

# Annual Report 2022-23



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

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## 1. SUMMARY

The annual report highlights key initiatives and activities undertaken by the Competition and Consumer Affairs Authority (CCAA) during FY 2022-2023; which are aimed at empowering consumers, promoting fair trade practices and fostering market competitiveness.

The following major initiatives are outlined:

- Education and empowerment programs to raise public awareness of consumer rights and responsibilities, along with business obligations under the Consumer Protection Act, 2012 and related regulations.
- Market surveillance of businesses including e-commerce firms to ensure fair trade practices by adhering to regulations.
- Essential goods market price information collection and dissemination and study on the grocery supply chain to determine weak links and how to address them.
- Establish more Dispute Settlement Committee (DSC) to facilitate local consumer dispute resolution and educate new members and Gups on their responsibilities and dispute resolution skills.
- Address consumer complaints on priority basis.
- Establish formal working linkages with relevant stakeholders, both inside and outside the country.
- Ground work including exploration and sourcing of funds for formulation of a national competition bill.

The Annual Report reflects its dedication to enhancing consumer protection, promoting fair trade practices, and fostering market competitiveness. The outlined initiatives and future outlook signify an approach to ensure a fair and secure marketplace for the welfare of consumers.

## 2. INTRODUCTION

The Annual Report provides as a comprehensive overview of the activities, initiatives and achievements by the Competition and Consumer Affairs Authority (CCAA) during the period. It aims to provide stakeholders, including government agencies, businesses, consumers and international partners with an understanding of the CCAA's efforts in enhancing consumer protection and fostering market competition in Bhutan.

The report underscores initiatives to educate consumers about their rights and responsibilities and inform them how they can seek grievance redressal. It includes programs designed to raise awareness particularly among vulnerable consumer groups to enable them to participate as empowered consumers.

The report highlights efforts to monitor and enforce regulatory requirements across various business sectors to promote fair trade practices including actions taken by the CCAA against violators and those requiring to make changes.

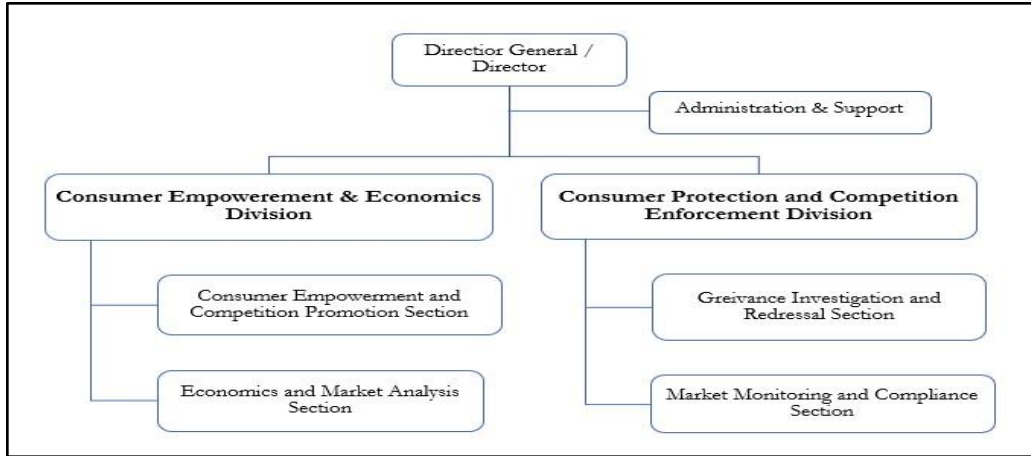
The report acknowledges the growth of digital commerce and emphasizes the CCAA's role in improving protection of consumers from unethical e-commerce firms.

Finally, the report underlines the importance of collaborations with various stakeholders, including government agencies, consumer organizations and international partners. It highlights efforts to establish and renew Memoranda of Understanding (MoU) to enhance technical cooperation and knowledge-sharing with organizations, within Bhutan and outside.

### 3. ORGANOGRAM

The CCAA, formerly called Office of Consumer Protection, has been reorganized with two functional divisions - (i) Consumer Empowerment and Economics Division (CEED) and (ii) Consumer Protection and Competition Enforcement Division (CPCED) (Fig. I).

