



FACULTY OF JURIDICAL SCIENCES

COURSE: B.B.A.LL.B. IX th

Semester

SUBJECT: COMPETITION LAW

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LECTURE 3

TOPIC: MONOPOLISTIC TRADE PRACTICES

Monopolistic and Restrictive Trade Practice (Monopolies Restrictive Trade Practices) Act, 1969. It would be interesting to find the pages of history and see how the ancient law, which is still in force, was enforced. In 1964, when the Indian polity was in its initial stage hardly 20 years old the Central Government made the Monopolies Inquiry Commission to inquire into the applicability and effect of accumulation of business power in few hands and the presence of monopolistic and restrictive trade practices in important sectors of business activity other than agriculture. The Commission presented its finding along with The Monopolies and Restrictive Trade Practices Bill, 1965, which was later on passed by both the Houses of Parliament and received the consent of the President on December 27, 1969. It came into effect on June 1, 1970 as the Monopolies and Restrictive Trade Practices Act, 1969. The Statement of Objects mentioned that the Act was “to provide that the concern of the economic system did not result in the accumulation of economic power to the common disadvantage for the control of monopolies, for the prohibition of monopolistic and restrictive trade practices and for matters connected therewith and directly or indirectly”.

The Monopolies and Restrictive Practices Act, 1969 was the pioneer competition law of the country. The Monopolies Restrictive Trade Practices Act represents an era of aggressive government interventionist policy reflected unambiguously in controls, licensing, permits and promotion of public sector. The dawn of liberalization in 1991, following a financial crisis, rendered some laws inconsistent with new economic policies. One of them was Monopolies Restrictive Trade Practices Act. Monopolies Restrictive Trade Practices Act, which came into force on 1 June 1970, was the first substantive legislation aimed at regulating free and unfettered trade. The main objective of enacting the Monopolies Restrictive Trade Practices Act was to ensure that the economic system

does not result in the accumulation of economic power to the common disadvantage for the control of monopolies and for the prohibition of monopolistic and restrictive trade practices. The Monopolies and Restrictive Practices Act regulated three types of trade practices, which hamper competition in India or are prejudicial to public interest, namely

1. Practices of Monopolies trade
2. Practices of Restrictive trade
3. Practices of Unfair trade

Monopolistic Trade Practices (MTPs):

MTP is mentioned under section 2(i) of Monopolies Restrictive Trade Practices Act as a trade practice which are likely to have the various effect of:

Maintaining the prices of goods or services at an unreasonable level by limiting, reducing or controlling the production, supply or distribution of goods or services or in any other manner;

Unreasonably preventing competition in the production, supply or distribution of any goods or in the supply of any services;

Controlling technical development or capital investment to the common disadvantage or allowing the quality of any goods produced, supplied or distributed, or any services rendered to deteriorate Increasing unreasonably:

1. the cost of manufacturing production of any goods
2. charges for the provision, or maintenance of any type of services
3. the prices at which goods are sold or re-sold, or the charges at which the services are availed or provided
4. the profits which are derived by the production, supply or distribution of any goods or in the provision or maintenance of any goods or by the provision of any

services: Lessening competition in the production, supply or distribution of any goods or in the provision or maintenance of any services by the use of unfair methods or unfair or deceptive practices.

Exercise:

1. The Monopolies and Restrictive Trade Practices Bill was introduced in the year
 - a) 1965
 - b) 1967
 - c) 1968
 - d) 1969

2. The Monopolies and Restrictive Trade Practices Act received the assent of the President on
 - a) December 27, 1968
 - b) November 27, 1968
 - c) December 27, 1969
 - d) November 27, 1969

3. The thrust of MRTP Act is directed towards
 - e) Control of monopolies
 - f) Prohibition of monopolistic trade practices
 - g) Prohibition of unfair trade practices
 - h) All of the above

4. The Monopoly Restrictive Trade Practices Act was introduced in
 - a) 1870
 - b) 1911
 - c) 1969
 - d) 1996

5. The market in which producer and consumer have perfect knowledge of the market

- a) Imperfect Competition
- b) Monopoly
- c) Perfect Competition
- d) Oligopoly