

Half- year Report (July 2022 – December, 2022)



Competition & Consumer Affairs Authority
Ministry of Industry, Commerce and Employment

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PROGRESS REPORT OF COMPETITION AND CONSUMER AFFAIRS AUTHORITY (CCAA) FOR THE PERIOD JULY, 2022 – DECEMBER, 2022

1. BACKGROUND

Following the enactment of the Civil Service Reform Act, 2022, the erstwhile Office of Consumer Protection will be renamed as the Competition & Consumer Affairs Authority (CCAA). As part of the reform, the CCAA will be placed under the newly constituted Ministry of Industry, Commerce and Employment (MOICE) with simultaneous dissolution of the erstwhile Consumer Board & Competition Council (CBCC) and minor internal reorganization including renaming of the divisions.

This report covers the progress made during the period July, 2022 to December 2022, when it still functioned as the OCP.

2. VISION, MISSION AND OBJECTIVES



Objectives

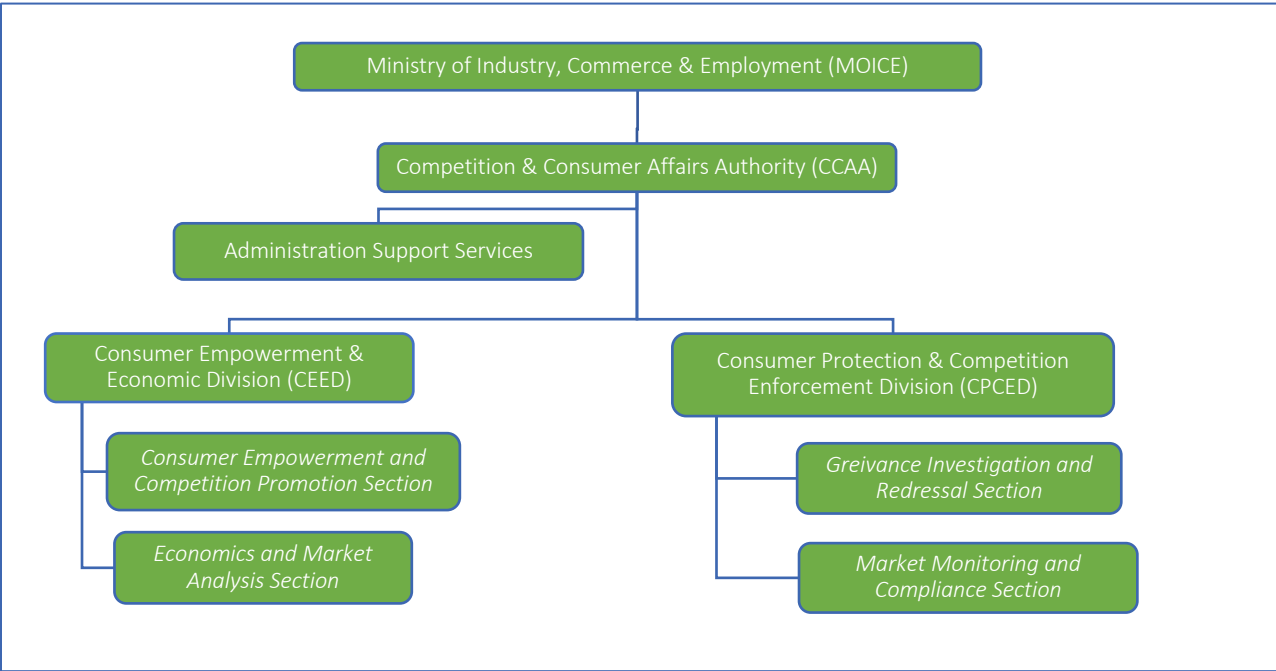
- Enhance a fair, free, safe and competitive market for consumers and business,
- Enhance effectiveness and efficiency in delivery of consumer protection services,
- Enhance institutional capacity,

- Protection of the economic interest of consumers through advocacy, education and awareness, and
- Foster consumer confidence through a consistent, predictable and effective consumer protection framework in consonance with the development imperative of Bhutanese economy.

