COMPETITION COMMISSION OF INDIA

Case No. 33 of 2024

In Re:

Shri Umar Javeed — **Informant No. 1**
F 12/3, Second Floor,
Malviya Nagar, New Delhi-110017

Shri Aaqib Javeed — **Informant No. 2**
F 12/3, Second Floor,
Malviya Nagar, New Delhi-110017

And

Jammu and Kashmir Bank — **Opposite Party**
(Through its MD/Directors/CEO)
M A Road, Srinagar,
Jammu &Kashmir- 190001.

CORAM

Ms. Ravneet Kaur
Chairperson

Mr. Anil Agrawal
Member

Mr. Deepak Anurag
Member

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

1. The present Information has been filed by Shri Umar Javeed (**'Informant No.1'**) and Shri Aaqib Javeed (**'Informant No.2'**) (collectively referred hereinafter as **'Informants'**) under Section 19(1)(a) of the Competition Act, 2002 (**'Act'**) alleging contravention of the provisions of Sections 3 and 4 of the Act, by the Jammu and Kashmir Bank (**'OP'**).

2. As per the Information, Informants are consumers of one of the services of OP which is a scheduled commercial bank incorporated in 1938. OP is a leading bank in the Union Territory of Jammu & Kashmir (**'UT of J&K'**) and caters to banking

requirements of various customer segments including business enterprises, employees of government, semi-government and autonomous bodies, farmers, artisans, public sector organisations and corporate clients. OP also offers a wide range of products, including home loan, personal loan, education loan, agriculture loan, trade credit, locker facility *etc.*

3. The Informants have stated that OP is an overwhelmingly dominant player in the UT of J&K and has entered into various anti-competitive memorandum of understandings (**'MoUs'**)/agreements with several entities which violates Section 3 and Section 4 of the Act. Some of the agreements mentioned by the Informants and restrictions imposed therein, are listed below:

i. Agreements with (a) Government of J&K, (b) University of Jammu, (c) University of Kashmir and (d) J&K Police constraining employees working in these institutions to have a bank account in OP to receive salary, which restricts their freedom of choice and results into reduced competition in the market.

ii. Agreements with dealers of car/two-wheelers such as (a) Royal Enfield, (b) Piaggio Vehicles Private Limited, (c) Maruti Suzuki, (d) Tata Motors designating OP as their preferred financier, constraining the consumer to obtain a loan exclusively from OP.

iii. Agreement with Hindustan Petroleum Company Limited (**'HPCL'**), limiting competition in the Point of Sale (**'PoS'**) business and constraining consumers to use OP's services for availing LPG subsidies provided by the Government.

4. Apart from the above-mentioned agreements, OP is alleged to have entered into anti-competitive MoUs/agreements with various other bodies such as Delhi Public School- Srinagar, Sher-e-Kashmir University of Agricultural Sciences and Technology, Jammu Municipal Corporation, Sher-e-Kashmir Institute of Medical Sciences, Life Insurance Corporation of India, PNB MetLife India Insurance, Bajaj Alliance Life Insurance and Jammu Kashmir Power Development Department.

5. As per the Information, in October 2022, the Informants approached a Royal Enfield dealer at Khanabal Batengoo, Anantnag, Jammu and Kashmir, to purchase a Classic 350CC Chrome Red motorcycle on loan. The Informants requested the dealer to

provide information on available interest rates in the market. The dealer stated that loan options were available exclusively through J&K Bank. As no other options were provided, the Informants were compelled to purchase the motorcycle on loan from OP's bank. The Informants have provided the sale certificate of the purchase and have stated that the same demonstrates OP's anti-competitive tie-up with Royal Enfield since 2022.

6. The Informants stated that OP being a dominant player in the UT of J&K, particularly in Kashmir province, imposes unfair conditions on its customers by tying its services. For instance, for availing a locker facility, OP requires a consumer to purchase fixed deposit of Rs 15,000/- for a period of ten years apart from the payment of annual rent. However, as per the Reserve Bank of India (**'RBI'**) guidelines, a bank may obtain Fixed Deposit which would cover 3 years rent and the charges for breaking open the locker in case of an eventuality. This tie-in arrangement is stated to force consumers to purchase fixed deposits even if they only want to avail the locker facility, which helps OP increase its fixed deposits as well as locker-using customers, further cementing its dominance in the Kashmir region.

7. It is alleged that the above-mentioned anti-competitive practices have helped OP to increase its network of consumers and impeded the competitive ability of other banks, leading to reinforcement of its dominant position in the UT of J&K.

8. The Informants stated that the relevant product market in the present matter is '*Retail Banking Services*' and the relevant geographic market is the UT of J&K, with a focus on the Kashmir region. It has been stated that OP is dominant in the relevant market of '*Retail banking services in the UT of J&K particularly in Kashmir province*'.

