



**Competition Commission of India**



**Case No. 04 of 2014**

**In Re**

**Mr. Ashok R. Mansata,  
President, Concern for Citizen,  
1A, Ashutosh Mukherjee Road,  
Kolkata -700020**

**Informant**

**And**

**State Bank of India,  
Madame Cama Marg,  
Mumbai - 400021**

**Opposite Party**

**CORAM**

**Mr. Ashok Chawla  
Chairperson**

**Dr. Geeta Gouri  
Member**

**Mr. Anurag Goel  
Member**

**Mr. S. L. Bunker  
Member**

**Present:** Mr. Ashok R. Mansata, the Informant.



**ORDER UNDER SECTION 26(2) OF THE ACT**

The crux of the allegations of the present matter is that the State Bank of India (**‘the Opposite Party’ or ‘SBI’**) has been imposing arbitrary, unreasonable and unfair conditions on its car loan borrowers which is in contravention of provisions of Section 4 of the Competition Act, 2002 (**‘the Act’**).

**2. Facts**

The facts of the case, in nutshell, are as under:

- 2.1 As per the information, Mr. Ashok R. Mansata (**‘the Informant’**) is the President of „Concern for Citizens“, a non-profit voluntary organization having its office at Kolkata and has been working for the cause of consumers. The Opposite Party is a public sector scheduled commercial bank having its registered office at Mumbai and branches spread across the country. Though, the allegations of the Informant pertain to the alleged unfair terms and conditions of car loan documents of SBI in general, the Jeevan Deep Branch, Kolkata of SBI has also been made a proforma party to the case.
- 2.2 The Informant has alleged that SBI is a dominant player in car loan market because it is the largest commercial bank in the country in terms of profits, assets, deposits, branches and employees. As of March 2013, it had assets worth Rs.15 lakh crores, net profit of over Rs.14, 000/- crores, employed 2 lakh employees and had a network of over 15,000 branches.
- 2.3 It is averred that, being a dominant player in the car loan market, SBI has been abusing its dominant position by not informing the car loan borrowers in advance what papers and forms are to be signed for availing a loan and compelling them to sign various standard forms containing one sided terms and conditions in the presence of its officials within its premises. It is the case of the Informant that since a copy of the loan documents and



forms, to be signed for availing a loan, are not given to the borrowers in advance, it is not possible for them to read and understand all the papers in front of the officials of the Opposite Party. Thus, a borrower has no choice but to agree to the terms and conditions of the Opposite Party as stated in the loan documents. Also, the Opposite Party is not giving to the borrowers a copy of the documents signed by them.

2.4 It is further averred that SBI has been compelling the borrower to sign the blank Motor Vehicle Forms 29 and 30 (in duplicate), which are meant for transfer of a motor vehicle, without informing the reason thereof to the borrowers. As per the Informant, signing Motor Vehicle Forms 29 and 30 signify that the borrower is selling a car but, in reality the borrower is buying a car by availing a loan from the Opposite Party. It is alleged that through signing Forms 29 and 30, the borrower is made to make a false declaration as condition of getting a loan which is highly unfair and unethical.

2.5 Based on the above allegations the Informant submitted that the Opposite Party has contravened the provisions of Section 4 of the Act and accordingly prayed the Commission to investigate the matter by the Director General (DG) and direct the Opposite Party to stop imposing such arbitrary, unreasonable and unfair conditions in its regular dealings.

3. After careful perusal of the information and relevant materials available on record and hearing the Informant, the Commission observed that the relevant product associated in the matter seems to be the „provision of vehicle loan“ which is a distinct product in the category of loan products offered by banks and other financing companies. The end use, characteristics, price and consumer preference of vehicle loan is distinct and distinguishable from other loan products available in the market. Thus, *‘the market for vehicle loan’* appears to be the relevant product market in this case.

4. Even though, the Informant is the President of a Kolkata based non-profit voluntary organization working for the cause of consumers in Kolkata and has made Jeevan Deep



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Branch, Kolkata of SBI a proforma party to the case, his allegations pertain to the alleged unfair conditions in car loan documents of SBI in general, which are applicable for the car loan borrowers throughout the country. As per the definition of the relevant geographic market, as given under Section 2(s) of the Act, it comprises the area in which the conditions of competition for supply of goods or provision of services or demand of goods or services are distinctly homogenous and can be distinguished from the conditions prevailing in the neighbouring areas. As nothing has been discernible from the fact of the case to reflect heterogeneity in the conditions of competition with respect to the market for vehicle loan, it is to be assumed that the conditions of competition for supply of the relevant product are homogenous throughout India. Hence, „the whole of India“ may be considered as the relevant geographic market for the purpose of present case.

5. Accordingly, “the *market for vehicle loans in India*” is considered as the relevant market in this case.
6. The Informant submitted that since SBI is the largest commercial bank in the country in terms of its volume of profits, size of assets, volume of deposits, number of branches and number employees; it is in a dominant position in the relevant market. In this regard, it is observed that vehicle loan market in India is largely competitive with the presence of many big players from public sector banks, private sector banks and foreign banks besides, non-banking finance companies and co-operative banks. A few among them are HDFC Bank, ICICI Bank, State Bank of India, Bajaj Auto Finance Limited (BAFL), Citibank, Bank of Baroda, Punjab National Bank, Kotak Mahindra Prime Limited (KMPL), Sundaram Auto Finance, etc. Though SBI appears to be one of the leading players in vehicle loan segment because of its long repayment option and extensive network of branches, it cannot be considered as a dominant enterprise in the relevant market on the basis of its volume of profits, assets, deposits, etc., which are accrued to it from all sources of its business operations. The Informant has not provided any specific information relating to the business operation of SBI in vehicle loan segment. In a highly



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- competitive vehicle loan market, the presence of many large players itself indicates existence of enough competitive constraints to the Opposite Party so as to exercise its dominance.
7. Since, *prima facie*, SBI does not appear to be in a dominant position in the relevant market the question of abuse of dominant position by it does not arise.
  8. Based on the above analysis, the Commission is of the considered opinion that no, *prima facie*, case is made out against SBI under the provisions of Section 4 of the Act and the information is ordered to be closed forthwith in terms of the provisions contained in Section 26(2) of the Act.
  9. The Secretary is directed to inform the parties accordingly.

Sd/-  
**(Ashok Chawla)**  
**Chairperson**

Sd/-  
**(Geeta Gouri)**  
**Member**

Sd/-  
**(Anurag Goel)**  
**Member**

Sd/-  
**(S. L. Bunker)**  
**Member**

New Delhi  
Date: 02/04/2014