



ANNUAL REPORT

(July 2020 - June 2021)

Office of Consumer Protection
Ministry of Economic Affairs
Royal Government of Bhutan
Thimphu

Table of Contents

<i>1. Introduction</i>	1
<i>2. Vision, Mission, Objectives and Organization Structure</i>	1
<i>2.1 Vision</i>	1
<i>2.2 Mission</i>	1
<i>2.3 Objectives</i>	1
<i>2.4 Organization Structure</i>	2
<i>3. Studies on Consumer Protection and Market Competition</i>	2
<i>3.1 Market situation of SMEs from the perspectives of fostering fair trading</i>	2
<i>3.2 Development of Competition Impact Assessment Guidelines (CIA-G)</i>	2
<i>3.3 Action Plan for Implementation of National Competition Policy 2020</i>	3
<i>3.4 Study on Consumer Protection in Automobile Service Providers and Contract Terms and Conditions of Service Providers</i>	3
<i>3.5 Inflation Study</i>	4
<i>4. Institutional Linkages</i>	4
<i>4.1 Signing of Memorandum of Understanding (MoU) with BAFRA</i>	4
<i>4.2 Dispute Settlement Committee (DSC)</i>	4
<i>5. Education and Awareness Program</i>	5
<i>6. Consumer Grievances and Redressal</i>	6
<i>7. Lesson learnt during lockdown 1.0 & 2.0</i>	9
<i>8. OCP in media</i>	10

1. Introduction

The COVID-19 pandemic brought a rapid decline in production, trade and employment affecting vast swathes of the Bhutanese population. Businesses of all sizes, up and down the supply chain were affected, leading to punishing job losses in sectors such as tourism and hospitality. Supply chains were disrupted due to closure of factories and shipment delays leading to shortages in the markets and rising costs of goods and services, all of which shook consumer confidence.

As expected, consumers suffered and grievances shot up as some businesses tried to exploit the market supply constraint, by hiking prices to sometimes exorbitant levels and sometimes hoarding goods with anticipation of increasing fall in supply. Some agencies such as the Ministry of Agriculture & Forests (MOAF) responded by setting maximum selling prices of fruits and vegetables to check inflation. Such a situation clearly illuminated the critical role of agencies such as the OCP in protecting consumers, particularly the economically vulnerable ones from unscrupulous businesses.

Drawing inspiration from the dynamic leadership of His Majesty The King and the Royal Government, the OCP worked diligently in collaboration with various agencies including local governments, to protect the economic interest and to ensure health and safety of consumers. More than ever, rigorous advocacy of consumer rights, dissemination of market information and enhanced monitoring of business activities across the country played a critical role in maintaining fair trade practices, guaranteeing protection of consumers and ensuring affected consumers got redressal.

The OCP hereby presents its Annual Report for the FY 2020-21, highlighting major activities and key achievements to protect consumers and to promote ethical trade practices in the marketplace.

2. Vision, Mission, Objectives and Organization Structure

2.1 Vision

A well-informed and protected consumer supported by a fair-trading system and righteous advocacy programs.

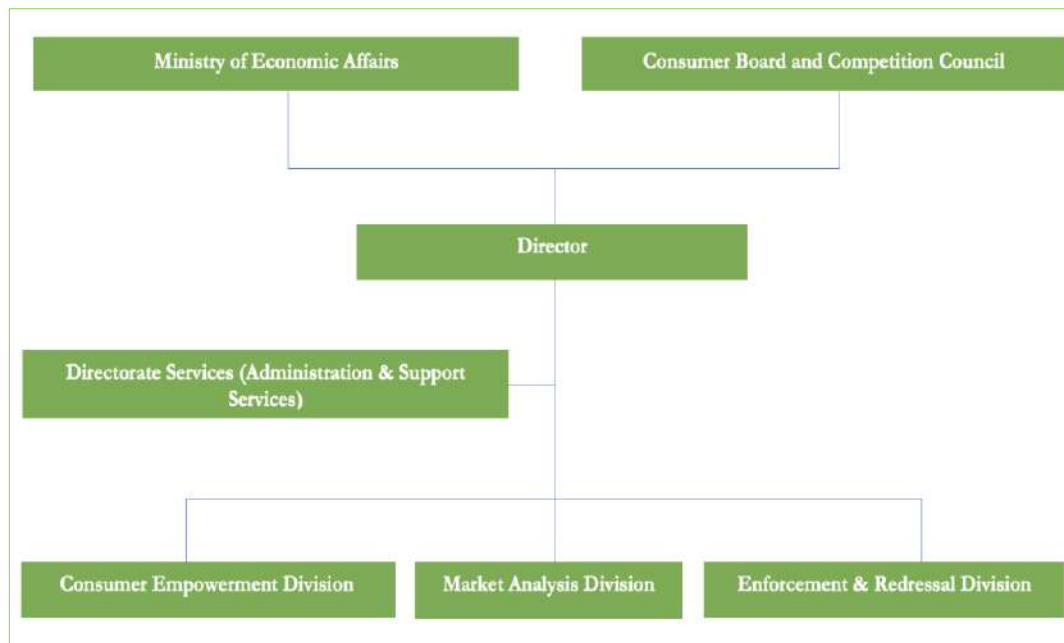
2.2 Mission

To promote safety and protect the economic interest of consumers by providing support, advocacy and an efficient redress system and creating a fair-trade practice in the marketplace.

