
ANNUAL REPORT

COMPETITION & CONSUMER
AFFAIRS AUTHORITY (CCAA)



2023-2024

MESSAGE FROM THE DIRECTOR GENERAL

Dear Readers,

We are pleased to present the Competition and Consumer Affairs Authority's (CCA) Annual Report: 2023-2024. We have made significant achievements in advancing consumer protection and fair competition in the marketplace. We focused on creating an environment where businesses compete fairly and consumers feel empowered. We did this through (i) more frequent market surveillance, (ii) improved market research to generate evidence-based interventions, (iii) more consumer and business educational programs, (iv) improved partnership with agencies both in the public and private sector, and (v) continuous review and improvement in the policy and legislations that govern consumer protection and market competition. These efforts will go a long way in creating a free and fair market where businesses can grow and where consumers are protected from unethical businesses.

Our team's hard work and dedication in fulfilling the mandate given to the CCA and contribution beyond that has been exemplary. Despite limitation in resources – financial or human resource capacity - we have successfully managed to resolve all major issues in the field of consumer protection. Looking ahead, we are committed to greater innovation and responsiveness to meet consumer needs in the changing market dynamics.

We thank the Honourable Minister and the Secretary of the Ministry of Industry, Commerce & Employment (MOICE), the CCA Governing Board members, Heads of the various departments and agencies within and outside the MOICE and all those who supported, collaborated and cheered the CCA on in the last one year. We are confident that together, we can build a fair and competitive marketplace that rewards, fair play, transparency, innovation and hard work.

Tashi Delek!

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1. INTRODUCTION

The Annual Report of the Competition and Consumer Affairs Authority (CCAA) provides an overview of the agency's initiatives and achievements in advancing consumer protection and promoting market competition during the period 2023-2024.

In the past year, the agency focused on education of consumers and sharing of information, enforcement of consumer protection regulations across all sectors and preemptive market surveillance to correct unethical business practices. A great amount of time and resources were expended in carrying out investigation of suspected violations of the consumer protection law, mediation and settlement of disputes. The agency also spent substantial amount of time on the formulation of a competition bill, which will be the cornerstone of a competitive market in Bhutan. The agency took the time to develop and build partnership and cooperation with other agencies both within and outside the country.

This report highlights progress achieved during the year and outlines areas of focus in the future. By reflecting on the achievements and challenges faced, the agency will be better prepared for the challenges in the future and be able to prioritize and allocate resources prudently thereby being able to better fulfill its mandate of ensuring consumer rights and market integrity.