3. ORGANIZATION STRUCTURE

The OCP had three functional divisions. However, as part of the reform, the two divisions – Consumer Empowerment Division (CED) and Market Analysis Division (MAD) will be merged and renamed as Consumer Empowerment & Economics Division (CEED). The erstwhile Enforcement & Redressal Division (ERD) will be renamed as Consumer Protection and Competition Enforcement Division (CPCED) and take on enforcement of competition policies and laws along with consumer protection laws and policies (Fig. i).

Fig. i: Organization structure of CCAA



Prior to reform, the Consumer Board and Competition Council (CBCC) provided strategic guidance and advice to the OCP on the enforcement of the act, policies and rules and regulation. Administratively, the OCP reported to the Ministry of Economic Affairs (MOEA).

Though, as per the Consumer Protection Act, 2012, four quarterly meetings are held in a year, during this six-months period, because of the on-going reforms, only one CBCC meeting was held.

4. CONSUMER EMPOWERMENT

4.1 Establishment of Dispute Settlement Committee

To strengthen consumer protection services and facilitate settlement of consumer disputes at Dungkha level, four Dispute Settlement Committees (DSC) were established in three Dungkhas (Sakten, Thrimshing & Wamrong) of Trashigang Dzongkhag and one Dungkha (Samdrupcholing) of Samdrup Jongkhar Dzongkhag.

4.2 Training of Gups as Consumer Advocates

As per the Consumer Protection Act, 2012, Gups are ex-officio Consumer Advocate in their Gewog and it is incumbent on the CCAA to train each and every Gup as and when new ones are appointed along with refresher courses on consumer dispute mediation. During this period, a total of 28 gups from Chukha, Dagana, Lhuentse and Monggar Dzongkhags were trained.

4.3 Education program for e-commerce operator

Bhutan like all countries is seeing an increasing number of e-commerce operations in recent years. Currently, there are close to 107 registered e-commerce operators. While the benefits of e-commerce are many, mainly, convenience and lower costs, there are also numerous risks to consumers – including scams, abuse of privacy and supply of inferior or duplicate goods.

With the objective to caution and educate e-commerce operators on their duties and obligations to consumers as per the E-commerce Guideline, National Competition Policy and Consumer Protection Act, a total of 38 e-commerce entities operating from Thimphu attended the program.

4.4 Education and advocacy program

A vast majority of Bhutanese consumers as well as businesses are still not fully aware of their rights and obligations and duties as consumers or as businesses or of the extant laws and policies. Therefore, education and awareness program continue to be an important program of the CCAA.

During this period, the focus Dzongkhags were Tsirang, Dagana and Zhemgang. The following milestones were achieved.

- Educational program on market standardization (in terms of packaging & labelling, weights and measures, price tag and issuance of receipt) for 182 businesses;
- Consumer empowerment program for vulnerable groups – 86 monks under Tsirang Dratshang;
- Educated 70 businesses on the market standardization, competition policy and market competition; and
- Educated 33 manufacturing enterprises on product safety and standards and other regulatory requirements - with the goal to create trusted and reliable Bhutanese products for domestic and export markets;

5. IMPROVING MARKET ENVIRONMENT

5.1 Study on grocery supply chain

Apart from cost of production, selling prices of goods in the final markets are determined by cost of supply. In many supply chains, there are so many intermediaries, with each taking a cut, thereby adding on to the final price. To keep prices reasonable, there is a need to study the efficiency of the many supply chains for grocery in operation in Bhutan, with the objective to provide recommendations on how to improve the efficiency of the supply chain(s).

The research methodology has been finalized and the study is expected to be completed in the latter half of the 2022-23 FY.

