

Annual Report: 2021-2022



Office of Consumer Protection
July, 2022

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1. Vision, Mission and Objectives of the OCP

Vision

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

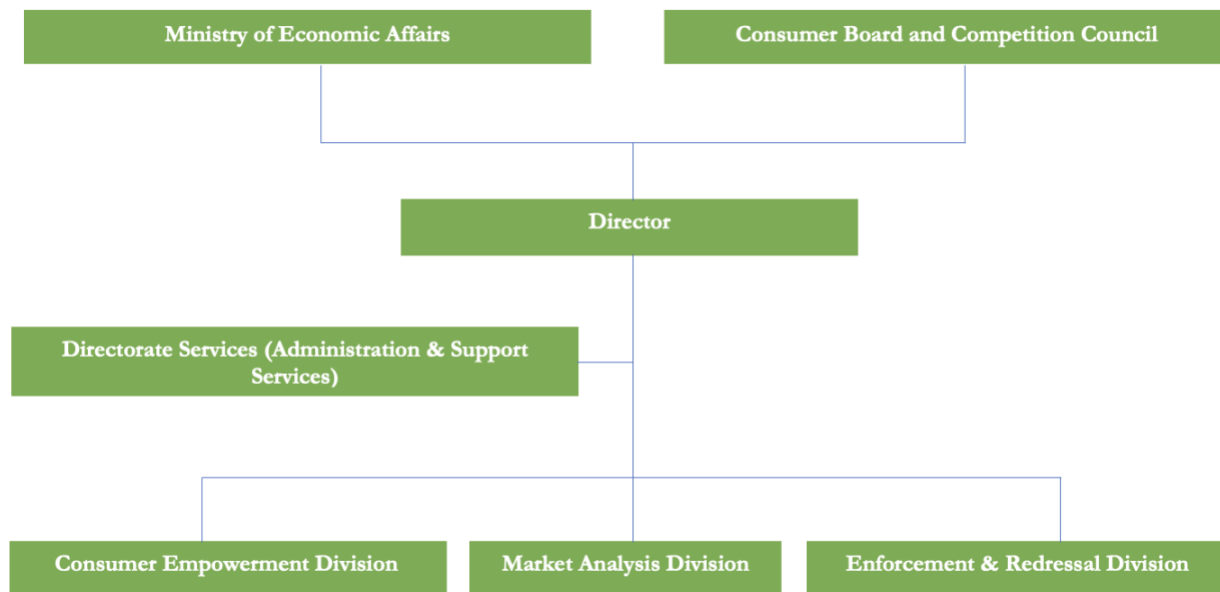
Mission

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.

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.

2. Organization Structure and Staff Strength



There are currently sixteen active staff on duty in the OCP (*Annexure I: Staff List by Position (active or on EOL, deputation, study leave as of 30 June 2022)*).

3. Consumer Board and Competition Council (CBCC)

The OCP reports to the Consumer Board and Competition council (CBCC) for advice on the enforcement of the Act and its rules and regulation and for policy guidance. Four CBCC quarterly meetings were conducted as required by the Consumer Protection Act of Bhutan, 2012. Some of the major resolutions of the meetings are as follows:

- Endorsement of the differentiation of roles of the Ministry and the Consumer Board & Competition Council (CBCC) viz-a-viz OCP's mandate,
- Endorsement of a guideline for diagnosis of Pyramid Scheme Diagnosis, 2021 was endorsed,
- Endorsement of partial amendment of provisions in the Consumer Protection Rules and Regulation, 2022 - related to different fines and penalty for varying unfair trade practices and violations, and
- Endorsement for the need to develop a competition bill to complement the national competition policy

4. Research and Studies

4.1 Competition Impact Assessment

In line with provision 7.2 of the National Competition Policy 2020, the office had developed a Competition Impact Assessment (CIA) Guideline which is an important tool that provides necessary tools and methodology to help conduct assessment of those laws/ policies/ rules on their impacts on market competition and propose alternatives if found to contain anti-competitive provisions.

CIA of the four existing acts/rules/policies was carried out:

- Companies Act of Bhutan 2016*
- Cottage and Small Industry Policy 2019*
- Foreign Direct Investment Policy 2019 and Foreign Direct Investment Regulation 2019*
- Corporate Governance Guidelines 2019*

The competition analysis was carried out using the OECD's Competition Assessment Checklist and the Competition Impact Assessment Guidelines, 2021. Based on the assessment parameters, the necessary interventive measures and recommendations have been made to reduce harm to the market competition as a result of restrictive regulations. The recommendations have been made available to relevant agencies for their action – which is expected to foster greater market competition and enhance consumers' welfare through availability of better-quality goods and services at competitive prices.

Some of the main recommendations were; (i) development of guidelines to facilitate merger and acquisition of companies to ensure conformity to the principles of competition, (ii) to undertake reforms initiatives to reduce regulatory burden for setting up FDI companies and, (iii) for the government to ensure competitive neutrality so that private sector can compete on a level playing field with SOEs.

