

Investigation Report on the Allegations by Meat Vendors against M/s Penjor Slaughterhouse, Tsirang

by

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Background

The Competition and Consumer Affairs Authority (CCAA) received a formal complaint from the Bhutan Chamber of Commerce and Industry (BCCI) regarding alleged issues within the meat supply chain, specifically concerning the supply of processed beef to vendors in Thimphu. The primary allegations are directed at M/s Penjor Slaughterhouse in Tsirang Dzongkhag, including monopolistic practices, price hikes, and declining meat quality, which are reportedly impacting both consumers and vendors.

Some of the main allegations raised by the vendors include:

- The vendors are required to source and transport animals to the slaughterhouse
- The slaughterhouse proprietor charges Nu. 3,800 for use of the facility and Nu. 1,100 for slaughtering amounting to Nu. 4,900 per animal, and demands an advance deposit of Nu. 500,000, without providing a money receipt or any written agreement.
- The slaughterhouse proprietor accepts only cash deposits and does not entertain online payments
- The proprietor retains part of the carcass such as head, tail, legs, skin, and intestines without compensating the vendors.
- An additional charge of Nu. 70 per kilogram is added as a commission after meat is processed and sold to the vendors.
- Despite a cleaning fee of Nu. 500 taken from the vendors, the proprietor of the slaughterhouse does not comply with the cleanliness and hygiene standards as outlined by the BFDA.
- Vendors report receiving low-quality meat, with preferential treatment given to those who make advance deposits to the proprietor.

Additional concerns raised during meetings with complainants include:

- The proprietor prepares an invoice on the sale of meat at Nu. 250 per kilogram but charges Nu. 400 to the meat vendors.
- Vendors are reportedly forced to sell meat at Nu. 330 per kilogram to the proprietor and have to buy back again at Nu. 400 per kg.

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- The drovers (who take the animals to the slaughter house on behalf of the vendors) are charged Nu. 3,800 per animal (slaughterhouse use fee) even if the animal is not brought to the slaughterhouse, after making the booking.

In response, the CCAA formed an investigative team with representatives from the Bhutan Food and Drug Regulatory Authority (BFDA), the Department of Livestock (DOL), the Department of Industry (DOI), and the Regional Office of Industry, Commerce, and Employment (ROICE) in Gelephu. The team was tasked with assessing the situation and determining whether intervention is required.

Methodology

In order to investigate the issues thoroughly and devise actionable recommendations, the investigation team adopted the following interventions followed:

- Conducted multiple consultative meetings with meat vendors in Thimphu.
- Visited the slaughterhouse in Tsirang and interrogated the proprietor and the animal suppliers for ground truthing of the allegations put forth by meat vendors.
- Had a consultative meeting with the officials from Gosaling Gewog Administration and Tsirang Dzongkhag Livestock Sector regarding the slaughterhouse's operations and its underlying issues.

Findings and Recommendations

Upon field visit to Tsirang and investigation on the allegations, the team noted the following key observations:

- Drovers and meat vendors source cattle from various dzongkhags and transport them to the slaughterhouse for processing. The slaughterhouse itself does not handle sourcing but allows drovers and vendors to use its facility and butcher for processing. It charges Nu. 3,500 per cattle for facility use and Nu. 1,100 for butchering. Additionally, the slaughterhouse retains the head, trotters, and offal without providing compensation to the drovers and vendors.
- The claim that vendors must sell their meat to the slaughterhouse at Nu. 330 per kilogram and repurchase it at an inflated price of Nu. 400 per kilogram, or that the slaughterhouse takes a commission of Nu. 70 per kilogram, could not be established due to a lack of concrete evidence. However, there is circumstantial evidence indicating that vendors are charged Nu. 400 per kilogram while being invoiced at a lower rate of Nu. 250 per kilogram, which supports the allegation.
- The claimed advance deposit of Nu. 500,000 was clarified as a refundable security deposit of Nu. 100,000 per vendor. However, there is no formal documentation or receipts for these transactions, as it is claimed that the security deposit is paid in cash and no money receipt is issued.
- There is evidence of under-invoicing by the slaughterhouse, as the money receipt issued reflects Nu. 250 per kilogram, while the actual charge to vendors is Nu. 400 per kilogram. Additionally, the

slaughterhouse admitted to using personal savings accounts instead of a proper business account, both of which warrant further investigation by the Department of Revenue and Customs.

- The claim of charging Nu. 3,800 per cattle, even if not slaughtered, could not be conclusively substantiated due to a lack of supporting evidence.
- The slaughterhouse holds a valid industry license for beef production and is understood that the proprietor is in the process of obtaining Good Hygiene Practices (GHP) and Good Manufacturing Practices (GMP) certification. Cattle processing is conducted in compliance with meat safety requirements.
- Cattle were reportedly slaughtered using outdated and primitive methods, raising significant concerns about their welfare both before and during the process. There was no indication of the use of scientific or modern techniques, nor was there any evidence of adequate infrastructure at the facility to ensure humane and efficient slaughter practices.
- The slaughterhouse is located around 200 meters from a community water supply, with evidence of wastewater runoff that could potentially contaminate the local water catchment area. This issue is understood to have been reported to the Dzongkhag Tshogdu but remains unresolved.

Recommendations

Based on the observations and findings, the following recommendations are made:

- The Department of Revenue and Customs (DRC) should look into the matter of under-invoicing practices and the use of personal accounts instead of a designated business account and hold the proprietor accountable for his lapses with penalty as deemed necessary.
- The CCAA should mandate that the slaughterhouse prepare written terms and conditions for the use of the facility and to issue receipts for transactions exceeding Nu. 100, as required by the Consumer Protection Rules & Regulations, 2015.
- The CCAA should advise the slaughterhouse against charging full costs for services not rendered and recommend the establishment of clear cancellation of service policy to handle cancellations or service adjustments.
- The CCAA should direct the slaughterhouse to treat all vendors equally without providing preferential treatment, as long as they adhere to the pre-agreed terms and conditions.
- The Department of Industry (DOI) and the Department of Environment and Climate Change (DECC) should assess the potential environmental impact of wastewater runoff and take appropriate actions in line with the National Environment Protection Act of Bhutan, 2007.

- The Bhutan Food and Drug Regulatory Authority (BFDA) should increase inspections and vigilance to ensure that the proprietor of the slaughterhouse complies with hygiene standards and food safety regulations.
- The Department of Livestock (DoL) should explore modern alternative methods for animal handling, transportation, and slaughter, with a focus on enhancing animal welfare and replacing the outdated practices.
- The BFDA should strictly enforce animal welfare provisions as outlined in the *Livestock Rules and Regulations, 2017* and *Standards for Different Categories of Abattoir*.
- The DOL and BFDA should jointly revisit the protocol for the import of frozen beef with the objective to possibly permit import of fresh beef to address the current shortage in the market, enhance market competition, offer quality and choice of beef to the consumers.

Conclusion

This investigation has highlighted several operational issues at M/s Penjor Slaughterhouse, including pricing irregularities, hygiene concerns, and potential environmental risks. Timely interventions and corrective actions are essential to ensure fair practices for meat vendors, protect consumer interests, and uphold hygiene and safety standards in the slaughter house to ensure public health.