

Mrtp act 1969 – summary



THE MRTP ACT 1969

The Competition Act 2002 considers the modern issues of globalization and WTO besides the shortcomings of the now repealed MRTP Act 1969. But the success of the Competition Act 2002 depends on the identification and determination of anti-competitive agreement. The MRTP Act, 1969 The MRTP Act, 1969, aims at preventing the concentration of economic power in order to avoid damage. The act allows for the prohibition of monopolistic, unfair and restrictive trade practices. This results in the control of monopolies and the consumer interest is thus protected. Monopolistic Trade Practice

Practices such as monopolistic trade reflects misuse of one's power to abuse the terms of production and sales of goods and services in the market.

Eliminating competition from the market is the main objective of firms involved in monopolistic trade practice. They take advantage of their monopoly and charge unreasonably high prices. They also deteriorate the product quality, limit technical development, prevent competition and adopt unfair trade practices. Unfair Trade Practice Unfair trade practices are caused due to:

- False representation and misleading advertisement of goods and services. Falsely representing second-hand goods as new.
- Unreliable representation regarding usefulness, need, quality, standard, style etc of goods and services.
- False claims or representation regarding price of goods and services.
- Giving false facts regarding sponsorship, affiliation etc. of goods and services.

- Giving false guarantee or warranty on goods and services without adequate tests.

Restrictive Trade Practice In order to maximize profits and to gain power in the market, traders often indulge in activities that have a tendency to block the flow of capital into production.

These traders manipulate the conditions of delivery to affect the flow of supplies leading to unfair costs. About the MRTP Act, 1969 Except the state of Jammu and Kashmir, the MRTP Act extends to the whole of India. This law was introduced:

- To make sure that the operations of the economic system does not result in the concentration of economic power in hands of few,
- To provide for the control of monopolies, and
- To curb monopolistic and restrictive trade practices.

This act will not apply to the following unless the Central Government permits:

1. Any undertaking owned or controlled by the Government Company,
2. Any undertaking owned or controlled by the Government,
3. Any undertaking owned or controlled by a corporation (not being a company) established by or under any Central, Provincial or State Act,
4. Any trade union or other association of workmen or employees formed for their own reasonable protection as such workmen or employees,

5. Any undertaking engaged in an industry, the management of which has been taken over by any person or body of persons under powers by the Central Government,

6. Any undertaking owned by a co-operative society formed and registered under any Central, Provincial or state Act,

7. Any financial institution.

MRTP Commission and Filing of Complaint The Central Government has established a commission called Monopolies and Restrictive Trade Practices Commission. This commission consists of a Chairman and minimum 2 and maximum 8 other members, all are to be appointed by the Central Government. Every member holds the office for a period specified by the Central Government. This period does not exceed 5 years. However, members are eligible for re-appointment. Complaints can be filed against any unfair trade practice, monopolistic trade practice and/or restrictive trade practice, to the MRTP commission.

The procedure for filing such complaint is as follows:

- Either an individual consumer or a registered consumer organization can file a complaint.
- Investigation for finding facts of the case is carried out by the Director General of the MRTP commission.
- If the prima facie case is not made, the complaint is dismissed. If the complaint is true, an order is passed to its effect.

- The commission restricts and restrains the concerned party from carrying on such practices by granting temporary injunction.
- Thereafter, the final order is passed. The complainant may be compensated for his loss.