5.2 National Competition Bill

As economy grows and diversifies, the need for competition law is of paramount importance, so as to build an environment that promotes level playing field for all businesses – big or small, old or new. Competition promotes innovation, encourages investment, improves market efficiency with resulting benefits for consumers through availability of wider and better-quality goods and services at lower prices.

The CCAA's proposal of formulating a national competition law was endorsed by Lhengye Zhungtshog; following which, a committee to carry out Legislative Impact Assessment (LIA) was established. Simultaneously, the CCAA explored financial and technical support from external

sources, through the Ministry of Foreign Affairs and External Trade (MFAET) and the Ministry of Finance (MOF) for drafting the bill.

5.3 Market Price Information (MPI)

The CCAA has been collecting and disseminating market price of essential commodities (major brands of Rice, Flour, Noodles & Cereals, Dairy & Poultry, Tea, Coffee, Sweeteners & Salt, Edible Oil), ever since the lockdowns (as a result of COVID-19) started. Prices of 30 items are collected from major grocery shops from Thimphu, Mongar, Gelephu, Phuntsholing, Samdrupjongkhar and Trongsa; with the support from the Regional Office of Economic Affairs (ROEA) and broadcast via the CCAA website (www.ocp.gov.bt). The MPI serves as an important tool to keep track of price changes in the market and provide information to consumers for better purchase decisions. During this period, prices for the months of July, September and December, 2022 were published.

5.4 Implementation of Sustainable Consumption and Production (SCP) Project

The office is implementing the project ‘Sustainable Consumption and Production (SCP) Outreach in Asia’ for three years (2021-2024); in collaboration with the Thailand Environment Institute (TEI) supported by Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) Outreach Office based in Thailand. The main objective of the project is to support development and implementation of environmental labels and sustainable consumption and production pattern in particular, Green Public Procurement (GPP) and Eco-labelling.

During this period, the following milestones have been achieved:

- Review of Procurement Rules & Regulations (PRR, 2019) and Standard Bidding Documents in order to support Green Public Procurement;
- 3-days workshop on drafting green criteria for cement and TMT steel rod carried out for key stakeholders - reps from Department of Property & Procurement (DPP), Bhutan Standards Bureau (BSB), Ministry of Works & Human Settlement (MOWHS), National Environment Commission (NEC), Royal University of Bhutan (RUB) and cement and TMT rod manufacturers;
- Formation of Technical Sub-committee for drafting green criteria for cement and TMT steel rod, and
- 2-days Project Mid-Term Review Meeting in Thailand.