Fig. I: CCAA Organizational Structure



The CCAA has currently 16 staffs on active duty and works closely with the Regional Office of Industry, Commerce & Employment (ROICE) located at Thimphu, Phuentsholing, Trongsa, Monggar, Samdrupjongkhar and Gelephu.

### 4. VISION AND MISSION

#### Vision

- A vibrant economy characterized by fair and vigorous competition and consumer access to accurate information

#### Mission

- Protecting consumers and competition by preventing anticompetitive, deceptive, and unfair business practices through law enforcement, advocacy, and education without unduly burdening legitimate business activity.

## 5. CONSUMER EMPOWERMENT

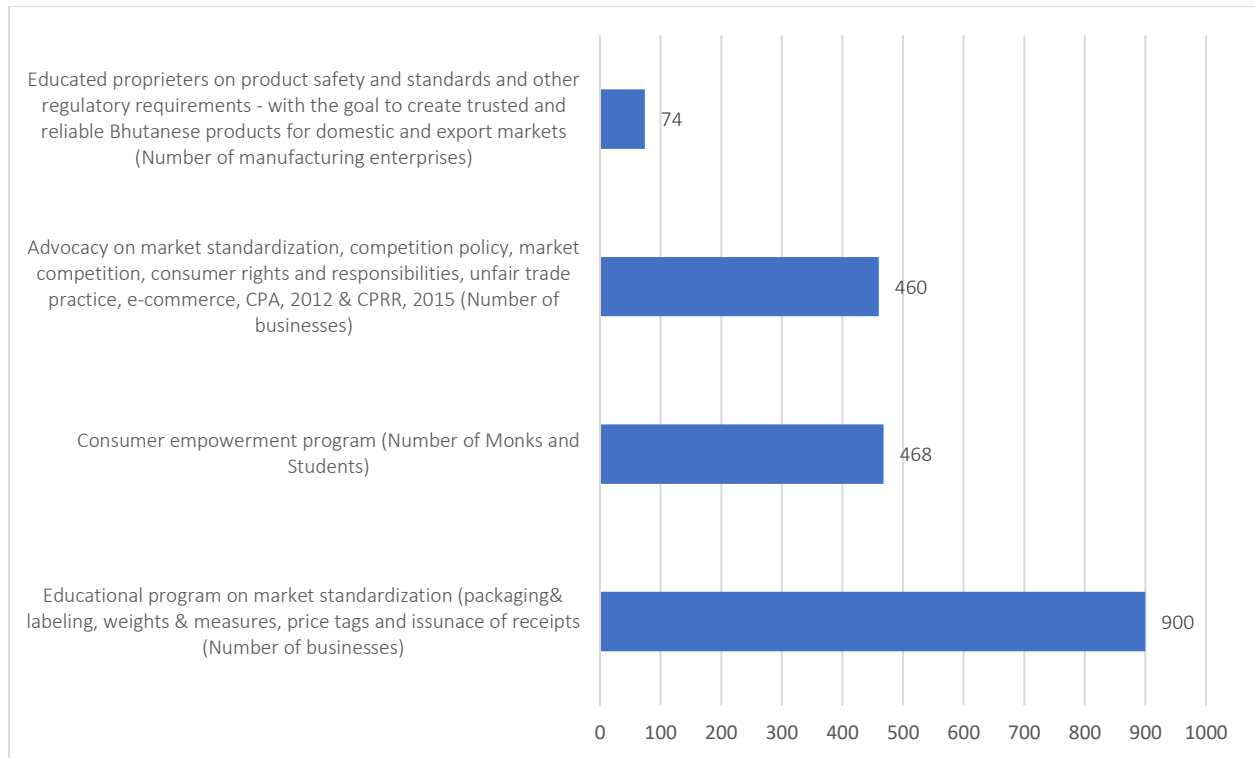
### 5.1 Consumer Empowerment and Education



In order to improve (i) consumers' awareness of their rights and responsibilities, and (ii) businesses' duties and obligations, as outlined in the Consumer Protection Act of Bhutan, (CPAB) 2012 and the Consumer Protection Rules and Regulations, (CPRR) 2015, several targeted education and advocacy programs were carried out.

During this period, the focus was on businesses and consumers in Paro, Thimphu, Trashigang, Trashiyangtse, Lhuentse, Samdrup Jongkhar, Sarpang, Samtse, Zhemgang, Dagana, and Tsirang Dzongkhags.