2.3 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.
- Foster consumer confidence through a consistent, predictable and effective consumer protection framework in consonance with the development imperative of Bhutanese economy.
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2.4 Organization Structure



3. Studies on Consumer Protection and Market Competition

3.1 Market situation of SMEs from the perspectives of fostering fair trading

A study to understand the market structures and operational situation of Small & Medium Enterprises (SME) in the country from the perspective of fostering fair-trading and creating an enabling environment for implementation of National Competition Policy (NCP) 2020 was carried out. Experiences in other countries, from their decades of implementation of the competition laws indicates the need to enact competition law and institutionalization of separate entities to enforce it. The study highlights the need to strengthen the capacity of the implementing authorities in terms of capacity and infrastructure.

The study further points out the need for relevant authorities to make concerted efforts to educate the Cottage & Small Industry (CSI) sector and the consumers on their rights and responsibilities, policy motives and aspirations. Specifically, a guideline to help implementation of the competition policy is recommended to be formulated. [Full report available at: <http://ocp.gov.bt/home/pageMenu/25>]

3.2 Development of Competition Impact Assessment Guidelines (CIA-G)

The Competition Impact Assessment (CIA) guideline has been developed with the objective to provide necessary tools and mechanisms to help concerned authorities carry out an assessment of the impact of their laws/ policies/ rules etc. on competition in the markets – specifically to identify provisions that would potentially restrict competition and devise alternatives that boosts competition. The guideline was drawn up in line with the best practices of developing economies in the region and

tools/methodologies recommended by the Organization for Economic Cooperation and Development (OECD); and can be used by legislatives bodies, government agencies including Local Governments and regulatory agencies.

3.3 Action Plan for Implementation of National Competition Policy 2020

A good competition policy can promote good governance by promoting transparency, checking control and discretionary power of government functionaries and preventing anti-competitive behaviours and practices by businesses. Fair and transparent competition is one of the main characteristics of a good investment environment which is critical to attract Foreign Direct Investments. Recognizing the importance of promoting competitiveness, the Royal Government passed the National Competition Policy (NCP), 2020 and the OCP is tasked to implement this policy.

Therefore, to effectively enforce the provisions of the NCP, an action plan has been developed.

3.4 Study on Consumer Protection in Automobile Service Providers and Contract Terms and Conditions of Service Providers

The Office conducted two studies covering the following subjects:

- Consumer protection in the automobile services sector in four Thromdes, and
- Consumer Protection on existing contract terms and conditions by the service providers in the four leading service sectors - Motor Vehicle Dealers, Rental, Real Estate, Travel Agents and Education Consultancies in Bhutan?.

The first study reveals that there is an asymmetrical relationship between consumers and service providers with, more than 59.3% of consumers saying that they cannot assess the quality of automobile services purchased. Such consumer misgivings are more common against cottage and small size business establishments. The service providers are inherently more knowledgeable about the technical aspects of the services they provide compared to the consumers and this puts the former in a more advantageous position when it comes to negotiation. The fact that quality of the service provided is dependent on human skills, unlike purchase of a good, assessment of the quality of service that has been provided is difficult for most consumers.

The study recommends a focus on providing information on spare parts sourcing, as well as implementing standard service contracts, price disclosures and providing service warranty to customers. This would address the negative perception consumers have towards service providers.

The second study revealed that issues on contract terms and conditions of services providers in Bhutan are varied. Most service providers in the country, other than those representing international companies or institutions such as education consultancies and automobile dealers, do not provide contracts in particular for services. For those who provide legal contracts on their services, sub-clauses and details are limited. [Full report available at: <http://ocp.gov.bt/home/pageMenu/25>]

3.5 Inflation Study

In the wake of the pandemic, inflation soared in the country driven by prices of food and other essential commodities. Since about 90 per cent of Bhutan's imports are from India and its currency is pegged to the Indian Rupee (INR), Bhutan's inflation rate is greatly affected by the situation in India. The study examined the potential drivers and dynamics of inflation during the pandemic period which was characterized by restrictions in mobility, lockdowns and re-openings.

It was found out that the primary factor contributing to increase in prices of goods and services is due to the cost of transportation which had increased during the pandemic due to COVID-19 protocols imposed on import of goods.

4. Institutional Linkages

OCP endeavours to enhance the quality of consumer protection services through establishment of institutional linkages with relevant stakeholders both within and outside the country. During this period, the office established institutional linkages with the Bhutan Agriculture and Food Regulatory Authority (BAFRA) and established Dispute Settlement Committee (DSC) in 4 Dzongkhags.

4.1 Signing of Memorandum of Understanding (MoU) with BAFRA

Recognising the need for collaboration with BAFRA for activities such as food testing, inspection of food and food businesses, compliance to the prescribed safety, quality and packaging and labelling standards, the OCP and BAFRA signed a Memorandum of Understanding (MoU) on 13th May 2021.



4.2 Dispute Settlement Committee (DSC)

Dispute Settlement Committee (DSC) was established in four dzongkhags - Zhemgang, Haa, Lhuentse and Dagana. Their core mandate is to resolve the consumer complaints in their locality. Further, the OCP trained and educated the newly appointed members covering the following topics - their roles and responsibilities, Consumer Grievance Redressal Mechanism & Procedure, the Consumer Protection Act of Bhutan 2012, Consumer Protection Rules and Regulations 2015. Topics on consumer rights and responsibilities, duties of business entities and unfair trade practices prevalent in the marketplaces were also covered.

