Repeated extensions or continuation of an existing arrangement, when undertaken to maintain continuity of essential banking operations and without evidence of exclusive dealing, refusal to deal, concerted practice, or appreciable adverse effect on competition, do not establish a violation of Section 3(4)(b) or Section 3(4)(d) of the Competition Act, 2002

The **Competition Commission of India (CCI)** in the case of **Natural Support Consultancy Services Pvt Ltd vs NABARD [Case No. 26 of 2025] dated April 20, 2026**, has held that where Rural Cooperative Banks already operate on a proprietary Core Banking Solution (CBS) platform, a procuring authority may restrict an Request for Proposal (RFP) for migration/upgradation and maintenance of that platform to authorised partners/system integrators of the Original Equipment Manufacturer (OEM), if such restriction is justified by compatibility, data security, software integrity, and continuity of essential banking operations; such a condition is not, by itself, unfair, discriminatory, exclusionary, or abusive under Section 4 of the Competition Act, 2002.

The Court held that repeated extensions or continuation of an existing arrangement, when undertaken to maintain continuity of essential banking operations and without evidence of bias, exclusive dealing, refusal to deal, agreement, concerted practice, or appreciable adverse effect on competition, do not establish a violation of Section 3(4)(b) or Section 3(4)(d) of the Act.

In the absence of material showing that NABARD imposed restrictive conditions with the intention of favouring Infosys or excluding competitors in a manner amounting to abuse of dominance, and in the absence of evidence of collusion between NABARD and Infosys, no prima facie case of contravention of Sections 3 and 4 was made out, warranting closure of the matter under Section 26(2) of the Act, added the Court.

The Commission first examined the relevant market and held that CBS services for Rural Cooperative Banks have distinct functional characteristics, regulatory compliance requirements, pricing structures, and implementation features, making them non-substitutable with generic IT software, manual banking systems, or CBS designed exclusively for commercial banks. It therefore delineated the relevant market as the "Market for procurement of CBS services for Rural Co-operative Banks in India."

On dominance, the Commission observed that NABARD is a body corporate established under the NABARD Act, 1981, has exclusive legal authority under that statute, and no other public or private entity is similarly established to undertake development of Rural Cooperative Banks and rural development functions. Since NABARD regulates Rural Cooperative Banks and acts as a facilitator for implementation of CBS in that segment, the Commission held that NABARD holds a dominant position in the delineated relevant market.

On abuse of dominance, the Commission observed that the 2023 RFP was confined to authorised partners/system integrators of Infosys because the concerned cooperative banks were already operating on the Finacle CBS platform and the RFP was for upgradation from Finacle 7.x to Finacle 10.2.25, not for adoption of a new CBS platform. The Commission accepted NABARD's explanation that such restriction was connected with compatibility, data security, software integrity, and access to proprietary tools and support, and held that engagement of unauthorised vendors could risk data corruption, system failure, security breaches, and financial burden.

Accordingly, the Commission found that the condition limiting participation to authorised partners/SIs of the Finacle OEM was not unfair, discriminatory, or exclusionary, and therefore did not amount to abuse of dominant position under Section 4. The Commission further observed that the extensions and renewals of the Finacle arrangement were undertaken to maintain continuity of essential banking operations, and that NABARD exercised its statutory mandate transparently, reasonably, and in a manner grounded in technical and rural banking realities.

On the Section 3 allegations, the Commission observed that the Informant had not produced evidence of any bias in favour of Infosys, exclusive dealing agreement, refusal to deal, agreement, concerted practice, or collusive conduct between NABARD and Infosys that could establish violation of Section 3(4)(b) or Section 3(4)(d). It also noted that earlier vigilance scrutiny had not found anything in the records or processes to substantiate the allegations against NABARD.