

M RTP Act

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Introduction

The MRTP Act, 1969

The Monopolistic and Restrictive Trade Practices Act, 1969,
was enacted

- To ensure that the operation 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 prohibit monopolistic and restrictive trade practices.

The MRTP Act extends to the whole of India except Jammu and Kashmir. Unless the Central Government otherwise directs, this act shall not apply to:

- Any undertaking owned or controlled by the Government,
- Any undertaking owned or controlled by a corporation (not being a company established by or under any Central, Provincial or State Act,
- Any trade union or other association of workmen or employees formed for their own reasonable protection as such workmen or employees,
- 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,
- Any undertaking owned by a co-operative society formed and registered under any Central, Provincial or state Act,
- Any financial institution.

Monopolistic trade practice

Section 2 (i) of the Act defines MTP while section 31 provides for investigation into such practices by MRTP commission

- Monopolistic trade practice is that which represents abuse of market power in the production and marketing of goods and services by eliminating potential competitors from market
- and taking advantage of the control over the market by charging unreasonably high prices,
- preventing or reducing competition,
- limiting technical development,
- deteriorating product quality
- or by adopting unfair or deceptive trade practices.

Unfair Trade Practice:

- Misleading advertisement and False Representation
- Falsely representing that goods and services are of a particular standard, quality, grade, composition or style.
- Falsely representing any second hand renovated or old goods as new.
- Representing that goods or services, seller or supplier have a sponsorship, approval or affiliation which they do not have.

- Making a false or misleading representation concerning need for, or usefulness of goods or services.
- Giving to public any warranty, guarantee of performance that is not based on an adequate test or making to public a representation which purports to be such a guarantee or warranty.
- False and misleading claims with respect to the price of goods or services.

Restrictive Trade Practice:

Section 2(o) defines restrictive trade practices

- To maximise profits and market power, traders often attempt to indulge in certain trade practices which tend to obstruct the flow of capital into the stream of production.
- It may also bring manipulation of prices or conditions of delivery or affect the flow of supplies in the market so as to impose unjustified costs.

MRTTP and the New Industrial Policy

- MRTTP Act became effective in June 1970
- Emphasis was placed on increasing productivity
- Major amendments to the Act were carried on in 1982 and 1984 .
- MRTTPC was set up

MONOPOLIES AND RESTRICTIVE TRADE PRACTICE COMMISSION

- Complaints regarding monopolistic trade practice, unfair trade practice and restrictive trade practice can be made to the MRTP commission at the following address:

Director General (Investigation & Registration)

MRTPC

Bikaner House Baracks

Shahjahan Road

New Delhi 110011

Procedure of action on complaint:

- Inquiry may be initiated through a complaint by an individual or registered consumer organisation.
- Fact finding investigation is carried on by the Director General.
- If no prima facie case is made, the complaint is dismissed, else an order is passed to that effect.
- The commission may restrain the party concerned from carrying on the trade practices by granting temporary injunction.
- Final order is passed. Compensation may be granted to the complainant.

Box 18.1 An Overview of the MRTP Act

Section	Provision		
2(0)	Defines an RTP	27(2)	Relates to power of Central government for division of undertaking
2(g)	Defines interconnect undertakings		
3	Provides exemptions from MRTP provision	31(2)	Specifies power of Central government in respect of MRTPs
5	Relates to formation of MRTPs by Central government	33(1)	Gives "deemed" RTPs
10(a) & (k), 10(b), 36B	Relates to power of MRTP Commission to enquire RTP, MTP, and UTP	33(1)(f) 33(1)(j)	Defines resale price maintenance Defines price control arrangement
11	Relates to power of the DGIR regarding preliminary investigation	35(h)	Provides for registration requirement of RTPs
12(2)	Confers power of civil court to MRTP Commission	36(a) 38	Defines Unfair Trade Practices (UTPs) Provides "gateways" to RTPs

Thank You