

# Monitoring e-commerce businesses

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## **A. Introduction**

All e-commerce firms must have a valid business license for supply of goods or services, and businesses have to be conducted in accordance with the Trade and Industry Rules, 2023 and Consumer Protection Act, 2012 amongst other extant rules.

As in other countries, the number of e-commerce or online businesses has been trending upwards in recent years. If managed and operated professionally, e-commerce businesses offer many advantages both to the owners and consumers. However, at the same time, consumers have to be particularly guarded against those unknown fly-by-night firms that operate virtually.

E-commerce firms are required to meet following standards as per the Trade and Industry Rules 2023:

- Display the business license prominently on the homepage of its website or social media account,
- Issue e-invoices or paper invoices for goods sold or services provided, as required by law,
- Provide accurate, clear and easily accessible information about the business as well as goods and services offered,
- Provide price of goods/service including cost of packaging and delivery, and
- Provide a clear product return, refund and replacement policy.

The primary purpose of these monitoring exercises is to determine if these firms are in compliance to the minimum requirements, remind them about their shortcomings and explore potential interventions to enhance service quality for better consumer satisfaction.

## **B. Methodology:**

The details of registration of e-commerce firms were obtained from the Department of Trade (DOT). The proprietor/ operator of the firms were contacted and their website/ social media pages were visited to assess compliance to regulations.

## **C. Findings and Observations:**

There were 79 registered e-commerce firms, majority (69) of which were located in Thimphu, with a handful in Chukha and Paro Dzongkhags. There was one each in Sarpang, Trashigang, Tsirang and Wangduephodrang Dzongkhags.

Out of the total, 67 entities were found operational at the time of study. The remaining were either non-operational or could not be traced. 61% of the presently operating firms were selling goods; 33% were in providing service, while 6% offered both goods and services.

Fig. I: % e-commerce firm complaint to mandatory requirements

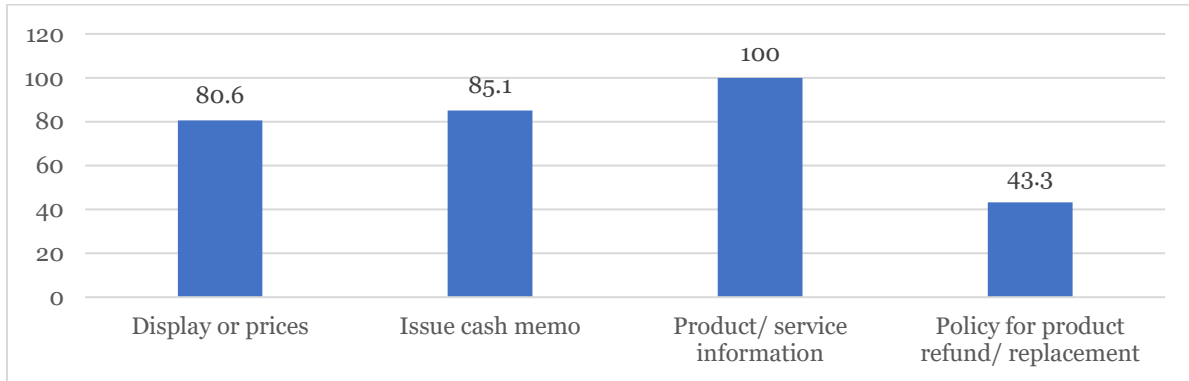
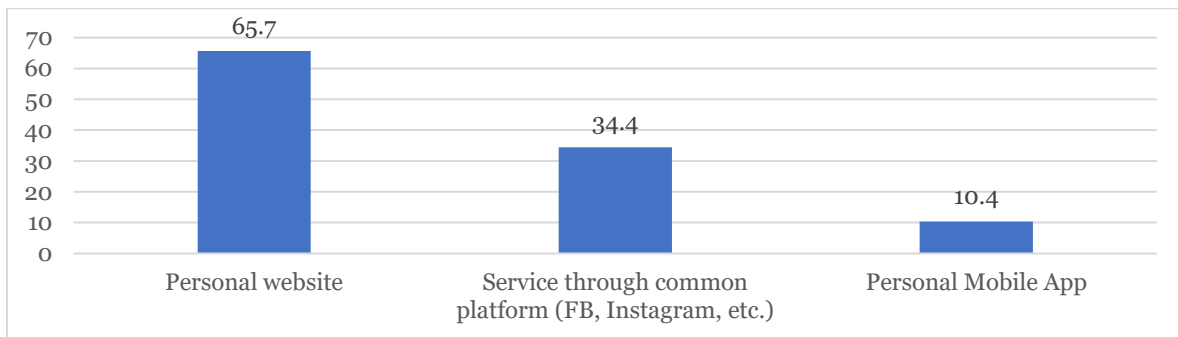
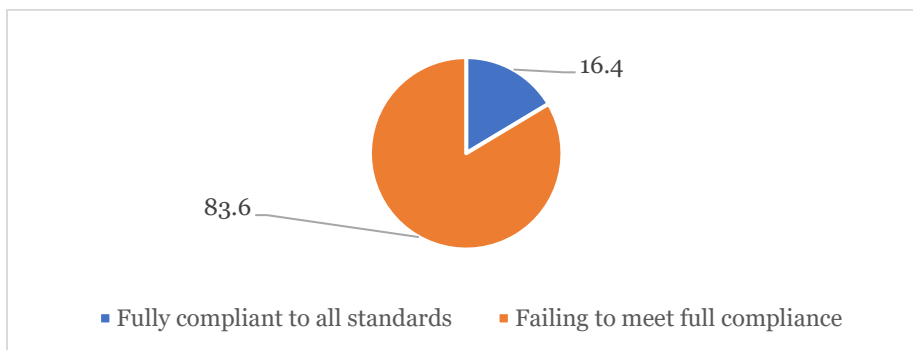


Fig. II: % e-commerce firms employing channels for advertisement and marketing



76.1% of active e-commerce entities opted not to display their business licenses on their websites due to apprehensions of misuse by others. Concerns were raised regarding the possibility of unauthorized parties misusing the license's details if displayed. On the other hand, consumers are known to feel more convinced about the authenticity of the e-commerce business if they see a business license.

Fig. III: % e-commerce firms fully or partially compliant to regulation



**D. Recommendations:**

- The CCAA to issue letters of rectification to e-commerce entities found to be non-compliant with the regulatory requirements.
  - The CCAA must monitor regularly to keep them fully compliant for the benefit of consumers.
  - Relevant departments such as Department of Trade to highlight and promote those firms that comply to standards unfailingly and provide good quality service to consumers.
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