces prevailing in the relevant market, *prima facie*, the Opposite Party No. 1 does not appear to be in a dominant position in the relevant market.
10. As regards the allegation of dominance of the Opposite Party No.2 by the Informants, the Commission observes that with the growth of number of players in the relevant market, the Housing Finance Sector is becoming market-driven and competitive. Housing Development Finance Corporation Ltd. (HDFC), Reliance, SBI, Axis Bank Kotak Mahindra Bank, Bank Of Baroda, PNB, LIC Housing Finance are some of the major housing finance banks which offer home loan facilities in Bhiwadi.
11. Based on the information available in public domain, it is observed that there are four types of major players in the field of housing finance, which are competing with each other. These are Housing Finance Companies (HFCs), Banks, Co-operative Housing Finance Societies, Refinancing Institutions like National



Housing Bank (NHB) and National Bank for Agricultural and Rural Development (NABARD). Almost all the banks in India including SBI and Associates, Nationalized banks, Indian private banks and Foreign banks have now entered in the field of housing finance. Presence of good numbers of banks with deep pocket in housing finance sector in Bhiwadi reflects that the Opposite Party No.2 is *prima facie* not in dominant position in the relevant market. The Opposite Party No.2 may be one of the reputed players in the relevant market, but there is no material available to hold it a dominant player.

12. In the absence of dominance of the Opposite Parties in their relevant markets, their conduct cannot be examined under the provisions of section 4 of the Act.
13. In the light of the above analysis, the Commission finds that no *prima facie* case of contravention of the provisions of section 4 of the Act is made out against the Opposite Parties in the instant matter. Accordingly, the matter is closed under the provisions of section 26(2) of the Act.
14. The Secretary is directed to inform all concerned accordingly.

Sd/-
(S. L Bunker)
Member

Sd/-
(Sudhir Mital)
Member



Sd/-
(Augustine Peter)
Member

Sd/-
(U. C. Nahta)
Member

New Delhi
Date:20.11.2014