

Introduction

Competition Act 2002 (With Back Ground of MRTP)

MRTTP Act 1969 (Monopolies Restrictive Trade Practices Act)

It is an important piece of economic legislation designed to ensure that operations of economic system do not result in concentration of economic power to the common detriment. The act was promulgated on patterns of Nehruvian-Mahalanobis model for establishing socialistic society. It came into force June 1 1970, and amended in 1974, 1980, 1982, 1984 and 1991.

Objectives of MRTTP

- It's objective is to keep a check on monopolistic trade, unfair trade and restrictive trade practices.
- To safe guard interests of consumer from various malicious trade practices.

Monopolistic trade practices (MPT)

Maintaining the prices of or the charges of the services at unreasonable level by limiting, reducing, or otherwise controlling production or the supply. Unreasonably preventing or lessening competition in the production, supply or distribution of any goods or services.

To maximize the profit firms involve in controlling flow of goods and services and increasing prices. The reasons is monopoly. The dominant produce, raises the prices. In order to bring balanced economic growth, it is necessary to bring such kind of practices in control.

Tests determining trade practice is MTP or not

- Unreasonable prices of goods or services.
- Limiting technical development.
- Preventing competition from market.
- Allowing quality of goods deteriorate.
- Unreasonable increase in selling price of the product.
- Adoption of practices to restrict flow of after sales services in market

Regulations of MPT

- Regulation of production, fixing term of sale.
- Prohibiting action that restricts competition.
- Fixing standards for goods produced.

Restrictive trade practices (RTP)

In order to increase the influence market, traders indulge into trade practices which are restrictive in nature for competitors.

Following are the RTP's which are described by sec. 33 of MRTP act.

- Refusal to deal with person or classes of person.
- Tie in sales or full line force selling.
- Exclusive dealing agreement.
- Collective price fixation

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- Collective price fixation
- Discriminatory dealings
- Re-sale price maintenance.
- Restriction on output.
- Price control.
- Controlling manufacturing process

Similarities in MPT & RTP

- Are deemed to be prejudicial to public interest.
- Both need inquiry by commission.
- Temporary injunction can be issued by the commission.
- Compensation awarded in both the cases to the party suffered.

Unfair trade practices

It refer to any trade practices which lead to exploitation of consumer by trader.

Any trade practice referred under clause 1 of section 5 of MRTP act.

- Misleading advertisements
- Advertisement of bargain price or switch selling
- Offering pseudo gifts
- Offering unsafe or hazardous gifts
- Hoarding or destroying of goods.

Thank You