Fig. II. Activities and target numbers



### 5.2 Market Price Information

Market prices of over 30 essential food items were collected from six main towns - Thimphu, Mongar, Trongsa, Samdrup Jongkhar, Gelephu, and Phuentsholing and disseminated via the office website. The primary objective of this compilation

is to provide consumers and other businesses price information to enable proper purchase and/ or business decisions. Concurrently, this dataset is used to analyze price and inflation trends over time.

The significance of the Market Price Information has been particularly evident during the pandemic, especially amid lockdowns, when government enforced some form of price control. It effectively functions as a tool to monitor any attempts by businesses to unjustifiably inflate prices to take advantage of the supply disruptions.

Market Price Information can be accessed through the CCAA website ([www.ocp.gov.bt](http://www.ocp.gov.bt)).

### 5.3 Supply Chain of Essential Commodities

A review of the existing supply chain of essential commodities was carried out, with the aim to identify bottlenecks in the chain so as to develop proper policy recommendations. The reliability and efficiency of the supply chain is instrumental to keep consumer goods available at all times and maintain competitive retail prices.

The study focused on household essential including popular brands of rice, oil, flour, and dairy products, covering over 19 wholesalers and 142 retailers. The study reveal various factors behind high prices such as increase in price at source, transportation costs due to fuel price surges, lengthy customs procedures in Bhutan and India and taxes (visit [www.ocp.gov.bt](http://www.ocp.gov.bt) for full report).

### 5.4 Establishment of Dispute Settlement Committee

In order to bolster consumer protection services and facilitate resolution of consumer disputes at the local level, Dispute Settlement Committees (DSC) have been established in seven Dungkhangs - Sakteng, Wamrong, Thrimshing, Samdrup Choling, Dorokha, Lhamoizingkha, and Trashicholing. Each DSC comprises of three members, appointed in consultation with the respective Local Governments. New members underwent online training to gain knowledge of Consumer Protection Act and its rules and regulations and the skills necessary for effective mediation and dispute settlement.

### 5.5 Training of Gups as Consumer Advocates

As per the CPA, 2012, Gups are ex-officio consumer advocates in their Gewogs. The CCAA conducted online training to 36 newly Gups across various Dzongkhags - including Monggar, Pema Gatsel, Punakha, Samdrup Jongkhar, Trashigang, Tsirang, Dagana and Lhuentse.



## 5.6 Sustainable Consumption and Production Project

The CCAA continued implementing the project ‘Sustainable Consumption and Production (SCP) (2021-2024) funded by the Federal Ministry of the Environment, Nature Conservation and Nuclear Safety through the support of GIZ Outreach Office in Thailand. The project aims to support the development and implementation of environmental labels and sustainable consumption and production patterns, in particular, green public procurement (GPP) and Eco-labelling.

During the year, a series of activities have been successfully executed:

- Participated in the second Project Advisory Board Meetings in Bangkok, Thailand,
- Organized a workshop for the Development of Environmental Criteria, in Thimphu,
- Drafted Green Criteria for Cement and TMT,
- Facilitated a consultation workshop aimed at incorporating Green Procurement into Procurement Rules and Regulations,
- Organized a comprehensive training on Life Cycle Assessment for stakeholders encompassing representatives from the Department of Procurement and Properties, Bhutan Standard Bureau, Department of Climate Change and Environment, among others.

## 6. CONSUMER PROTECTION AND COMPETITION ENFORCEMENT

To ensure businesses comply to existing rules and regulations, a number of market surveillance initiatives were undertaken. Furthermore, accessible channels are established to enable consumers to voice grievances, ensuring prompt resolution and appropriate remedies.

Various types of complaints were received from different aggrieved consumers across the country, and while most of the complaints were resolved by the CCAA directly, a few cases were escalated to the Dispute Settlement Committee (DSC). Businesses flouting rules were either made to rectify immediately or punitive action was taken in accordance with the existing law and regulations.