9. As per the Information, OP, on its own website, states that it is a dominant player by holding 61.60% and 54.92% market share of banking business in UT of J&K and UT of Ladakh as on June 30, 2023, respectively. It has been stated that, as per the website of RBI, there are 24 public and private banks operating in the UT of J&K, with a combined network of 4,543 branches, ATMs and offices, of which, 2,266 belong to OP bank, demonstrating its significant dominance in the region.

10. Based on the above averments, the Informants has prayed to the Commission:

    i. to inquire into the anti-competitive practices of OP which violates the provisions of Sections 3 and 4 of the Act;
    ii. to direct OP to discontinue above-mentioned MoUs/agreements which violate the provisions of Sections 3 and 4 of the Act;
    iii. to impose an appropriate penalty on OP and/or concerned persons/entities in accordance with the provisions of the Act; and
    iv. to impose any other penalty/ relief as the Commission deems fit in light of the facts and circumstances of the case.

11. The Commission considered the matter in its ordinary meeting held on 19.02.2025 and decided to pass an appropriate order in due course.

12. The Commission has examined the information and material available on record. The primary grievance of the Informants appears to be against the agreements/MoUs between OP and various entities/institutions in the UT of J&K for providing banking services to their employees/customers. As alleged, due to these agreements/MoUs, employees are constrained to avail the services of OP only. For instance, the Informants have stated that OP has agreements with Government of J&K, Universities located in the UT of J&K, various dealers/manufacturers of car/two-wheeler companies for financing of vehicle and one oil marketing company *i.e.*, HPCL *etc.*

13. The Informants have highlighted that OP has entered into agreements with various two-wheelers and four-wheelers companies (Royal Enfield, Piaggio Vehicles Pvt. Ltd., Maruti Suzuki and Tata Motors) where customers are forced to obtain loan from OP only.

14. The Informants also stated that OP being a dominant player in the UT of J&K, imposes unfair conditions on its customers by tying its fixed deposit alongwith locker facility.

15. Though the Informants have alleged violation of Sections 3 and 4 of the Act, going by the contents and intent of the information, allegations appear to be revolving around Section 3 of the Act which deals with prohibition of anti-competitive agreements.

16. At the outset, the Commission notes that institutions ordinarily enter into agreements with Bank of their choice for availing/providing banking facility/services to/for their employees. Such kind of arrangements are usually decided mutually by both the parties on agreeable terms and conditions. Further, from the perusal of MoU dated 12.09.2018 entered between OP and Government of J&K, it appears that the primary purpose of the same was to confer preferential treatment to the entities/permanent employees of Government of J&K in terms of offering customized, hassle free and personalized banking services. It appears that there is no prohibition for any entity and the banking institution from approaching each other for such kind of arrangements/services. Such kind of issues usually do not fall under the perimeter of competition law as they do not disclose any concern warranting intervention under the provisions of the Act.

17. It may also be noted that entering into MoUs/agreements by banks is a common feature in the ordinary course of business. The partnership between banks and entities helps such entities to meet their banking needs, without any hurdle. Also, such agreements entered into by entities, requiring their employees and customers to avail services from their preferred bank, may help in achieving uniformity and prevent the hassle in trying to keep track of the different sources from which the employees/consumers avail banking services. Therefore, the MoUs and agreements entered into between the OP and two-wheeler/four-wheeler dealers/manufacturers for facilitating their customers loan facility for purchasing these products cannot be considered as anti-competitive, *ipso facto*, and are not likely to cause an appreciable adverse effect on competition, as mandated under Section 3 of the Act.

18. Regarding the allegation of tie-in arrangement which is enforced by OP while providing locker facility in terms that a customer is required to purchase a fixed deposit of Rs.15,000/- for a period of ten years apart from payment of annual rent,

the Commission notes that no agreement indicating such tie-in arrangement has been provided by the Informants. However, as per the 'Standard Operating Procedure' available on the website of OP, having a fixed deposit as alleged by the Informants do not appear to be a mandatory requirement. Therefore, allegation of tie-in arrangement with regard to locker facility appears to be misplaced. Further, even otherwise, deficiency in services or non-adherence of prescribed norms for banking operation cannot be given colour of competition concern.

19. Based on the facts of the case, allegations made therein and analysis carried out *supra,* no *prima facie* case is made out against the OP for violation of Sections 3 and 4 of the Act. Accordingly, the Information is ordered to be closed forthwith in terms of the provisions of Section 26(2) of the Act.

20. The Secretary is directed to communicate to the Informants, accordingly.

Sd/-
(Ravneet Kaur)
Chairperson

Sd/-
(Anil Agrawal)
Member

Sd/-
(Deepak Anurag)
Member

New Delhi
Date: 30.04.2025