



Study of Key Differences Between MRTP Act and Competition Act

Kislay Chauhan, Assistant Professor(Contract) , Department of Law, CDLU Sirsa

Abstract : Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 was revoked and replaced by Competition Act, 2002. MRTP Act was enacted to deal with monopolistic, restrictive and unfair trade practices, but due to certain limitations, Competition Act was introduced, which changed the focus from curbing monopolies to promoting competition. Both the acts apply to whole India, except the state of Jammu and Kashmir. While the old act belongs to pre-liberalisation period, the new Act, came into force after liberalization. The arrangement and language of the new act are much simpler than the old one.

ISSN 2454-308X



Definition of MRTP Act

MRTP Act or otherwise known as Monopolistic and Restrictive Trade Practices Act, was the first-time ever, competition law in India, that came into force in the year 1970. However, it underwent amendment in different years. It aimed at:

- Controlling and regulating the centralization of economic power.
- Controlling monopolies, restrictive, unfair trade practices.
- Prohibit monopolistic activities
- Further, the act makes a distinction between Monopolistic Trade Practices and Restrictive Trade

Practices, summarized as under:

- Monopolistic Practices: The practices adopted by the undertaking, on account of their dominance, which harm the public interest. It includes:
 - Charging unreasonably high prices.
 - Policy the lessens existing and potential competition.
 - Restricting capital investment and technical development.
- Restrictive Practices: Acts that prevent, distort or restrict competition comes under restrictive practices. These are adopted by a few dominant firm with an agreement to hinder the growth of competition, called as cartelization. It includes:
 - Restricting the sale or purchase of goods to/from specified persons.
 - Tie-in-sale, i.e. forcing the customer to purchase a particular product, so as to purchase another product.
 - Restricting areas of sale.