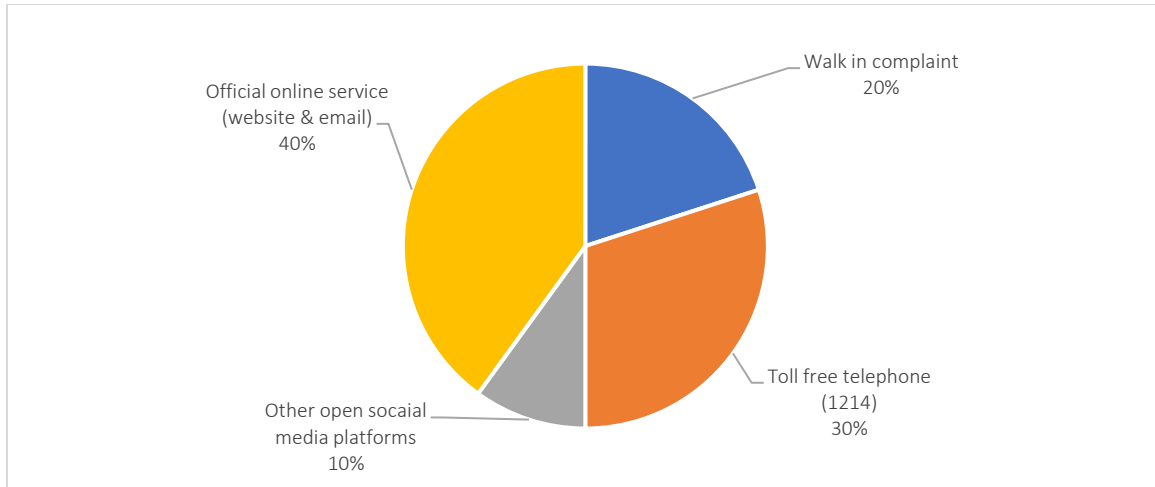
### 6.1 Number and types of consumer complaints

In FY 2022-23, the CCAA recorded a total of 148 consumer complaints, of which 90 percent were as individual complaints (wherein damages are sought), while the remaining were general complaints (rectification required). Except for the two pending cases, all complaints were successfully addressed with the same period.

### 6.2 Medium of Complaint

Consumers complain either by, using a toll-free phone service (1214), using online services (office website & official email) or other online platform (FB, WhatsApp etc.) or walk in. The most popular mediums for lodging complaints were through the online complaint system (<https://www.ocp.gov.bt/apply>) and the toll-free phone service (Fig. III).

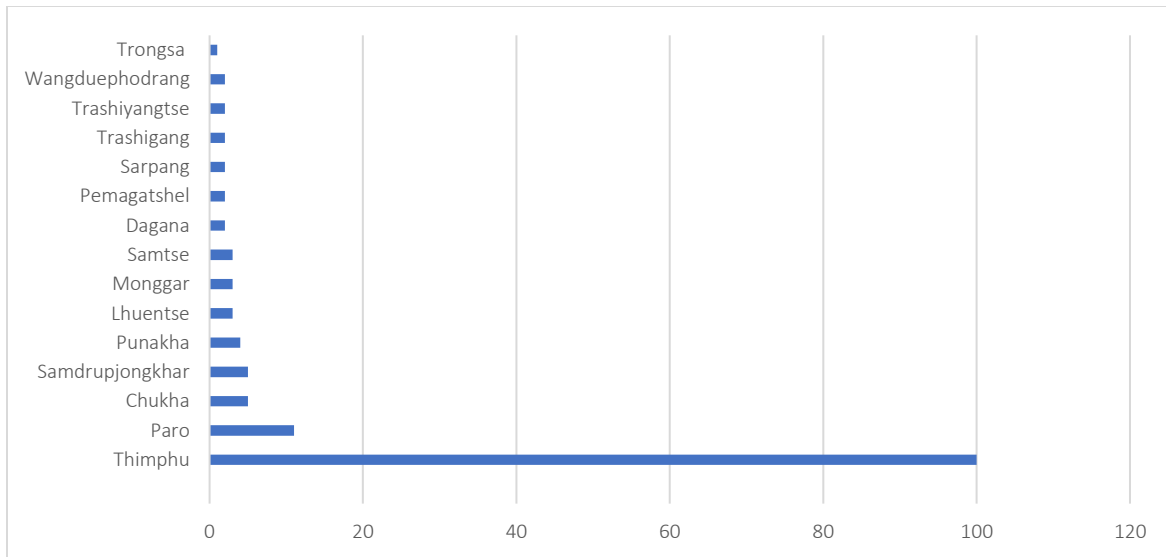
Fig. III: Percentage of medium through which complaint lodged