4.2 Study on ecommerce

While the benefits of e-commerce are substantial, there are, however, concerns and risks to consumers, such as, frauds and scams, data privacy loss and lack of redressal mechanism when consumer rights are violated. Because most operate without registration, lack or inadequate information about their business, location and contact addresses, monitoring and regulation by OCP is a challenge.

The study indicates the popularity of ecommerce in Bhutan but a majority of the consumers still appear to be naïve about the associated risks when it comes to online shopping. While there appears to be adequate laws and policies in place to guide ecommerce and protect consumers, the challenge is the monitor, identify and stop unscrupulous actors. As a result, advising consumers to be more mindful of the risks and to take precautions are the most effective strategy to protect them.

4.3 Progress Review of National Strategic Framework and Plan of Action for Consumer Protection (2019-2023)

The OCP in collaboration with the 10 relevant agencies had developed a National Strategic Framework and Action Plan for Consumer Protection (2019-2023) during the FY 2018-2019. It was considering gaps and overlaps of mandates and functions and the lack of inter-agency collaboration and cooperation mechanism for efficient consumers protection services.

During this fiscal year, an assessment of the progress of the action plan and the challenges faced was carried out by the OCP with its partner agencies.

Of the 54 activities, 22 have been successfully completed including major ones such as signing of Memorandum of Understanding (MoU) with Royal Monetary Authority, Bhutan Standard Bureau and Bhutan Agriculture and Food Regulatory Authority; joint market monitoring and inspections, development of regulation for pilgrimage and grievance guidelines with Tourism Council of Bhutan, participation in the development of guidelines for e-commerce and development of financial literacy program in consultation with relevant agencies.

Other important activities in the future include signing of MoU with Bhutan Infocomm and Media Authority and Drug Regulatory Authority, producing consumer satisfaction index (CSI) by RMA and designing GPS physical address to support e-commerce in collaboration with Bhutan Post, Department of Trade and OCP that have not been achieved. The OCP shall continue to work in close coordination with these agencies for effective and complete achievement of the action plan.

4.4 Market Price Information (MPI)

The Office collects on a monthly basis and maintains a database of prices of more than 100 essential commodities from the 20 Dzongkhags – though it is not always possible to get from all locations at all times since the office has to depend on the support and co-operation of other offices and agencies. The MPI serves as a valuable source of information for consumers in making informed purchase decisions and also for the office to study and analyze price trends. Further, the market price information has been extremely useful during the pandemic, particularly during lockdowns to monitor if and when businesses try to take advantage of supply disruptions by charging exorbitant prices.

The MPI is available on the OCP website (www.ocp.gov.bt) for general public viewing.

5. Institutional Linkages

With the intent to render efficient and effective consumer protection services, the office continued to establish institutional linkages with relevant stakeholders both within and outside the country. During this fiscal year, the office started the process of establishment institutional linkages with the Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India and also established Dispute Settlement Committee (DSC) in 4 Dzongkhags and 2 Dungkhags.

5.1 Memorandum of Understanding (MoU) with Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India

To establish institutional linkage and collaboration between two agencies for mutual support in consumer protection affairs, promoting cross-border fair trade practices and resolving cross-border consumer issues, the office proposed to sign an MOU with the Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India.

The MOU, once signed is expected to help mutually resolve any cross-border consumer issues; facilitate exchange of information on prevalent consumer issues and unfair trade practices that are detrimental and prejudicial to the interests and rights of the general consumers in both the countries. As a result of this, cross border trade is expected to increase. Further, the OCP expects to receive assistance from DCA to conduct laboratory tests of products in India during investigations; and receive technical institutional development support.

5.2 Establishment of Dispute Settlement Committee (DSC)

The office established DSCs in 4 Dzongkhags - Chukha, Gasa, Wangduephodrang and Pemagatshel - and 2 Dungkhags – Jomotsangkha and Panbang. Each DSC has three members appointed in consultation with the respective local government administrations.

Members were trained on their roles and responsibilities, consumer grievance redressal mechanism and procedure, and relevant guidelines; and educated on CPAB, 2012 & CPRR, 2015 and consumer protection affairs to enable them to render efficient consumer protection services in their jurisdictions.

In addition, DSC members were reappointed for the second term in 2 Thromdes - Phuentsholing and Thimphu; and 5 Dzongkhags - Tsirang, Monggar, Trongsa, Samtse and Trashigang; and Nganglam Dungkhag. They were also provided a refresher course.



6. Education and Advocacy Program

6.1 Market Standardization in terms of packaging and labeling, weights and measures, price tag, and issuance of receipts by business entities

In line with the 12th FYP target, the office conducted education and advocacy programs on market standardization in terms of packaging and labeling, weights and measures, price tag, and issuance of receipts by business entities in 10 Dzongkhag and Yenlag Throms. The micro-traders, retailers - small, medium and large; wholesalers; automobile repair service providers and meat shop owners attended the program. The objective of the program was to reinforce compliance by business entities to the minimum market standards. In total, 1,056 business entities attended the education and advocacy program.