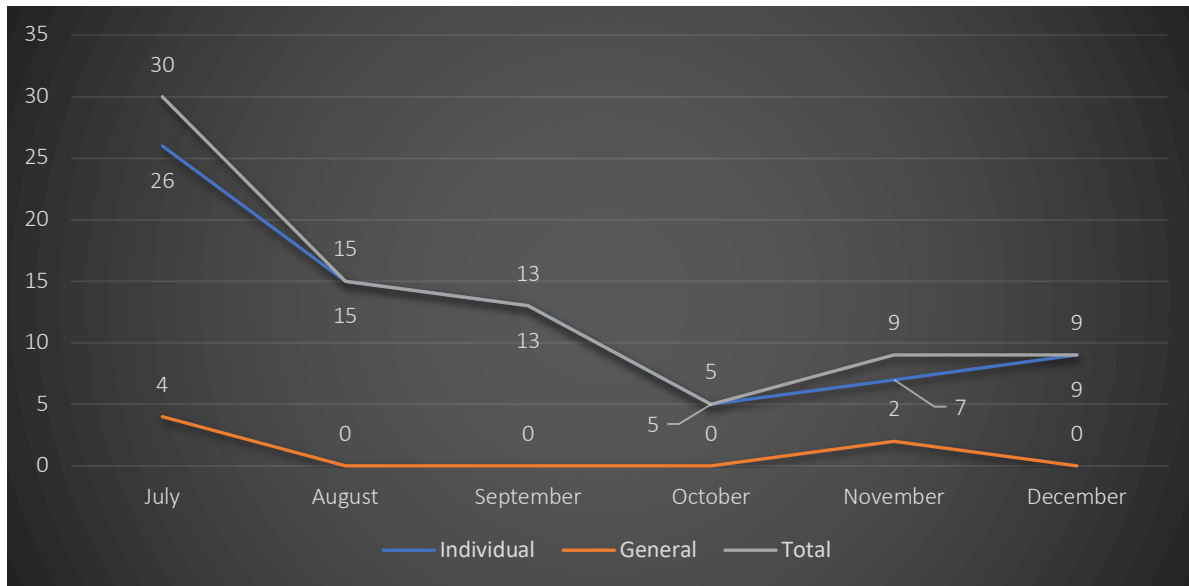
6. CONSUMER COMPLAINTS AND REDRESSAL

Consumer complaints are of two types - general and individual. General complaints are made against those prevailing trade practices which are perceived to be unethical or illegal and CCAA's intervention for rectification or correction is demanded; whereas individual complaints are those wherein a complainant is affected financially due to an unethical trade practice and is seeking compensation and remedy with the support of CCAA.

6.1 Number of complaints by location

During the period, there were a total of 81 consumer complaints (Fig. ii), with the highest being recorded in July and the lowest in October (Fig. ii). A vast majority (93 %) of the complaints were individual complaints.

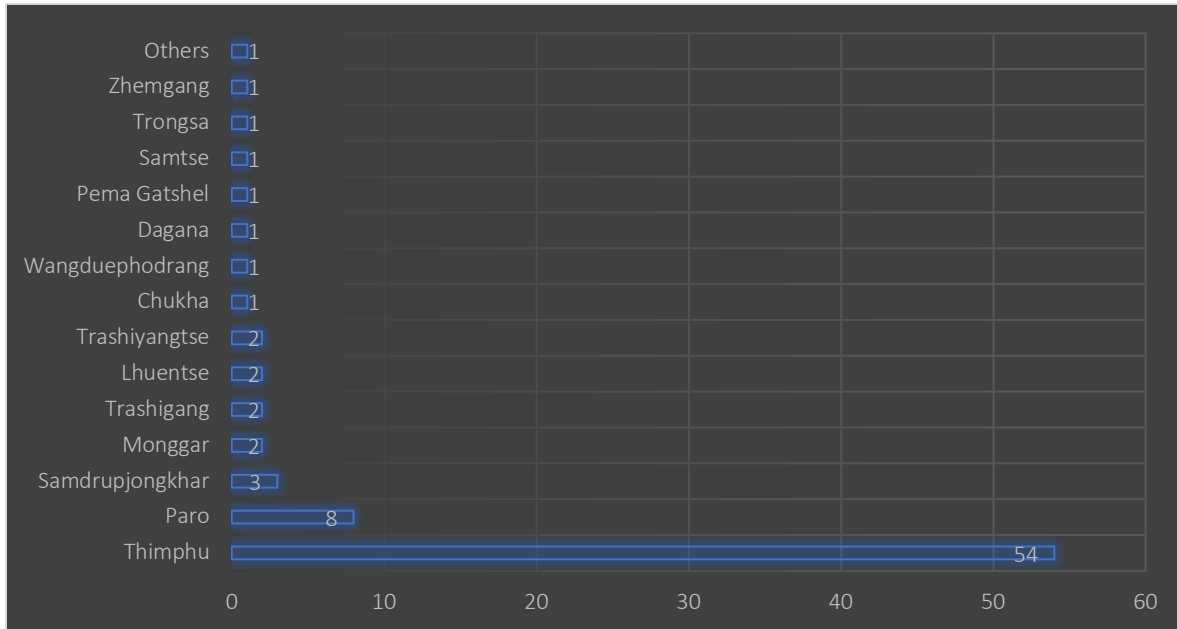
Fig. ii: Number of complaints received by month



Of the 81 complaints, 79 have been successfully resolved or redressed to the consumer's full satisfaction. Likewise, all general complaints pertaining to unfair trade practices were investigated and bad practices rectified.