### 6.3 Complaints by Dzongkhag

Thimphu Dzongkhag had the highest number of complaints at 100 followed by Paro and Chukha Dzongkhags. No complaints were recorded from Gasa, Bumthang, Haa and Tsirang Dzongkhags (Fig. IV)

Fig. IV: Number of complaints received by dzongkhags



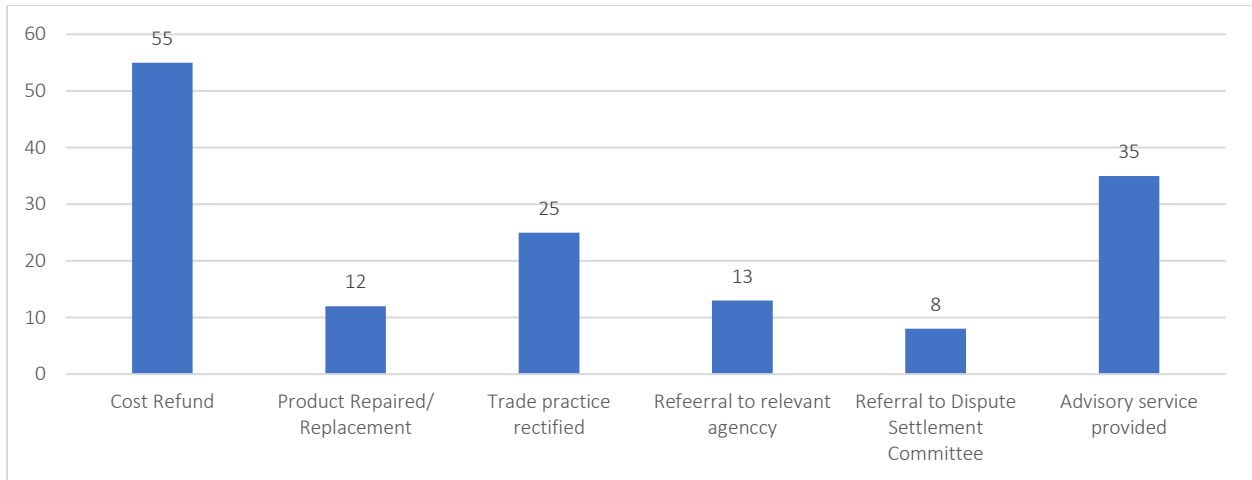
### 6.4 Actions taken against violators

With regard to general complaints, business firms either had to rectify unethical practices including calibration of weights and measures, proper packaging and labeling of produce along with price affixation and issuance of purchase receipts to consumers.



In order to address complaints and correct unfair trade practices, a range of actions were taken (Fig. V). A total sum of Nu. 2,510,260 was reimbursed to numerous affected consumers by 52 different business entities, who were found to have violated their contract.

Fig. VI: Types of corrective actions taken



Disputes between consumers and businesses that could not be mediated amicably by the CCAA were referred to respective Dispute Settlement Committee (DSC). During the reporting period, the DSC enabled refund and compensation worth Nu. 561,092.5 to two affected consumers.

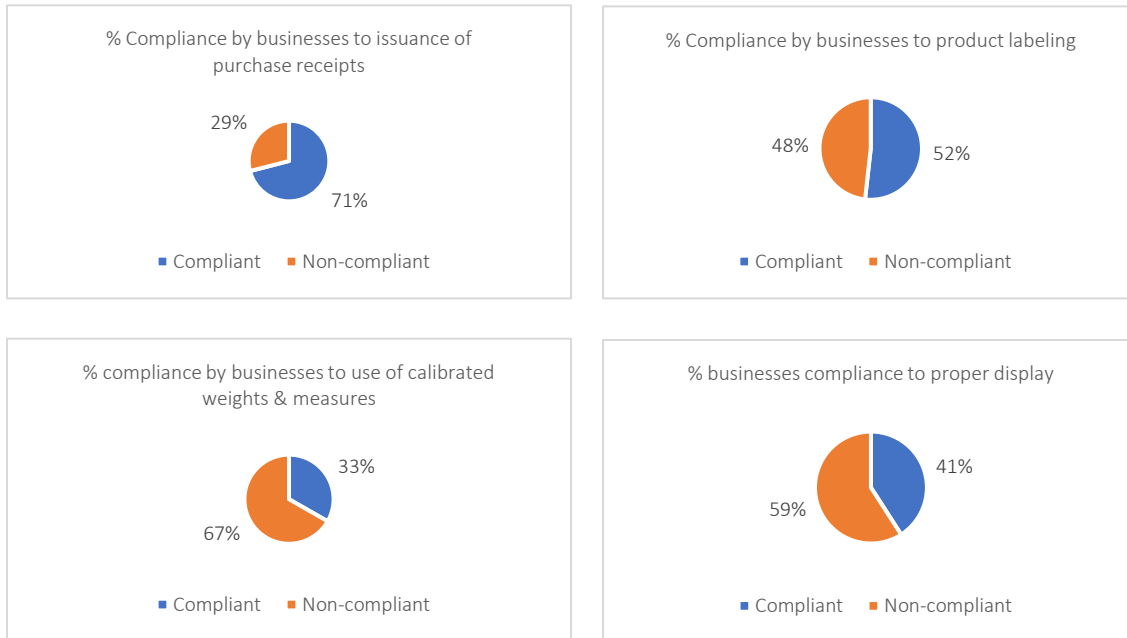
## 6.5 Surveillance for compliance to market standards