5. Education and Awareness Program

Educating consumers about their rights and other aspects of consumer protection is an ongoing process. During the period, the following education program were carried out:

Table I: Education and Awareness Program carried out in 2020-2021

Activity	Brief Summary
Issuance of receipts for business transactions by business entity.	Education and advocacy program to promote and mandate issuance of receipts by all convenience stores, major grocery shops and other business entities in 10 Dzongkhag Throms - Thimphu, Haa, Dagana, Tsirang, Trongsa, Zhemgang, Mongar, Trashigang, Trashiyangtse and Lhuentse were carried out.
Competition Policy and anti-competitive behaviours in the market for production and manufacturing enterprises.	Education and advocacy programs for manufacturing enterprises of Dagana, Tsirang, Trongsa and Zhemgang Dzongkhags and those located within the Industrial Estate at Bjemina, Thimphu Dzongkhag on Competition Policy and Anti-competitive behaviours in the market, carried out.
Consumer Protection Guidelines for e-Commerce.	<p>Education and Advocacy Programs on Consumer Protection Guidelines for e-Commerce were conducted for the e-Commerce operators based in Thimphu Dzongkhag and Thimphu Thromde. The objective of the program was to familiarize e-commerce operators on Consumer Protection Guidelines for e-commerce and promote fair trade practices in e-commerce. It was the first program of its kind and a total of 57 e-commerce operators attended the 3 days program.</p> <p>An animated video on consumer protection in e-commerce to educate general consumers on their rights in e-commerce and mandate e-commerce business entities to engage in fair trade practices was produced for circulation.</p> <p>An article on consumer protection in e-commerce was published in the Nazhoen Speaks Magazine. The objective was to educate the general public on e-commerce aspects given that it is growing rapidly in the country. The magazine was published by Infocus Multimedia and distributed free of cost to institutions across the country.</p>
Promotion of reliable and trusted Bhutanese products.	To promote fair trade practices in the manufacturing sector and encourage businesses to produce trusted quality products by complying to regulatory requirements, education and advocacy programs for manufacturing enterprises in Thimphu (Bjemina Industrial Estate), Trashiyangtse, Paro, Pemagatshel, Haa and Chukha Dzongkhags, was carried out.
Education and familiarization program on consumer protection chapter for all commerce subject teachers in the country.	In collaboration with the Royal Education Council, a chapter on Consumer Protection under the Business and Entrepreneurship Textbook of class XI was developed during the 2019-2020 period. OCP conducted an educational program on the consumer protection for all commerce subject teachers in the country.

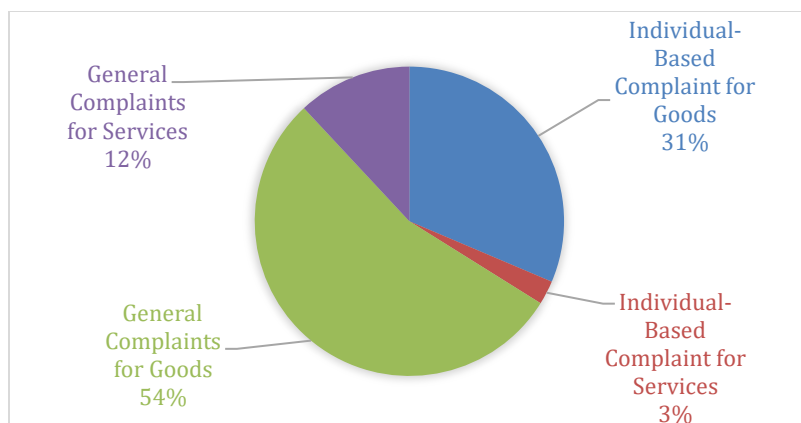
Glimpse of advocacy and educational programme:



6. Consumer Grievances and Redressal

In FY 2020-21, OCP registered a total of 360 consumer complaints - the highest number received since its establishment (Fig. I). A vast majority of complaints were general in nature for goods (54 %), wherein no compensation is sought; followed by individual complaints for goods, wherein compensation was sought. Complaints for services – general or individual -was only 15 per cent.

Fig. I: Number of complaints received by type of complaints



All complaints received by OCP may result in either mediation, redressal, rectification, penalty by fines or in extreme cases sued in court (Table II)

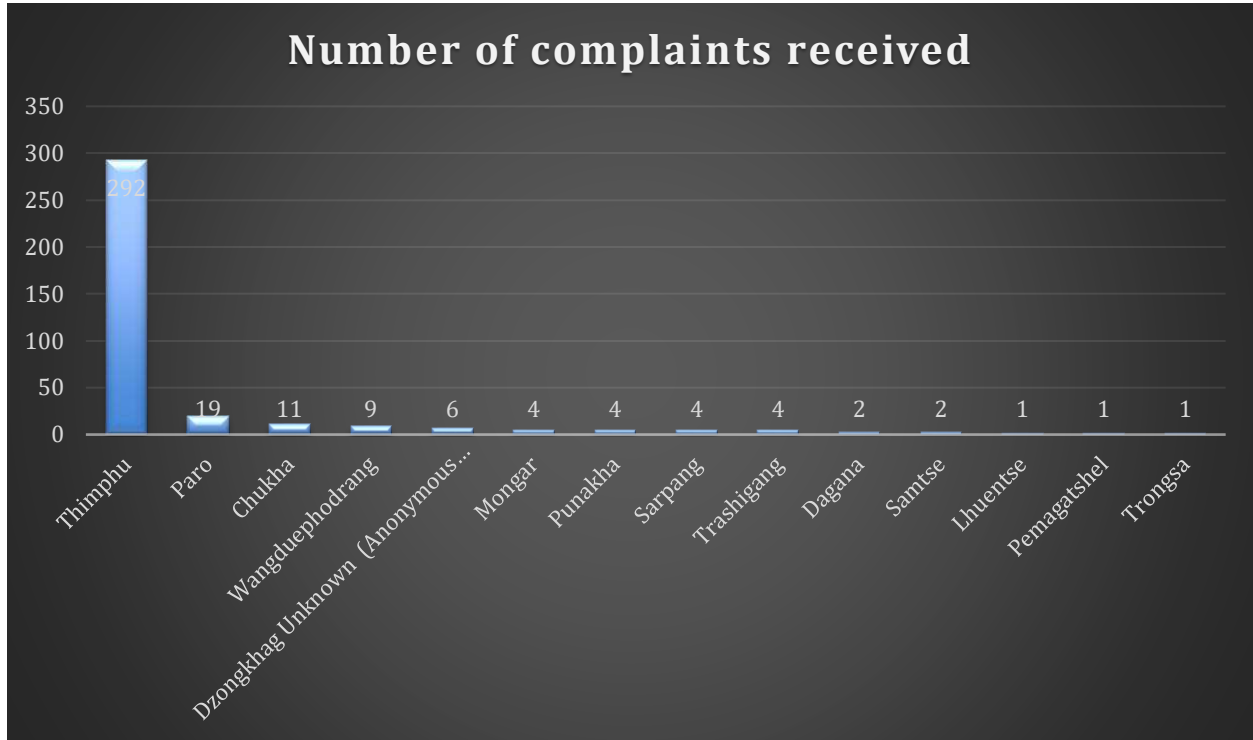
Table II: Type and number of consumer redressal action

