

Monopolies and Restrictive Trade Practices Act (MRTP Act) 1969

- MRTP Act 1969 came into force from 01st June 1970 and has been amended in 1974,1980,1982,1984, and 1991.
- It extends to the whole of India except the State of Jammu and Kashmir.

Objectives

- Initially there were 3 objectives :
- To control monopolies and monopolistic trade practices
- Prevention of concentration of economic power in the few hands only
- To regulate trade practices
- After the *amendment of the act in 1984 a 4th objective was introduced :Regulation of Unfair Trade Practices*

- MRTP Act can be divided into 2 major parts
- 1. Monopolies V/s Concentration of economic power :
- a) the expansion, establishment of new undertakings, diversifications , Mergers and Amalgamations, of such units are subject to approval by Central Govt
- b) In exceptional cases the govt can force an Industrial Undertaking to divide into number of smaller divisions

Restrictive Trade Practices Act

- The term Restrictive Trade Practice is used for any strategy used by the producers to restrict competition within a given market
- a) The Setting of minimum prices
- b) The refusal to supply retailers that stock the products of other competitors;
- c) Setting different prices for different buyers (discriminatory pricing)

Unfair Trade Practices

- Any trade practice which adopts one or more of the following practices :
- Making misleading advertisements
- Selling hazardous products
- Hoarding in order to push up the price level
- False representations

- The industrial policy statement of 1991 bring drastic changes in the MRTP Act. These provisions were criticized very much because of their negative impact on growth and competition .. So the following is an important point regarding the new policy:
- *Prior approval of Central Government for establishment of new Undertakings , expansion of existing new undertakings, mergers, amalgamation, take over, and appointment of new Directors will no longer be required*

Relief Available

- This practice should not be repeated
- The agreement relating thereto shall be void
- Any information relating to such unfair trade practice shall be disclosed

This Act is not applicable to :

- i) Any undertaking owned or controlled by Central or State Government
- ii) Any undertaking the management of which has been taken over by the government
- iii) Any undertaking owned by the co-operative society
- iv) Any financial institution

MRTTP Commission

- The powers of the commission include the powers vested in the civil court and include further powers :
- To direct an undertaking to discontinue a trade practice and not to repeat the same
- To grant temporary injunction restraining an undertaking from discontinuing an alleged trade practice

- To award compensation for loss suffered or injury sustained on account of RTP, UTP, or MTP
- To direct the parties to issue corrective advertisements
- To recommend Central Government, division, Undertakings if their working is pre-judicial to public interest .

Investigation & Enquiries

- The MRTP Commission can be approached with a complaint/ reference on Restrictive or Monopolistic or Unfair Trade Practices by :
- An individual consumer;
- A registered association of consumers;
- A trade association

Remedies Under the Act

- Temporary Injunction
- Compensation

Case Studies

1. Colgate Palmolive V/s MRTP Commission