During the period, the highest number of complaints was from Thimphu, followed by Paro Dzongkhag (Fig. iii). There were no complaints from Tsirang, Haa, Punakha, Bumthang, Gasa and Sarpang Dzongkhags.

Fig. iii: Complaints received by Dzongkhag

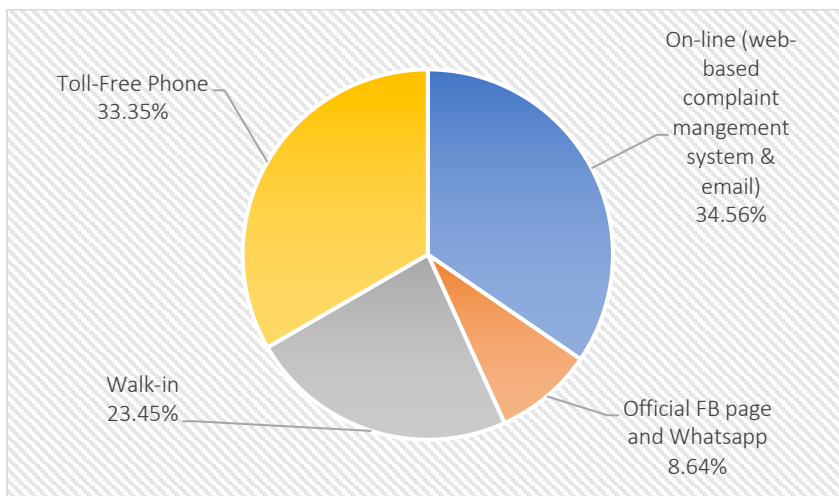


*** Note: 'Others' means complaints from overseas

6.2 Medium of Complaint

There are various channels through which a complaint can be lodged. Use of toll-free phone and online complaint system available on CCAA's website were most frequently used; with 33.35 % using toll-free phone and 34.56 % using on-line system. The official Facebook page was least used medium (Fig. iv), though it is expected to grow over time as the page gets more followers.

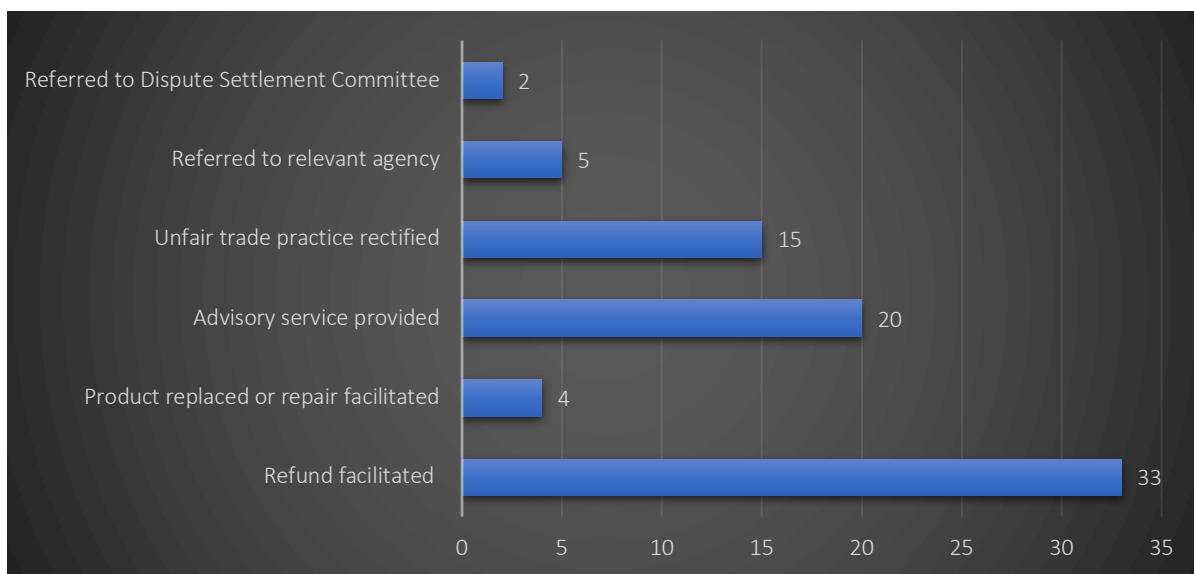
Fig. iv: Medium through which complaint lodged