	Types of actions	Numbers
1	Mediation Facilitated – Goods Repaired or replaced	
	~ Goods replaced	8
	~ Goods repaired	8
2	Business entities made to rectify unethical trade practices	
	~ To issue money receipt	6
	~ To display price tag	6
	~ Not to deny service to any consumers	7
	~ To use correct weights and measures	5
	~ To label products as per rules	4
	~ To recall expired goods	2
	~ Not to manipulate price	63
	~ Not to mislead consumers	10
3	Referred to other Relevant Agency of Advisory Service provided	156

Overall, the OCP had imposed fines close to Nu. 1.8m from 130 (79 based on consumer complaints and 51 based on monitoring and inspection by OCP) business entities during the period, while it facilitated refund to aggrieved consumers close to Nu. 0.8m from 28 businesses that violated consumer protection rules.

Thimphu Dzongkhag by far received the highest number of complaints while there were none from six Dzongkhags.

Figure II: Dzongkhag wise complaints:



Glimpses of Market Inspection:



7. Lesson learnt during lockdown 1.0 & 2.0

Anticipating lockdowns and consumer issues during the period, the office prepared for consumer protection activities and redressal mechanism for the aggrieved consumers. However, most of the issues came as surprises requiring attention of many other stakeholders to address and avoid emerging issues in the future lockdowns.

Consumer protection was found to be essential service during lockdowns as some of the business entities authorized to operate during lockdown tended to take advantage of surge in demand for essential commodities. Price gouging was the main unethical practices during the lockdown followed by sale of expired products, faulty goods weight and volume, inappropriate product labelling, denial of services and non-issuance of money receipts.

During lockdowns, price gouging was the most problematic; because consumers had access to a very limited number of shops, one in most cases, and supply was short and consumers tended to engage in panic buying and hoarding, thereby falling prey. To alleviate such problems during future lockdowns, there needs to be an alternative mechanism to control the prices other than the price monitoring by the OCP and its partner agencies in the regions.

The following measures may be adopted in the future:

- Make it compulsory for business authorized to operate during lockdown to adhere to selling prices effective prior to lockdown.
- Prior to lockdown, identify the business entities to operate during lockdown and mandate them to submit the selling prices of the commodities to the OCP. These prices should be used as a basis to determine price escalation.
- Another factor contributing to price escalation is due to shortage of supply of perishables such as meat and vegetables, brought about by closure of border gates and import restrictions. To facilitate import of essential goods has to be accorded top priority, especially when lockdown occurs during times when there is no or very little domestic.

The local government/authorities or local task force may be authorized to fix the prices of the commodities, especially vegetables and meat prices, during lockdown.

The deployment of officials in all dzongkhags, dungkhags, gewogs and thromdes as the market surveillance and monitoring teams to carry out consumer protection activities in their respective regions in coordination with OCP was effective in monitoring market to protect during lockdown 2.0. In light of manpower shortage and limited reach of the OCP, it is recommended to continue leveraging on these teams throughout the pandemic and impending lockdowns for which the support of the NC19TF and local governments is required.

The fixation of maximum selling prices of vegetables and fruits during lockdowns by MOAF was effective at ensuring goods at an affordable price. Where there were no fixed prices, controlling prices were a challenge since there were no basis.

During Lockdown 2.0, business entities were directed to apply selling prices by OCP, before lockdown. This provided a yardstick for OCP to regulate prices. As this was effective, it is recommended to adopt the same approach in the future.

During Lockdown 2.0, OCP coordinated with Thimphu Thromde and Regional Office of Economic Affairs (ROEA) to advocate and ask business entities to comply with government directives and regulatory requirements such as - refraining from unwarranted increase in prices, display of price tags, issuance of money receipts, refraining from denial of sales and services, sale of expired products and refraining from any misleading activities. Since Thromde, ROEAs and Dzongkhag Administrations are authorized to identify and allow the shops and other business entities to open and operate during lockdown, and De-Suups are deployed in all the shops identified for operation, it is practical and effective to collaborate with these agencies to effectively monitor and control malpractices.