The CCAA carried out market surveillance in major markets across the country to identify and address potential issues. A total of 1,775 business firms in 17 Dzongkhag towns/ Thromdes were inspected; some in collaboration with other regulatory agencies such as Bhutan Food & Drug Authority (BFDA), Regional Office of Industry, Commerce & Employment (ROICE) and regional or Dzongkhag Forestry and Park Offices.

The main types of businesses covered for surveillance include petroleum retail outlets, grocery stores, automobile workshops, vehicle spare parts shops, garment stores, meat shops, wood-based industries, hardware stores, hotels/restaurants, pharmacies, bakeries and fabrication units. In consultation with Bhutan Food and Drug Authority (BFDA), violators were fined a total of Nu. 211,986 for sale of expired products.



### 6.6.1 Major findings from market surveillance



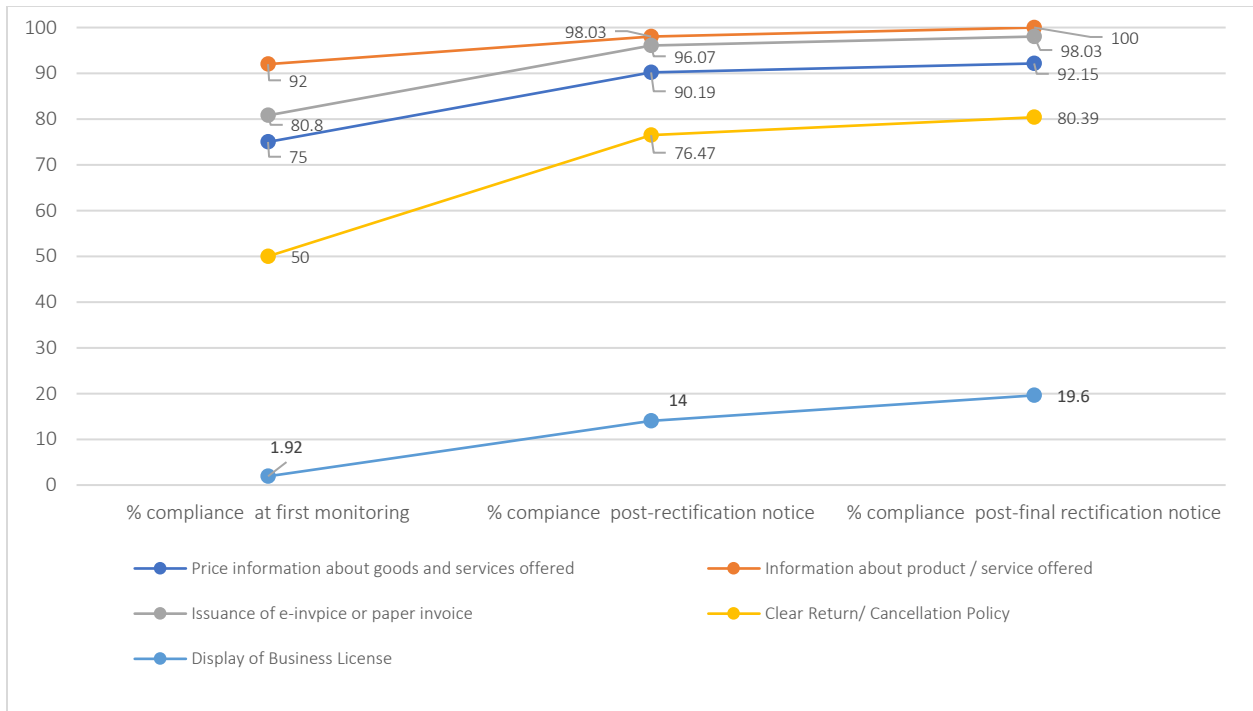
## 6.6 Fair trade practices in e-commerce