6.3 Redressal actions by the CCAA

The CCAA facilitated money refund, product replacement or repairs in 37 cases (Fig. v), including refund of Nu. 695,237 to aggrieved consumers. A total of 15 cases of unfair trade practices by businesses were remedied through administrative action including imposition of fines. Complaints that are beyond the scope of the CCAA (e.g., criminal in nature) or wrongly perceived due to complainant's lack of awareness of rules and regulation or error in their personal judgements, were also made. In such cases, explanation or advise for correct course of action usually suffices.

Fig. v: Number and types of redressal actions taken



6.4 Complaint Redressal by the Dispute Settlement Committee (DSC)

All individual complaint against a business is followed by investigation and mediation by the CCAA. If and when mediation fails, the next course of action is referral to the Dispute Settlement Committee (DSC) of that locality. The DSC hearing are financed and facilitated by the CCAA. During this period, two cases were referred to the Dispute Settlement Committee (DSC) of Thimphu and Gelephu Thromde (Box I & II).

Box I (Case 1)

The dispute was between a consumer and supplier of prefabricated wooden home fittings, wherein the supplier failed to deliver the pre-ordered products on time.

The DSC established that supplier had contravened the CPA, 2012 and directed the supplier reimburse Nu. 67,500/(advance that was paid) - and Nu. 135,000/- as compensation to the complainant.

Box II (Case 2)

A consumer in Thimphu complained that a machinery supplier in Gelephu had breached contract in failing to supply quality hollow-block making equipment in time.

The DSC ruled that the supplier had breached the contract and was directed to reimburse Nu. 284,000/- that was paid as advance and levied a fine of Nu. 33,500/- as compensation.

7. MARKET SURVEILLANCE AND COMPLIANCE TO MARKET STANDARDS

7.1 Inspection by sector and marketplaces

The CCAA undertook surveillance of various types of businesses in different marketplaces to ensure ethical business practices. Between July and December 2022, a total of 861 different types of businesses in nine different Dzongkhags were covered (Table i).

Table. i: Overview of types of business inspected by markets businesses monitored and inspected

Dzongkhag	Market (s)	Grocery	PRO	Automobile workshops	Meat shops	WBI
Thimphu	Thimthrom	167		102	60	
Sarpang	Gelephu Town, Sompangkha & Jigmiling	59		22	14	
Samdrup-jongkhar	Samdrupjongkhar Town & Dewathang	20		13	4	
Chukha (P/ling)	P/ling Town, Sampheling, Kamji & Wangduegatshel	73		28	41	
Haa	Haa Town. Bji, Katsho, Jenkana, Samar & Eusu Gewong	42	1			13
Gasa	Gasa Town & Damji	15	1		1	
Punakha	Serigang, Changyul, Punakha, Khuruthang, Lobesa & Thinleygang	61	3	13	9	
Wangdue	Bajo, Gangtey, Phobjikha, Nobding, Chuzamsa, Baychu, Langlay Tshawa & Rinchengang	55	4	5	5	
Zhemgang	Zhemgang Town, Tingtibi, Buli & Pangbang	27	3			
Total		519	12	183	134	13