Bhutan Livestock Development Corporation Limited (BLDCL) has issued retail prices of their livestock products being distributed via their outlets during the lockdown 2.0 were being retailed at higher prices than BLDCL's prices; which resulted in consumer complaints. In the absence of prices fixed for those commodities, controlling high prices and regulation was challenging.

8. OCP in media

OCP had never been in media as much as it was during the lockdowns. This is understandable, as media responds to consumer grievances, which escalated during the lockdowns. The OCP was also able to utilize the media to disseminate important information for the consumers and the business entities. Given herewith are excerpts of Q&A and newsclips involving the OCP.

1. Starting the lockdown, how many shops were penalised by OCP? What type of shops were penalised?

Beginning from the lockdown 2.0 till date (1/1/2021), 33 shops were penalized for engaging in unfair trade practices during lockdown without adhering to the directives of the government and violating various provisions of the Consumer Protection Act 2012 and Consumer Protection Rules & Regulation 2015. Out of this, 4 shops were closed and disallowed to operate during the lockdown and the licences of 2 vegetables wholesalers were recommended for cancellation.

2. On what grounds were the shops penalised? What is the amount of fine collected by OCP? What was the minimal and the highest fines collected so far?

OCP called all the shops, grocery wholesalers, vegetable wholesalers and LPG delivery service providers permitted to operate during the lockdown and directed them to refrain from price escalation and other unfair trade practices. The businesses were sufficiently made aware to not take advantage of the situation through different channels of communications such as phone calls, official notification, media and visits to business premises. Everyone is experiencing difficulties and a little bit of effort on everyone's part to be fair and help each other will go a long way in easing the difficulties of the pandemic. Therefore, the office will not tolerate any kind of unfair trade practices and stern actions will be taken including penalties, closure of shops during lockdown and cancellation of business licenses, if necessary.

On the other hand, the consumers are also requested to take due care while purchasing, ask for money receipt, make informed purchase decisions and act in good faith. Consumers are urged to report to the OCP through a toll-free no. 1214 for any unfair trade practices and to seek redressal/ compensations.

The main grounds for penalizing the erring businesses were on account of unfair increase in prices of commodities, sale of expired products, underweight goods and other violations. From the detection of the first case of COVID-19 in the country till 31/12/2020, the OCP has imposed Nu 2.313 million as penalties and Nu 0.295 million was refunded to the aggrieved consumer.

The highest amount imposed was Nu. Nu. 240,000 calculated based on the volume of sales made through unfair means. To be fair to businesses, after verification of a complaint, a consumer was made to pay a shopkeeper for the non-payment of a purchase.

3. Which dzongkhags were the shopkeepers located in?

These cases are nationwide but due to the size of the capital, most of the shops that were penalized are in Thimphu.

4. How were the business entities caught? OCP does not have adequate manpower. How do you monitor business entities in dzongkhags and other regions?

The office instituted market surveillance and monitoring teams in the regions with support of the Ministry, Dzongkhag, Dungkhag and Gewog administrations. There are around 900 officials from the local government carrying out market monitoring activities in the region. These teams are vigorously carrying out market monitoring activities in the respective regions under direct supervision and guidance of the OCP. The OCP coordinates with the team through the Whats.App group for market monitoring activities, reporting and support services. The monitoring reports are submitted to OCP by the team from time to time for necessary actions. The team also makes surprise inspections to ensure fair trade practices. The complaints are also lodged through a toll-free number 1214.

In addition, there are designated officials to monitor various social media pages where consumers complain through their posts. The office ascertains the genuineness of the post and takes appropriate actions.

Reckless and predatory prices of goods- A necessary reform

The Office of the Consumer Protection (OCP) must initiate a price catalogue to prevent reckless and predatory price of goods in the country. The experience and reports on an unreasonable hike in price during the last six months of the pandemic is evident that business entities took advantage of the situation.

During the 21-day national lockdown, consumers were restricted only to over 21 essential goods and vegetables. Due to the dire need of essentials, consumers not only sacrificed the right to inspect the quality and quantity of goods but were also forced to pay the price at the behest of the state corporations, the state selected suppliers and retailers. Social media was flooded with suspicions of suppliers charging the prices at their whims and fancies. The intervention of OCP have served only a few consumers and most suppliers remain indifferent to the consumer's right to a fair price.

Right to a fair price, correct quantity and non-defective goods are fundamental rights of consumers, well enshrined under the Consumer Protection Act of Bhutan, 2012 (CPA). Section 9 and its regulations protect the right to price by requiring the mandatory display of goods. In the absence of a price catalogue, price of goods

remains uncertain. Even if the prices are displayed, fairness is questionable.

A BBS report on FCB charging a higher price for rice to Silambi in Mongar is just a tip of the iceberg. FCB's justification for the price hike is appalling. It was deliberate, may constitute fraud or deception. It shows how suppliers can easily get away with deceptive practices. The requirement of the display of prices is based on the principle of fair and reasonable price. Section 9 of CPA prohibits business entities from charging any arbitrary or unreasonable or deceptive prices for the goods as in the Silambi incident.

It is fortunate that most business entities in Bhutan fix prices of goods relying on the Maximum Retail Price (MRP). However, the application of MRP on goods in Bhutan lacks legal basis because, MRP is fixed based on the Consumer Goods Act, 2006 and Weights and Measures Act of India for consumers in India. OCP has no legal authority to enforce existing MRP in Bhutan.