E-commerce is gaining popularity given the fast growth of internet connectivity. Though there is a guideline for e-commerce business operation, and e-commerce firms are required to register and operate formally, many operate without registering. Such businesses pose risk to consumers and surveillance and regulation is challenging. Nonetheless, the CCAA attempted to determine compliance by e-commerce entities operating in Bhutan to the guideline, namely with regard to:

- Display the license prominently on their website or social media account,
- Issue e-invoices or paper invoices after sales,
- Provide clear information about goods and services offered,
- Provide price of goods/ or services, including cost of packaging and delivery, and
- Provide a clear written return/ cancellation policy

There are 107 entities registered as e-commerce entities in the country, out of which only 52 were found to be operational. To start, all contactable e-commerce firms were informed about the provisions in the guideline. Subsequently, each entity was monitored for compliance and first rectification letters were issued to non-compliant e-commerce entities. A second-round of follow up was carried out to check compliance. The rate of compliance on all fronts had improved significantly (Fig. VII), though regular monitoring and reminders may be required.

Fig VIII: Compliance rate by e-commerce business entities



## 6.7 Basic market competitiveness in selected towns

In a market where there are many businesses competing, it drives businesses to become more efficient, encourages innovation and stimulates economic growth. Competition helps maintain price stability, promotes customer focus, and creates a fair and dynamic market that benefits consumers. While Bhutan is generally a free-market economy where competition is expected to thrive, a study was carried out to determine basic competitiveness in the markets by looking at the proportion of businesses to the population size. The study covered eight different categories of businesses in six towns – Tashigang, Kanglung, Trashiyangtse, Doksum, Lhuentse and Autsho.

### Number of business establishment per 1000 people



The average number of grocery/general shops is 26.53. Autsho and Doksum have higher than average, while other locations have fewer.



The average number of restaurants is 17.47. Autsho and Doksum have the highest numbers, while Trashiyangtse and Trashigang have the lowest. Trashigang, on the other hand, has the highest number of hotels.



The average number of automobile workshops is 1.27. Doksum, Autsho, and Trashigang have higher than average, while Trashiyangtse has the lowest.



Apart from Trashigang town, none of the other towns have a pharmacy, possibly due to insufficient demand or regulatory hurdles.



Doksum has the highest number of electronic shops, while all other locations have less than 1.5 shops for every 1000 people.



Trashigang, Doksum, and Lhuentse have higher than average numbers of hardware shops, while Trashiyangtse has the lowest.



Most locations have higher than average numbers of garment shops, with an average of 1.55 businesses per 1000 people.

The rate of business growth is influenced by factors such as demand, profitability, sourcing, transportation, and ease of starting a business. Emigration of residents from these locations poses a significant challenge to businesses, as it leads to a decrease in demand. However, there were no complaints regarding difficulties in obtaining business licenses or accessing finance and regulatory requirements. The full report can be read at <https://www.ocp.gov.bt>

## 7. COLLABORATION AND PARTNERSHIPS

With the aim of delivering efficient and effective consumer protection services, the office made efforts to establish connections with relevant stakeholders both domestically and internationally. Throughout the year, the office initiated the process of forming institutional linkage with various organizations.

## **7.1 Renewal of MoU with the Office of the Consumer Protection Board, Kingdom of Thailand**

As bilateral trade between Bhutan and Thailand increases, so will the probability of disputes between a consumer of a country and a business of another. While a consumer protection body of one country may not have jurisdiction over another, co-operation between the consumer protection agencies of the two countries could help settle disputes amicably. Further, technical co-operation between agencies would be mutually beneficial. Thus, the CCAA renewed its MOU with the Office of Consumer Protection Board (OCPB) of Thailand.

