



MRTTP ACT 1969 AND COMPETITION ACT 2002



CONTENT

❑ **MRTP Act 1969**

- Objectives of MRTP act 1969
- Monopolistic trade practices
- Unfair trade practices
- Restrictive trade practices

❑ **Competition Act 2002**

- Objectives of competition act 2002
- Main components of competition act
 - I. Anti- competitive agreements
 - II. Regulation of combination
 - III. Abuse of dominant position
 - IV. Competitive advocacy

❑ **Competitive commission of India (CCI)**

- Functions of CCI and its principle

❑ **MRTP vs Competition Act**

❑ **Conclusion**



© Can Stock Photo - csp8908577

INTRODUCTION TO MRTP ACT 1969

- ❑ The MRTP Act extends to the whole of India except the state of Jammu and Kashmir. This law 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 provide for the control of monopolies.**
- ❑ To prohibit monopolistic and restrictive trade practices.**

OBJECTIVES

❑ To control monopolies and monopolistic trade practices.

❑ To Prevent the concentration of economic power in few hands only.

❑ To regulate restrictive trade practice.

After amendment of act in 1984 a 4th objective was introduced.

➤ Regulation of Unfair Trade Practices.

After amendment of act in 1991, the objectives now are:

➤ Regulating unfair trade practice.

➤ Controlling Monopolistic Trade Practices.

MONOPOLISTIC TRADE PRACTICE

Section 2 (l) p 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 unreasonable high prices.**
- Preventing or reducing competition.**
- Limiting technical development.**
- Deteriorating product quality or by adopting unfair or deceptive trade practices.**

UNFAIR TRADE PRACTICES

- 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 as new.**
- Representing that goods or services, seller or supplier have a sponsorship approval or affiliation which they do not have.**
- Giving to public any warranty, guarantee of performance that is not based on an adequate test or making to public a representation which intends to be a guarantee or warranty.**

RESTRICTIVE TRADE PRACTICES

Section 2(o) defines restrictive trade practices as:

- ❑ To maximize 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 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.**

WHAT IS COMPETITION ACT 2002?

The Act prohibits anti-competitive agreements, abuse of dominant position by enterprises and regulates combinations (acquisition, acquiring of control and Merger and acquisition), which causes or likely to cause an appreciable adverse effect on competition within India.

OBJECTIVES

- Establish a Commission to prevent practices having adverse effect on competition.
- Promote and sustain competition in markets.
- Protect the interests of consumers.
- Ensure freedom of trade in the Indian markets
Ambit.
- Regulates anti-competitive agreements.
- Regulates abuse of dominant position.

ANTI-COMPETITIVE AGREEMENTS

No enterprise or association of enterprises or person or association of persons shall enter into any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse effect on competition within India.

REGULATION OF COMBINATION

No person or enterprise shall enter into a combination which causes or is likely to cause an appreciable adverse effect on competition within the relevant market in India and such a combination shall be void.

ABUSE OF DOMINANT POSITION

❑ Abuse is prohibited abuse occurs when an enterprise uses its dominant position in the relevant market in an exclusionary and/or exploitative manner.

❑ **Three Stage process of determining Abuse of dominance:**

- Stage 1 - Determination of Relevant Market
- Stage 2 - Dominance of the enterprise/group in the relevant market is ascertained
- Stage 3 - "Abuse" by the dominant enterprise in the relevant market is determined

COMBINATIONS REGULATIONS

- ❑ **Combining parties exceed the thresholds set in the Act.**
- ❑ **Combination which causes or is likely to cause an appreciable adverse effect on competition is prohibited.**
 - **Horizontal combinations** are between rivals.
 - **Vertical combinations** are between enterprises that are at different stages.
 - **Conglomerate combinations** are between enterprises not in the same line of business

COMPETITION COMMISSION OF INDIA



Competition Commission of India

Competition commission of India is a body of government of India responsible for enforcing the competition act 2002 through India and to prevent activities that have an appreciable adverse effect on competition in India . It was established on 14 oct 2003. it became fully functional in May 2009 , with Dhanendra Kumar as its 1st Chairman.