Section 90 of CPA and Rule no. 81 of Consumer Rules and Regulations 2015 mandates OCP to publish "standard catalogue containing prices." OCP is almost a decade old and it has been six months since the pandemic hit us, yet there

is no price catalogue on even the essential items. Prices were fixed on few commodities but those remained confined only to selected markets. OCP and other authorities have failed thus far, leaving the price of goods completely uncertain undermining the objectives of CPA.

OCP must take cognizance of the current scenario and fulfil their duty of initiating a price catalogue at the earliest. It is a herculean task but not impossible. Since almost all our goods are imported, the initiation of a price catalogue is a lot easier as import price is already known. OCP must first start with the essential items. Non-regulation of prices may lead to more economic inequality and affect poverty alleviation efforts. Contrarily, the determination of prices will encourage more business to declare goods and help reduce tax evasion. Till such time, consumers will continue to suffer at the reckless and predatory pricing by the business entities at their whims and fancies.

Sonam Tshering
Lawyer, Thimphu

Disclaimer: *The views expressed in this article are author's own.*

100 Consumer complaints lodged to the OCP during lockdown

Abhinaya Chhetri/ *Thimphu*

On 11th August when the nationwide lockdown was announced people were seen going for a last-minute shopping before the 7 am mark. The lockdown brought most shops to a halt but when they gradually let shops open, then many people reported about the abnormal prices for goods.

Some of the localities reported that the shops were using scarcity as a tool to sell the products for a higher price, while others said that the shopkeepers told them that the prices had increased from their supply sources and additional transportation charges were being borne during the lockdown.

Jigme Dorji, Chief Program Office, Office of Consumer Protection (OCP), MoEA said that the office had anticipated issues of price escalation, sale of expired products, unfair denial of sales, inappropriate product labeling, underweight items, misleading representation of goods and other deceptive trade practices during the lockdown.

He said, "The OCP continued sensitizing and reminding the business entities during lockdown to avoid engaging in price manipulations and any other unfair and unethical trade practices".

The office has around 100 consumer complaints lodged to the OCP during the lockdown period.

He said, "The officials of OCP, based on the instruction of the central COVID-19 task force, is intensely carrying out market surveillance and monitoring in Thimthrom on daily basis to ensure that the unfair trade practices do not proliferate and the business entities do not engage in deceptive practices during the lockdown."

"Further, based on the directive of the NC19TF (National COVID-19 Task Force), the office is carrying out monitoring activities throughout the country leveraging the officials of Dzongkhags, Dungkhags, Gewogs and Thromdes" he added.

According to reports from the consumers, some of the example of price escalations were in terms of items like noodles, bread, juice, eggs and alcoholic beverages among others.

Karma, one of the buyers said "I doubt if here was any hike in prices for wai wai or alcohol produces from the factories, especially in case of alcohol which we produce within our country."

He added, "Of course, I understand that the transportation and the loading charges at this time must be pressurizing but I think that is a problem at the businessmen's end and imposing additionally on the consumer is not right I feel".

Wangmo a resident of upper Samtenling said, "I do not buy packet items much but it is very hard to know the prices of eggs at any given time. Even before COVID-19 the prices were quite high, I was buying an egg for Nu10 to Nu 12, nowadays it is either

Nu15 or Nu18, I wonder where we can know the standard price for eggs".

While the consumers said that, the shopkeepers were also stuck to their guns as they claimed to have incurred various extra expenditures and increase in prices of items.

One of the shopkeepers said that there had been an increase in the price for coca cola by almost Nu 5 and mentioning some other items at her store she said that the prices had increased before the lockdown.

Jigme Dorji, CPO, OCP said, "The office has substantially sensitized the general consumers about OCP toll free number through various platforms and continues to do so. Subsequently, the consumer complaints through the toll-free numbers have increased over the period of time".

He said, "During the nationwide lockdown, all shops opened to supply essential items to general consumers were selling old stocks which was imported prior to lockdown. OCP has been appealing to all the shopkeepers approved for opening to sell essential commodities at a price prior to lockdown."

Additionally, he stated that the office is collecting the Market Price Information (MPI) of essential commodities across the country during lockdown and comparing it to the MPI collected prior to the lockdown to monitor price manipulation and escalations.

He said that the shops approved for opening during the lockdown were also required to display price board for essential items as a mandatory requirement.

He added, "The actions against the unscrupulous business entities are also taken based on MPI comparison".

The office has currently formed up a market surveillance and monitoring teams in Dzongkhags and Gewogs through the Dzongkhag administrations which comprises of officials from BAFRA, Ministry of Agriculture, Department of livestock, GAO, Gups, statistical officials along with other local authorities.

The OCP makes necessary interventions as and when required.

Reportedly, the Office has been receiving consumer complaints on a daily basis and in order to provide quick consumer protection services, the office has made an arrangement with the Grievance Helpdesk Number 1023 at the Prime Minister's Office and Help desk 1010 where the issues related to consumer complaints have been provided to OCP for appropriate grievance redressal.



Laya, Gasa



Thimphu Thromde



Kanglung, Trashigang



Sarpang Dzongkhag

OCP clarifies on 'Reckless and predatory prices of goods'

This has reference to the article titled "Reckless and predatory prices of goods – A necessary reform" published in the Kuensel issue dated September 5, written by Mr Sonam Tshering, Lawyer, Thimphu.

The Office of Consumer Protection (OCP) appreciates the personal opinion expressed by the author and assumes that the article must have been written in the interest of society at large. However, the OCP noticed that the author has relayed serious erroneous information through the article which is completely unfounded and could have been easily avoided had the author sought clarification from the office before publishing it or a simple click on the Ministry's website would have served the intended purpose of the author about the lack of 'Price Catalogue'.