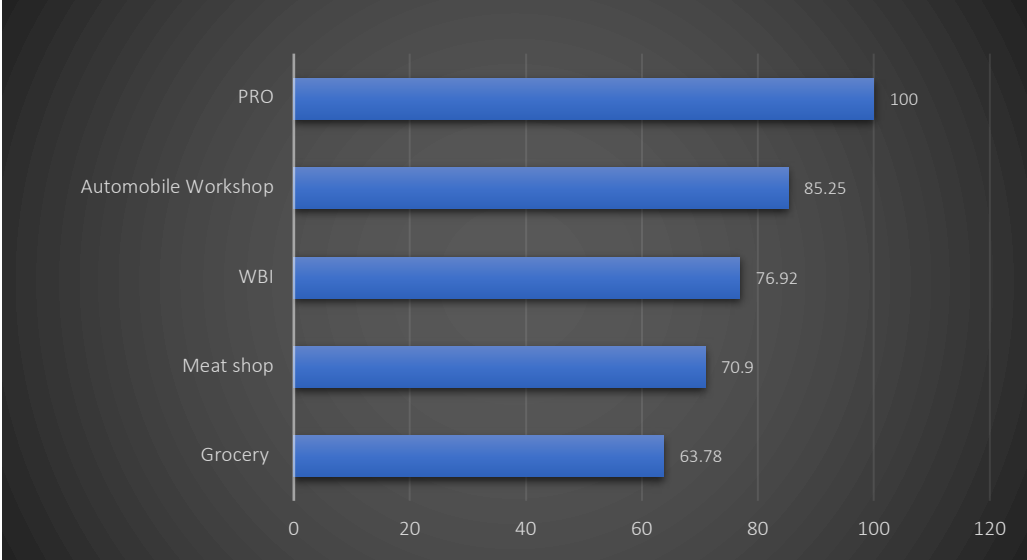
It is mandatory for all businesses to comply to the regulatory requirements. The minimum standard includes ensuring that; (i) all product are properly labelled with basic information, (ii) prices of goods and services are prominently displayed, (iii) weights and measures are calibrated and accurate, and (iv) money receipts are issued for any purchase of value beyond Nu. 100.

Various types of business entities including grocery, automobile workshops, meat shops and WBI (sawmills) were covered. The number of types of businesses covered depends on the number in that locality. Businesses not meeting the requirements are given up to two weeks to rectify, and in case of non-compliance, further action(s) as per the rules and regulations are taken.

7.2 Compliance to rules and regulations

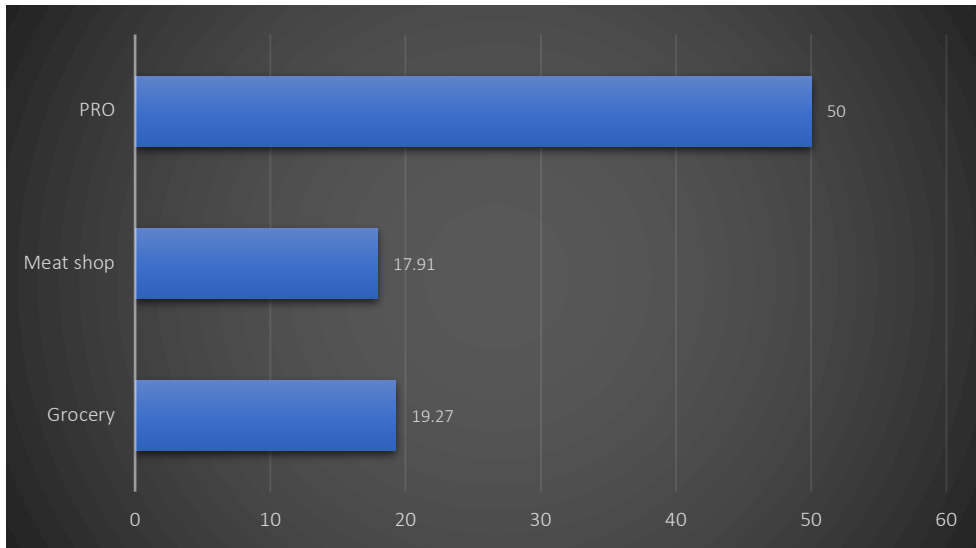
Compliance to the requirement for issuance of money receipts is fairly good, though more advocacy and enforcement are required to achieve greater compliance in some business sectors such as grocery and meat shops (Fig. vi).