## **7.2 Proposal for MoU between CCAA and consumer protection agencies of India and Bangladesh**

For similar reasons, the CCAA has proposed and pursued MOU with counterparts in India and Bangladesh through the Ministry of Foreign Affairs and External Trade (MFAET).

# **8. FUTURE OUTLOOK**

As we move forward, the CCAA will continue to play a pivotal role in shaping the dynamics of consumer protection and competition. The future outlook suggests the following trends are likely to emerge:

## **8.1 Consumer Protection**

- **Strengthened Regulatory Framework:** CCAA will continue enhancing its regulatory framework for consumer protection, aligning it with global best practices and ensuring that it addresses emerging challenges in the digital era. This could involve framing new regulations and guidelines and the refinement of existing ones to provide comprehensive safeguards for consumers.
- **Digital Consumer Protection:** As digital technologies become increasingly integral to daily life, there will likely be a focus on safeguarding consumers in online transactions. Measures to combat unfair trade practices in online business, and ensure fair e-commerce practices are expected to gain prominence.
- **Empowered Consumer Awareness:** Efforts to educate and empower consumers about their rights and responsibilities will be expanded. Public awareness campaigns, workshops, and educational initiatives could equip consumers with the knowledge they need to make informed choices and assert their rights confidently.
- **Consumer Dispute Settlement and Resolution:** The promotion of efficient and accessible mechanisms for resolving consumer disputes is anticipated. This could involve the strengthening of consumer dispute resolution bodies, allowing for timely and cost-effective resolution of conflicts.
- **Collaboration and Partnerships:** Collaboration between government agencies, consumer organizations, businesses, and other stakeholders is likely to grow. Partnerships can lead to more effective enforcement of consumer protection measures, as well as the sharing of resources and expertise.

## **8.2 Market Competition**

A vibrant competition culture is vital for economic efficiency and a well-functioning economy. It drives firms to perform better, benefiting consumers with lower prices, higher quality goods and services, increased innovation, and more choices. Effective competition ensures resource utilization, prevents market power abuse, and fosters allocative, productivity, and dynamic efficiency.

Competitive markets offer fair opportunities for all firms, enabling new ones to enter, efficient ones to thrive, and underperforming ones to exit. On the other hand, anti-competitive practices, monopolies, and oligopolies lead to higher prices, limited choices, and reduced product quality.

While there is a competition policy endorsed in 2020, it has limitations and lacks authority to enforce competition effectively. The CCAA therefore, following approval of the Royal Government is in the process of starting to draft a national competition law, with financial and technical support from the Asian Development Bank (ADB).

## **9. CONCLUSION**

The Annual Report reflects the efforts and initiatives undertaken by the CCAA to ensure a fair and secure marketplace for Bhutanese consumers. Through strategic programs, educational campaigns and collaborative endeavors, the CCAA has made significant strides in enhancing consumer protection and fostering healthy competition.

The comprehensive consumer empowerment and education program has empowered consumers with knowledge about their rights and responsibilities, while also educating businesses on market standards and fair trade practices. This initiative has reached various regions across the country, positively impacting both consumers and businesses.

The establishment of Dispute Settlement Committees (DSCs) at the Dungkha level strengthens the consumer protection landscape by providing accessible platforms for dispute resolution. Collaborative efforts with international partners, such as the renewed Memorandum of Understanding with the Office of Consumer Protection Board (OCPB) of Thailand, highlight the CCAA's commitment to cross-border consumer grievance resolution.

The proactive approach to monitoring and enforcing regulatory compliance has resulted in the rectification of unfair trade practices and the imposition of penalties for violations. The focus on e-commerce monitoring ensures responsible and transparent online business operations, further safeguarding consumers in the digital realm.

As Bhutan's economy continues to evolve, the CCAA's role in shaping consumer protection and competition remains paramount. The forthcoming competition bill is testament to the commitment towards establishing a robust legal framework that fosters healthy competition and protects consumer interests.

Looking ahead, Bhutan's future in consumer protection and competition looks promising. The CCAA's dedication to empowering consumers, resolving disputes, and promoting fair trade practices is poised to contribute to a thriving marketplace that benefits all. By nurturing a culture of fair competition and informed consumer choices, Bhutan can envision a future marked by economic growth, innovation, and consumer welfare.