Since the establishment of the OCP in 2014, which the author misconstrued as a decade old, the office has been publishing Market Price Information (MPI) or 'Price Catalogue' of the essential goods from the major dzongkhags and thromdes on a quarterly basis to provide choices to the consumers through competitive prices of goods and facilitate informed purchase decisions. Simultaneously, the office has been advocating on the accessibility of MPI through various platforms to enable consumers to make informed purchase decisions and report to OCP in the event of unreasonable prices being charged by the business entities. And with the detection of the first Covid-19 case in the country, the office started collecting the MPI of essential commodities from all

dzongkhags and thromdes on a daily basis to track and monitor the price of the goods and has been publishing it on official websites and gazettes from time to time.

Further, in anticipation of the price issues during lockdown, the office has been sensitising the shops authorised to operate to display prices mandatorily and sell at the prices effective before lockdown. The Office has been also collecting the MPI of essential commodities from the shops operating during lockdown and comparing with the MPI collected before lockdown to track the price escalation and monitor price manipulation. Through this, the OCP has been able to take appropriate action against the business entities engaged in unfair trade practices. The same exercise is being carried out in all 20 dzongkhags, drungkhags, gewogs and thromdes to ensure the protection of consumers' economic interest during lockdown.

In addition, in a situation where the market prices could not be left to the market forces due to abnormal conditions such as a current pandemic, the office has been leveraging on relevant agencies to temporarily fix the prices of some of the essential commodities wherever possible and enforce it. For instance, the Ministry of Agriculture and Forests have determined and fixed the market prices of vegetables and the OCP ensured that these prices are implemented by business entities.

In cognizance of vulnerabilities of the consumers amid current pandemic and heightened risk

of exposing them into untoward economic situations through exploitation by unscrupulous business entities, the OCP is carrying out consumer protection activities and continues to explore every possible avenue to strengthen the system to effectively carry out the activities.

As the government ensures seamless supply of all required essential commodities clubbed under 21 broad categories, the consumers as part of their responsibility are requested to exercise due care while making any purchase decision and always ask for money receipt. Consumers are encouraged to report to the OCP through a toll-free number 1214 for any unfair trade practices and seek redresses/compensations in the event aggrieved by the unscrupulous business entities. To promote fair-trading and ensure consumer protection is a collective responsibility whereby we call for solidarity of everyone.

Lastly, the term "predatory pricing" in the article is misleading and inappropriately used. From an economic standpoint, it refers to the dominant firms deliberately lowering the prices of goods and services with the intention to force out the competitors from the market and restrict new entries. Such practices should be beneficial to the consumers through cheaper prices but the author has completely misplaced the context.

This clarification is being issued to provide right information to the general consumers.

*Office of Consumer Protection,
Ministry of Economic Affairs*

Onion production becomes mandatory in dzongkhags

Choki Wangmo

The agriculture ministry has asked dzongkhags to grow onion and tomatoes as an immediate intervention to address the shortage in the country following India's ban on exports.

On September 14, India prohibited exports of onion except for those cut, sliced and powdered as prices trebled in a month after excessive rainfall hit crops in southern states. The ban is likely to worsen the shortage of onion in Bhutan.

Director of agriculture department, Kinlay Tshering said that with the provision of seeds, subsidies, and technical assistance, the ministry plans to expand the production of these vegetables in the next 2-3 years to meet the domestic demand. Kinlay Tshering said that

farmers did not cultivate onions since it involved some risks.

She said that onions take 7-8 months until harvest after which the imported onions gave a stiff price competition to local producers. "Farmers don't have price assurance from the domestic market."

The prices of onions and tomatoes in the country increased drastically after the Food Corporation of Bhutan Limited (FCBL) resumed its import a week ago.

Although the ministry set fixed prices for onion and tomatoes, the prices hiked as high as Nu 150 a kilogram in Thimphu. The Office of Consumer Protection fined 21 vegetable sellers for charging more than the fixed retail prices for the products.

As of September 14, FCBL imported 144.79 met-



► Since the nationwide lockdown, Bhutanese market ran out of onions (file photo)

ric tonnes of onion out of which 39 metric tonnes was distributed in Thimphu.

Some of the netizens said that Bhutan needs an agriculture policy that addresses more consolidated support and services at the ground level. The current institutions, according to them was not enough to help and support the farmers and growers. "A focused commercial

farming policy has to be set up in order to meet market demands, throughout the year, for all commodities," one wrote.

While others think import regulation would help the farmers, some said that an enabling agricultural policy supported by fiscal and trade policy would incentivise the producers.

The government is work-

ing on attaining self-sufficiency in terms of chillies, tomatoes, and onions.

Meanwhile, the coordinator of urban agriculture initiative in Thimphu, BB Rai, said that in the next growing seasons, the farmers would focus on these commodities. "We are encouraging growers in the south to cultivate chillies, onions, and tomatoes immediately," he said.

TV Schedule Sept 17, 2020



Birds life of Bhutan (Short Film)	9am
Lhazin	10am
Dikama	3:30pm

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33 shops penalized for unfair trade practices by OCP since start of second lockdown

OCP imposed Nu 2.3 mn as penalties for unfair trade practices from March till December 31, 2020

Karma Yuden/ Thimphu

According to the Office of Consumer Protection (OCP), beginning from the lockdown 2.0 till date January 1, 2021, 33 shops were penalized for engaging in unfair trade practices during the lockdown without adhering to the directives of the government and violating various provisions of the Consumer Protection Act 2012 and Consumer Protection Rules & Regulation 2015.