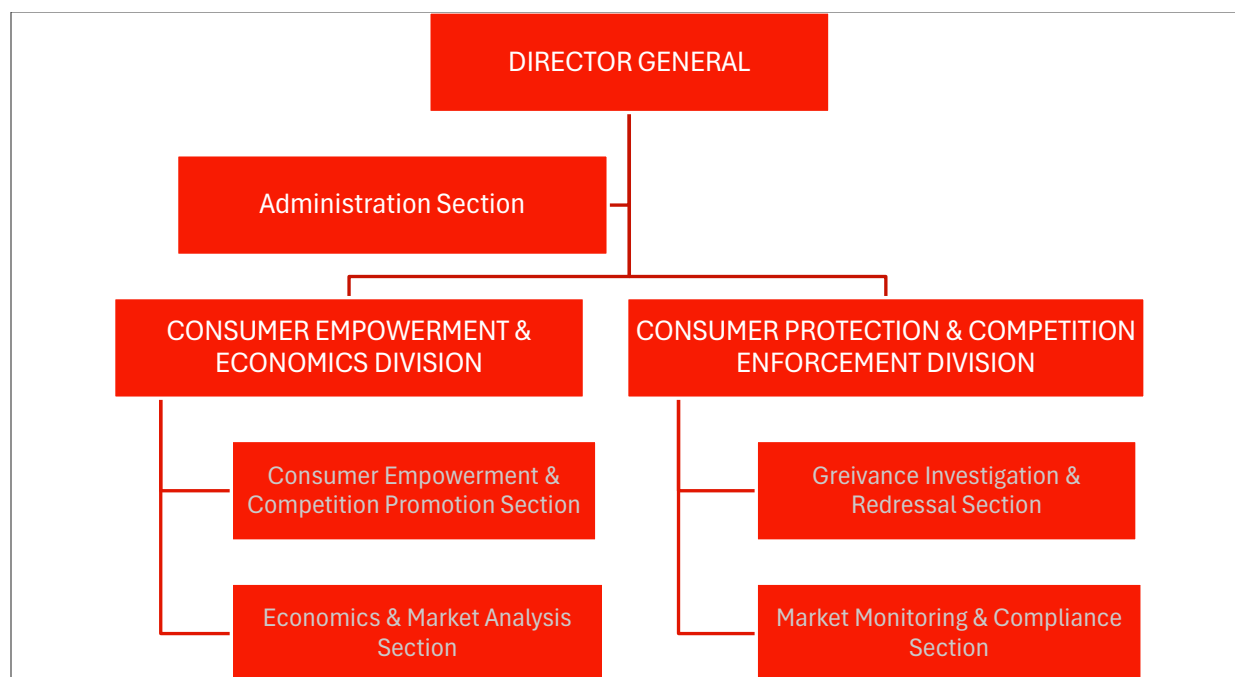
2. THE AGENCY

~ Organization

The CCAA is one of the department/ agencies under the Ministry of Industry, Commerce & Industry (MoICE). Further, following the enactment of the Civil Service Reforms Act, in place of the erstwhile Consumer Board and Competition Council (CBCC), a Governing Board chaired by the Secretary of the MoICE, with members from both government and the private sector and CSO has been instituted to provide robust governance and strategic guidance, ensuring effective policy implementation and regulatory oversight. The Governing Board is tasked with setting strategic objectives, overseeing policy implementation, and safeguarding consumer and business interests. Its formation underscores the government's commitment to promoting fair trade practices, enhancing consumer rights, and fostering a competitive marketplace for economic growth and stability.

The CCAA has two divisions – Consumer Empowerment & Economics Division (CEED) and Consumer Protection & Competition Enforcement Division (CPCED) (Fig. II) - currently employing 19 people. The CCAA collaborates closely with the six Regional Offices of Industry, Commerce, and Employment (ROICE) situated in Thimphu, Phuentsholing, Trongsa, Mongar, Samdrup Jongkhar, and Gelephu.

Fig. I: Organizational chart of CCAA



~ Vision, Mission & Strategic Goals

Fig. II: Vision, mission & strategic goals of CCAA



3. EMPOWERING BHUTANESE CONSUMERS

~ Educating consumers and businesses about their rights, duties and obligations

The CCAA implemented many activities to educate consumers across diverse sections of the population – with the aim to enlighten people on their rights and responsibilities as consumers and on extant government rules and regulations. A person who knows their rights and responsibilities and understands the law is better able to make informed choices, recognize deceptive business practices and thus assert their rights confidently. During this period, over a thousand people of in Chhukha, Haa, Gasa, Tsirang, Wangdue Phodrang, Punakha, Trongsa, Bumthang and Mongar Dzongkhags were reached.

The CCAA also reached out to more than 1,200 businesses to educate them about extant consumer protection laws and on ethical way of doing business. This program included topics such as present consumer protection rules and regulations, basic principles of ethics in business and business's obligations, and responsibilities to consumers. Such information helps businesses navigate regulatory requirements, avoid violations, and build consumers' trust and confidence in them.



Photo 1. Educating consumers & businesses

~ Informing consumers market prices

Awareness of market conditions including prevailing prices of goods is a valuable decision-making tool. It enables consumers to get value for their money. As part of the consumer empowering mandate, the CCAA collects and provides prices of the most common and popular brands of essential foods on a regular basis. Prices of over 30 essential food products in 22 major towns across the country are collected every three months with the support of the ROICEs and average prices of each location is disseminated online via the agency's website. This set of data over time will become an invaluable source for the purpose of analysis of price and inflation trends.

~ Enabling mediation and resolutions of disputes between consumers and businesses

To provide speedy and efficient consumer protection services, such as dispute resolution at the local level, Dispute Settlement Committees (DSC) are established in most districts and municipalities. A committee consisting of three members, representing various sections of the population are appointed in consultation with the respective local government administrations.

New members are enlightened on consumer protection act, rules and regulations and skills necessary for effective mediation and dispute resolution are imparted. During this period, 12 newly appointed DSC members were trained together with 100 newly appointed *Gups*¹.

~ Towards a sustainable consumption and production system

The CCAA continued to implement the project ‘Sustainable Consumption and Production (SCP) (2021-2024)’. This donor funded 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, the most notable ones being:

- ✎ Training program on ISO 14024 for 8 officials from Bhutan Standards Bureau (BSB), Ministry of Agriculture and Livestock, College of Natural Resources and College of Science and Technology in Thailand,
- ✎ Preparation and approval of Green Criteria for Cement and TMT as standards in the country, and
- ✎ Training program on the Total Cost of Ownership/ Life Cycle Costing for 15 Officials from the Ministry of Finance (MoF) in Thailand.