Fig. vi: Rate of compliance by business type to issuance of money receipt



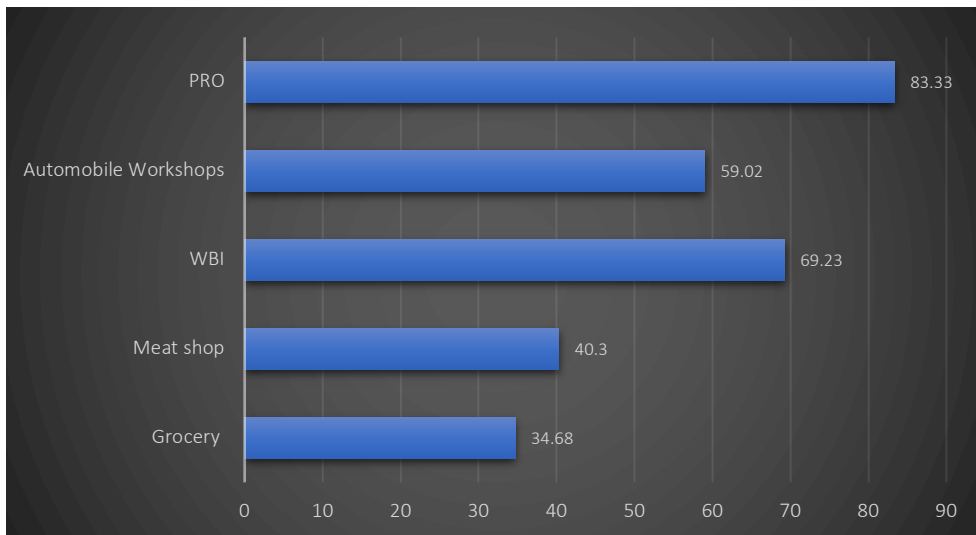
Use of calibrated weights and measures however was low in the markets, particularly among groceries and meat shops (Fig. vii). Calibration is done by the BSB and the low compliance is mainly because of the distance and the costs involved to bring their equipment to Thimphu for calibration. However, the BSB is increasingly travelling to other areas to offer calibration services on a more regular basis, following CCAA’s communication to the BSB.

Fig. vii: Rate of compliance to use of calibrated weights and measures by type of business



Compliance to price display was comparatively higher in PROs and wood-based industries and greater effort is required to improve compliance by grocery; meat shops and automobile workshops.

Fig. viii: Rate of compliance by type of business to proper price display



8. CONCLUSION

The CCAA faced severe shortages of human resources. From the approved staff strength of 18 people, for most part of the period, it functioned with just about 12 people including support staffs.

In addition, inadequacy of vehicle and limited travel budget severely circumscribed CCAA's plans for proactive and wider market surveillance.

Nonetheless, the human resource situation will improve over the new year with imminent placement of two new RCSC selected graduates and two graduates on contract basis. With strategic planning, capitalization on IT and better collaboration with the regional offices and Dzongkhag and Thromde offices, the CCAA is optimistic that it will be able to not only achieve its planned targets but be able undertake more market research, more advocacy and more proactive and wider market surveillance for the protection of consumers in the country.

Pictures (CCAA in Action)