OBJECTIVES

The Competition Commission of India (CCI) has been entrusted with the following task –

- ❑ To promote and then sustain an enabling competition culture through engagement and enforcement which would inspire businesses to be fair, competitive and innovative.**
- ❑ To enhance the consumer welfare**
- ❑ To support economic growth.**
- ❑ The Competition Commission of India aims to establish a robust competitive environment through proactive engagement with all the stakeholders including the consumers, industry, government as well as international jurisdictions.**

FUNCTIONS OF CCI AND ITS PRINCIPLES

Functions of CCI	Principles of CCI
<ul style="list-style-type: none"><input type="checkbox"/> Prevent adverse effect on competition<input type="checkbox"/> Promote competition<input type="checkbox"/> Protect consumers<input type="checkbox"/> Freedom of trade	<ul style="list-style-type: none"><input type="checkbox"/> Understanding of market forces<input type="checkbox"/> Minimize cost of compliance by enterprise<input type="checkbox"/> Maintain transparency<input type="checkbox"/> Professional body

MRTTP V/S COMPETITION ACT 2002

MRTTP Act 1969	Competition Act 2002
<ul style="list-style-type: none">▪ Competition offences implicit are not defined.	<ul style="list-style-type: none">▪ Competition offences explicit are defined.
<ul style="list-style-type: none">▪ Complex in arrangement and language.	<ul style="list-style-type: none">▪ Simple in arrangement and language and easily comprehensible.
<ul style="list-style-type: none">▪ 14% offences neglecting the principles of natural justice.	<ul style="list-style-type: none">▪ 4% offences and all the rest subjected to rule of reason.
<ul style="list-style-type: none">▪ Frowns upon dominance.	<ul style="list-style-type: none">▪ Frowns upon abuse of dominance.
<ul style="list-style-type: none">▪ No combinations regulation.	<ul style="list-style-type: none">▪ Combinations regulated beyond a high threshold limit.
<ul style="list-style-type: none">▪ No penalties for offences.	<ul style="list-style-type: none">▪ Penalties for offences.
<ul style="list-style-type: none">▪ Reactive and rigid.	<ul style="list-style-type: none">▪ Proactive and flexible.
<ul style="list-style-type: none">▪ Unfair trade practices covered.	<ul style="list-style-type: none">▪ Unfair trade practices omitted (consumer forum will deal with them).
<ul style="list-style-type: none">▪ Does not vest MRTTP Commission to inquire into cartels of foreign origin in a direct manner.	<ul style="list-style-type: none">▪ Competition Law seeks to regulate them.
<ul style="list-style-type: none">▪ Concept of 'Group' Act had wider importance and was unworkable.	<ul style="list-style-type: none">▪ Concept has been simplified.

FEW CASES

Competition Commission of India (CCI) has received a total number of 304 cases up to March 31, 2012 under various sections of the Competition Act. Out of these, 227 cases have been disposed off.

CCI PENALIZES CHEMISTS & DRUGGISTS ASSOCIATION, GOA (CDAG)

Anti-competitive practices followed:

- Supply of medicines to common man not at an affordable rate.
- Controls the supply of drugs in the market through a system of seeking mandatory Product Information Service (PIS) approvals.
- The number of players is limited and controlled by insisting on obtaining its "No Objection Certificate (NOC).

**The Commission imposed a penalty of Rs.2 lakhs on CDAG.
(2008-2010)**

On similar grounds, the Commission also found Chemists and Druggists Association, Baroda (CDAB) and a penalty of 54,000 was imposed. (2006-2009)

MRTPC NOTIFICATION

"While you are welcome to purchase a stove / cooking range and other products, from the range available with us, we would like to make it clear that it is not obligatory for you to purchase the same from us. You are at liberty to buy the stove / cooking range from any source so long as it bears ISI mark or is of an approved quality / make".



Respecting your right to choose

CONCLUSION



- The objective of MRTP act 1969 is promoting fair play & fair deal in market.**
- The competition act 2002, was passed to benefit the consumer, business houses as well as government.**
- The main aim of this act was to encourage healthy and free competition in the market.**
- World is not a free platform for trade and commerce.**

THANK
YOU