Photo II. Project advisory board meeting

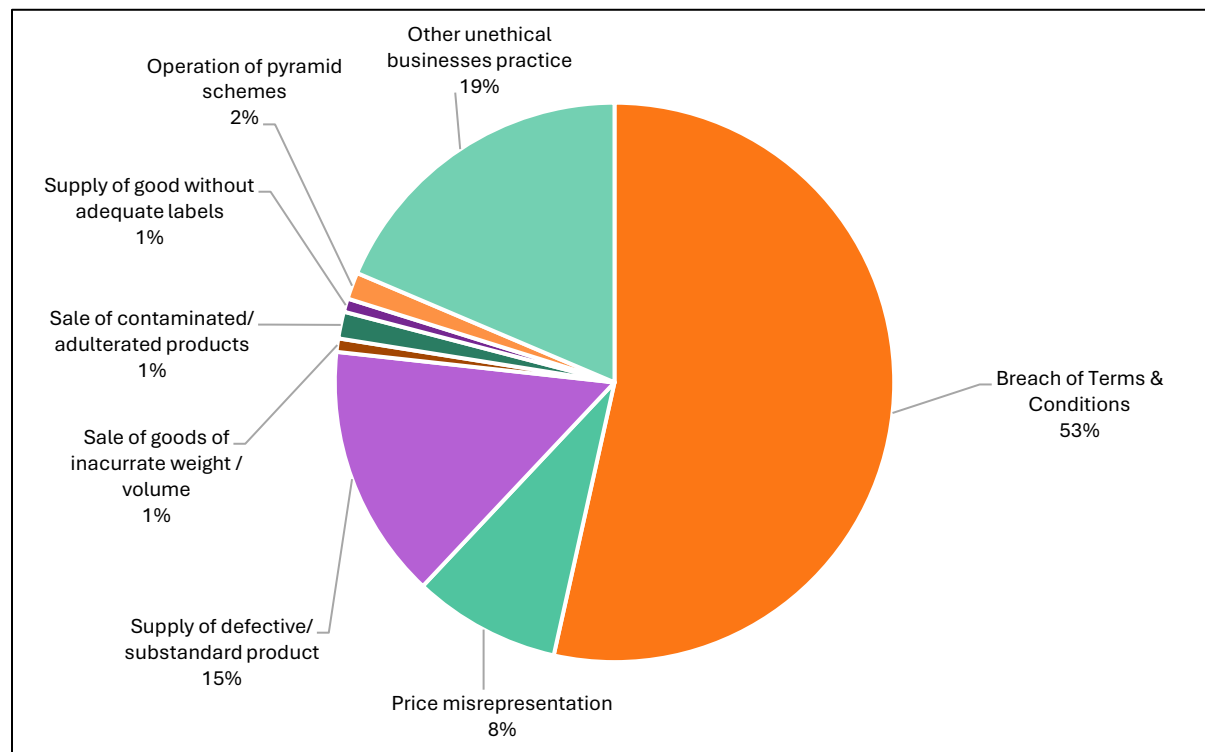
¹ As per CPA, 2012, *Gups* are ex-officio consumer advocates in their *Gewogs*

4. KEEPING BUSINESSES ETHICAL AND REDRESSING CONSUMER GREIVANCES

~ Helping consumers get redressal

The CCAA received a total of 129 complaints during the period; of which 114 complaints were individual complaints². There were 89 complaints from Thimphu Thromde which was the highest when compared with other Dzongkhags and Thromdes. Approximately half of the complaints pertained to breach of terms and conditions by the business (Fig. III). There were substantial incidences of complaints related to supply of defective or sub-standard products and sale of goods at much higher prices through deception.

Fig. III: Types of consumer complaints against businesses



Refund of approximately Nu. 0.7m was facilitated to various consumers during the year; in addition to the many repairs and replacements of defective products. Further, the office either ensured immediate rectification of bad business practice, imposed fines and penalties amounting to more than Nu. 1m and also closed some business operations that were deemed illegal as per law.

² Individual complaints are those affected individuals seek redressal such as refund, replacement or repairs

~ Keeping business operation ethical



Photo III: Market inspection

was imposed on businesses that were selling food that was unfit for consumption or goods past expiration dates. Businesses failing to meet the minimum statutory market requirements were made to rectify immediately or were given some time to be able to meet the standards.