Out of this, four shops were closed and disallowed to operate during the lockdown and the license of two vegetables wholesalers were recommended for cancellation.

OCP called all the shops, grocery wholesalers, vegetable wholesalers and LPG delivery service providers permitted to operate during the lockdown

and directed them to refrain from price escalation and other unfair trade practices.

Chief of OCP Jigme Dorji pointed out that the businesses were sufficiently made aware to not take advantage of the situation through different channels of communications such as phone calls, official notification, media and visits to business premises.

"Everyone is experiencing difficulties and a little bit of effort on everyone's part to be fair and help each other will go a long way in easing the difficulties of the pandemic. Therefore, the office will not tolerate any kind of unfair trade practices and stern action will be taken including penalties, closure of shops during lockdown and cancellation of business license if necessary," he said.

On the other hand, the

consumers are also requested to take due care while purchasing, ask for money receipt, make informed purchase decisions and act in good faith. Consumers are urged to report to the OCP through a toll-free number 1214 for any unfair trade practices and to seek redressal or compensation.

He said that these cases are nationwide but due to the size of the capital, most of the shops that were penalized are in Thimphu.

The office instituted market surveillance and monitoring teams in the regions with support of the Ministry, Dzongkhag, Dungkha and Gewog administrations.

He said that there are around 900 officials from the local government carrying out market monitoring activities in the region. "These teams are

vigorously carrying out market monitoring activities in the respective regions under direct supervision and guidance of the OCP," he said.

The OCP coordinates with the team through WhatsApp group for market monitoring activities, reporting and support services. The monitoring reports are being submitted to OCP by the team from time to time for necessary action. The team also makes surprise inspections to ensure fair trade practices. The complaints are also lodged through a toll free number 1214.

In addition, there are designated officials to monitor various social media pages where consumers complain through their posts. The office ascertains the genuineness of the post and takes appropriate action.

He said that the main grounds for penalizing the erring businesses were on account of unfair increase in prices of commodities, sale of expired products, underweight goods and other violations.

"From the detection of the first case of COVID-19 in the country till December 31, 2020, the OCP has imposed Nu 2.313 mn as penalties and Nu 0.295 mn was refunded to the aggrieved consumers," he said.

The highest amount imposed was Nu. Nu. 240,000 calculated based on the volume of sales made through unfair means. To be fair to businesses, after verification of a complaint, a consumer was made to pay a shopkeeper for the non-payment of a purchase.



OCP receives complaints on price hikes and sale of expired goods

Sonam Penjor

The Office of the Consumer Protection (OCP) under Ministry of Economic Affairs received complaints on hiking of prices and a few complaints on sale of expired goods, and without proper product labeling among others during the lockdown.

To tackle the issues, the Chief Program Officer of OCP, Jigme Dorji, said that prior to the lockdown OCP has been collecting market price information (MPI) for essential commodities on a daily basis mainly to monitor the price inflations and escalations.

The OCP has also been also collecting MPI from the shops which were in operation even during the lockdown. After collecting the MPI, they made comparison for price deviation or variations after which they made advocacy programs for business entities to follow the procedures laid by the government.

"If found overcharged by the shopkeepers, we made them to refund the amount across the country," he said.

The Director of OCP, Sonam Tenzin, said that the main objective of collecting MPI from all the markets in the country was to provide the correct information to consumers so that they make informed purchase decisions. It was also anticipated to help consumers make better purchase decision and not only to monitor shopkeepers.

Sonam Tenzin said that after the collecting of MPI, they informed the shopkeepers to sell goods at prices which were followed prior to lockdown as there were no new imports.

"All the goods were imported prior to the lockdown, so there are no chances and excuses for businesses to increase the prices. Whoever attempted to sell at inflated prices were advice not to sell at higher prices and even made to refund their customers.



Office of Consumer Protection will impose fine and penalties based on the Consumer Protection Act of Bhutan (CPA) 2012

However, there were some domestically produced goods where there are no fixed prices. For these, Sonam Tenzin said the OCP need to ascertain the price of whole supply chain in the market.

If the prices were determine by the agencies and if charged beyond the price fixed by the agencies, he said that OCP had to impose fine and penalties based on the Consumer Protection Act of Bhutan (CPA) 2012.

The section 78 of the CPA of Bhutan 2012 states that if the OCP or the Consumer Advocate is of the opinion that a person has violated sections 6 to 18, it would issue orders to defaulter to pay a fine equivalent to the value of the goods or services or rectify the misleading representation within fourteen days.

However, if the person fails to comply with section 78, the fine equivalent of the value of the goods or services would be imposed and the business license would be revoked in consultation with the

relevant authorities as per the section 79 of the CPA of Bhutan 2012.

Meanwhile, the OCP received 122 consumer-related complaints from 11 August till 18 September this year.

The OCP is also looking to ascertain the rationale behind increasing the prices of domestically produced alcohol products like beer in the market.

Sonam Tenzin said: "We are in the process of reviewing the prices of beer. We can't directly go in the market and imposed penalty for charging higher prices because there must be some other factors to be considered."

Meanwhile, the OCP has already prepared on how they can have an effective market monitoring process in the country even before the pandemic struck.

The monitoring is not only confined to wholesalers and retailers but also to entire business community right from producers to retailers. "We need to monitor whole sections of business," the Director

said.

Though, OCP is well prepared, however, after lockdown, OCP had to face some difficulties during ground monitoring and surveillance. So drawing from the lessons, the OCP

formed a team and developed a standard operating procedure and guidelines.

Henceforth, should there been any lockdown, Sonam Tenzin, said that the OCP is well prepared to carry out their tasks at hand.

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