

Unfair trade practices

[Economics](#), [Trade](#)



Unfair Trade Practices – Hoarding, destruction or refusal to sell. The Unfair Trade practices include cases of hoarding, destruction of or refusal to sell, goods or services. Clause (5) says that a practice will be unfair if it permits the hoarding or destruction of goods, or refusal to sell the goods or to provide any services if such conduct is intended to raise or has the effect of raising the cost of those or other similar goods or services. Loss or damage: It is not necessary for restraining an unfair trade practices that the complainant should have suffered some loss, damage or prejudice.

Such consequences can be compensated in addition to the cease and desist order. 1> Hoarding: Hoarding is a moral term meaning taking more than one's fair share of goods. Hoarding of goods with an intention to raise cost is considered as unfair trade practice as the consumer has to pay extra to buy the goods or services. Hoarding was a prevalent practice where traders and middlemen used to hoard essential goods and wait for their prices to peak. Once that is done they used to make huge profits by selling it at high prices.

As soon as the traders get a heads up that the production of a particular good has been short they used to hoard it. Recently when there was a shortage of Sugar and Onion production a lot of traders hoarded the goods and made things worse for the common man by further increasing the prices. Other examples of Hoarding are seen in speculative buying of property and goods. This tends to drive up the price of property and goods costing the public more money for the basic necessities of life and lowering slightly the quality of their lives by denying them the satisfaction of finding affordable deals they can buy.

Hoarding is also prevalent in the IT industry, for e. g. The Internet Corporation for Assigned Names and Numbers (ICANN) created the Internet domain name system. So domain names were once freely available to buy on the internet from domain name registrars. But savvy business investors saw this opportunity to buy these inexpensive domain names in bulk. So, it is not uncommon to find investors holding ten thousand domain names. More commonly people own a hundred to five hundred names. Because of this the cost of domain names has increased. ; Destruction of goods and services. Destroy or cause destruction of goods in order to reduce supply to be less than demand is also an unfair trade practice according to the MRTP Act 1969. Business operators are also prohibited from performing any unfair act which results in " the destruction, damage, obstruction, hindrance or restriction of the operation of other business operator in order to prevent other business operator from operating business or to cause him to dissolve his business".

For e. g. there was a case where one famous soft drink manufacturer used to indulge in collecting its competitor's empty bottle from shops and retail stores and destroy them in order to cause loss and disruption in the supply of the competitor's product to the consumers. 3; Refusal to sell goods and services. Refusal to supply goods to a genuine customer with the right consideration with an intention to raise cost also falls under the MRTP Act.

It is well-known that many of the traders having advance information, or on speculation regarding the rise in the price of different goods, in order to avail the increase in the price, withhold the supply of different goods or articles to the consumers. In this process they cause loss or damage to consumers by

making them to pay the excess price which they would not have been compelled to pay, if the goods or articles had been supplied in time. General Case studies on Unfair Trade Practices Case 1: Misleading Advertisements M/s. Cox & Kings (I) Pvt. Ltd. v. Joseph A.

Fernandes, I (2006) CPJ 129 (NC), (RP No. 366/2005, decided on 20-12-2005). In a case where Mr. and Mrs. Fernandes had booked a tour from Bangalore to Singapore-Malaysia and back with the Company, Cox & Kings. Tour from Singapore to Malaysia and back by cruise handled by Star Cruise Services for which the couple had been charged as “ For Two nights/three days cruise”. The Star cruises confirmation voucher given to the couple, however, mentioned the embarkation and disembarkation timings as “ Leave Singapore at 23. 59 hours on 17. 04. 2002 and arrive at Singapore on 19. 4. 2002. ” The complainants submitted that according to the timings given by Cox & Kings, the cruise was only for two nights and one and a half days whereas it was advertised as 2 nights/3 days cruise. Cox & Kings knew very well that the cruise actually lasts only for one and a half days but they had falsely advertised that it was for 3 days. Cox and Kings Pvt. Ltd. deliberately timed the departure of the cruise at 11. 59 pm i. e. one minute short of midnight and counted that one minute as one full day. This was nothing short of outright cheating by the Company.

The claim of the Cox & Kings that issuance of such advertisement is a universal practice compelled the Commission to condemn the practice even in stronger terms. It was held that, this practice by them was not only a case of misrepresentation through misleading advertisement but also an unfair trade practice in the eyes of Consumer Protection Act and the Commission

directed Cox & Kings to pay Rs. 25, 000/- as compensation and ordered not to publish such misleading advertisement. Observations: This is a case of misrepresentation through misleading advertisement.

The company advertised that it was a 3 days and 2 nights tour but it turned out to be a 2 nights and 1 and half day tour. The company had to pay compensation as it had given wrong information to its customers. Case 2: Delay in delivering the product. Tata Engineering Locomotive Co. Ltd. v. John Jacob, II (2006) CPJ 105 (NC), (RP No. 1079 of 1998, decided on 4-4-2006). The Complainant booked a TATA Sumo by paying an advance and paid the entire consideration after being informed that the vehicle was ready for delivery within a particular time. The delivery of the vehicle was delayed for another three months and the company collected Rs. 8, 344/- on the ground that there was hike in the excise duty. The Complainant Jacob collected the vehicle under protest and gave a notice to the Company which was not replied to. It was seen that without any justifiable reason the Company had recovered excise duty and litigated for years together regarding the same. The Company could not disclose when the vehicle was released from the factory. TELCO could not bring in the evidence as to whether they actually paid Rs. 38, 344/- on this vehicle or whether it was really released from the factory before Tariff Amendment Act came into force.

National Commission issued a direction to TELCO to discontinue such unfair trade practice and not repeat the same in future and directed the dealer also to be warned of the same. The amount was refunded with 12% rate of interest from 30. 09. 1996 till the date of payment and also an amount of Rs. 25, 000/- was awarded as costs. Observations: Telco not only delivered the

product 3 months after the promised date they also increased the price of the product on the grounds of hike in the exercise duty. The customer had to pay extra for no fault of his. This would also come under unfair trade practices.