Preemptive market surveillance is a strategic method of consumer protection service. A total of 2,207 business entities spread across 75 different towns in seventeen dzongkhags were inspected during the period. In some inspections, officials from Bhutan Food & Drug Authority (BFDA), BSB and ROICES also participated in the surveillance. All types of businesses including Petroleum Retail Outlets, Hotels & Restaurants, Hardware Stores, Garment Stores and Groceries were covered. A fine of more than Nu. 0.2m

~ Protecting consumers from burgeoning unethical e-commerce

In response to the growing popularity of online business in the country and the elevated risk they pose to consumers, stepping up surveillance of such businesses was crucial. Apart from lookout for any suspicious looking online businesses operating in Bhutan with the intention to warn consumers or to stop them, the CCAA contacted and monitored the fifty plus registered e-commerce entities that are in operation to ensure their compliance to regulatory requirements at all times.

5. IMPROVING BUSINESS ECOSYSTEM TO BETTER SERVE CONSUMERS

~ Building partnership

As cross-border trade grows, so will the risks of disputes between consumers of a country and business of another. Since regulatory agencies do not have jurisdiction over other countries, such disputes can only be resolved through partnership and co-operation. To be better prepared should such consumer-business disputes arise in the future, the CCAA signed Memorandum of Understanding (MoU) with the Bangladeshi counterpart (Directorate of National Consumer Rights Protection) during the period. A similar MOU still exists with Thailand's Office of Consumer Protection Board (OCPB); while effort is underway to sign one with the Indian counterpart.

~ Research for better understanding of how markets function

The quality of any plans and policies will be more effective if it is evidence-based. To be able to achieve this, the CCAA place top priority on studies and research on important topics. This enables the CCAA to understand market dynamics, weakness in supply chains, identify anti-competitive practices and assess consumer welfare issues. During the year, the agency carried out several market studies covering diverse subjects. (Fig. IV). The study reports can be accessed by visiting our website at www.ccaa.gov.bt The reports have been shared with relevant agencies and recommendations will be implemented over time.

Fig. IV: Researches topics



~ Create an enabling legislative environment

A competition bill to address the current limitations in enforcing and protecting market competition has been drafted with support from the Asian Development bank (ADB). The bill is ready to be submitted to the Parliament. Though a competition policy already exists, it is not a legal instrument and cannot effectively regulate market practices to prevent anti-competitive behavior. The bill seeks to streamline market practices, prevent monopolistic behavior and promote fair business practices.

~ Improving service delivery

Recognizing the power of digital technology for service delivery efficiency, CCAA invested time and resources to improve its website aesthetically and functionally (Photo IV), with financial assistance of the ADB. This platform will serve as a comprehensive resource hub for stakeholders, offering access to regulatory updates, consumer rights information, market price information and user-friendly complaint management system. The new system will improve transparency, streamline operations, and improve public engagement with the agency.

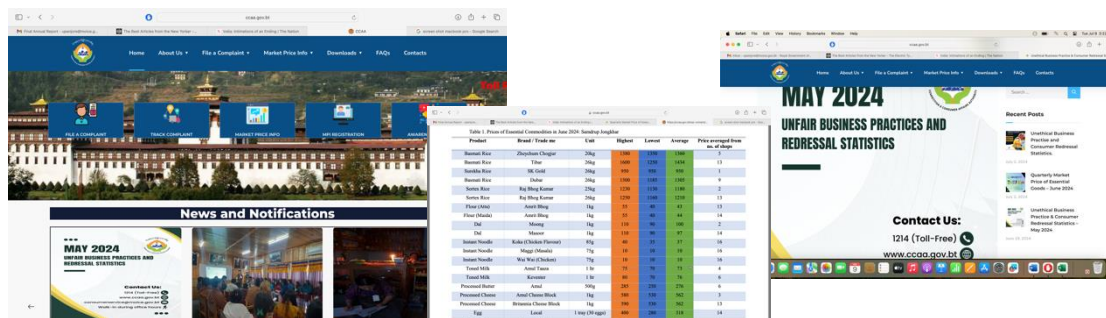


Photo IV: CCAA's new website look

6. GAZING INTO THE FUTURE

Looking ahead, CCAA envisions a proactive and a more impactful role in safeguarding consumer interests and promoting economic competitiveness. The agency hopes to do that by employing more innovative ideas, take advantage of digital technology, improve the quality of market research and step up market surveillance (Fig. V)

Fig. V: Strategic goals for the future for better consumer services



Through the pursuit of these initiatives and embracing future challenges, CCAA aims to uphold its mandate of fostering fair competition, protecting consumer interests, and contributing to sustainable economic growth in Bhutan.