6.2 Competition policy and anti-competitive behavior

The office conducted education and advocacy program for business entities on competition policy and anti-competitive behaviors in the four Thromdes - Thimphu, Samdrupjongkhar, Gelephu and Phuentsholing in May and June 2022. The primary objective of the program is to educate business entities on competition policy to enhance compliance by them. A total of 399 businesses attended the program.



6.3 Education and advocacy program on Consumer Protection Guidelines for e-commerce Operators/Entities

The office conducted a virtual education program for e-commerce operators with an objective to promote fair trade practices by e-commerce businesses and enhance protection of consumers doing business with them.

The program included topics on consumer rights; fair business practices and obligations of e-commerce operators such as requirement to provide true and correct product information, maintain consumer privacy and data protection, transparency and disclosure of the details of e-commerce operators in their platform, provide safe payment method, product return and refund, electronic money receipts, comply with safety standards, avoid misleading advertisement, misleading indication of prices, misleading representation of the product or services, and any deceptive practices.

In total, 14 e-commerce operators from 6 dzongkhags and Phuntsholing Thromde attended this program which was held on 6th January 2022.

6.4 Education program for manufacturing Units on product safety and standard for promotion of reliable and trusted Bhutanese products

With the goal to encourage Bhutanese manufacturers and producers to comply with legal requirements governing fair trade in terms of ensuring product safety and standard; using correct and standardized weights and measures; avoiding misleading and misrepresentation of the products; providing correct product information such as net weight, content, price, quality, quantity, etc. an education program for manufacturing enterprises were carried out in collaboration with Regional Office of Economic Affairs of Samdrup Jongkhar, Gelephu and Phuentsholing.

6.5 Capacity building programs for PGDE Trainees at Samtse College of Education

In collaboration with the Royal Education Council, the office developed a chapter on Consumer Protection under Business and Entrepreneurship subject of class XI. To train the teacher trainees pursuing Post Graduate Diploma in Education (PGDE) in Business and Entrepreneurship and Economics a virtual education program was conducted. In total, around 5 lecturers and 17 trainees attended the program that was held on 10th April 2022.

7. Consumer Grievance Redressal Report

Fair and timely redressal of consumer grievances and protection of consumers from unfair trade practices are important tasks outlined in the Consumer Protection Act of Bhutan (CPA) 2012. To seek redressal, affected consumer can approach the Gup at the Gewog, Consumer Advocates at Regional Office of Economic Affairs (ROEA) – located at Thimphu, Phuentsholing, Gelephu, Samdrupjongkhar, Monggar and Trongsa - or may directly contact the Office of Consumer Protection (OCP) at Thimphu.

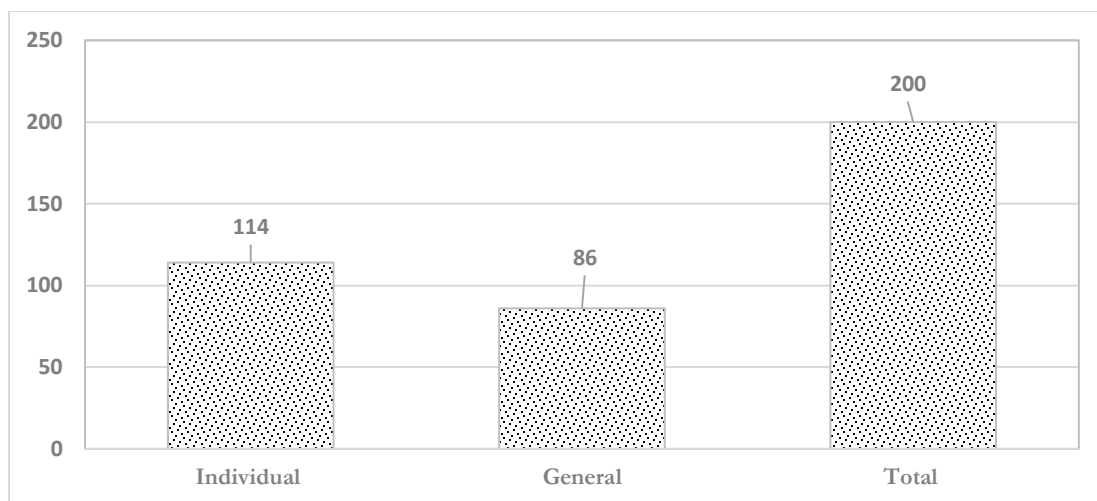
Apart from that, regular market surveillance is carried out by the OCP in collaboration with the relevant ROEAs to ensure fair trade practices at all times.

During the Fiscal Year 2021-22, a total of 200 consumer complaints were lodged and a total of 1,902 business entities across the country were inspected. The business entities found violating consumer protection rules or engaging in unfair trade practices were directed to either rectify or were fined.

7.1 Types of complaints:

Complaints are categorized into two types – (i) general, and (ii) individual. General complaints are those that affect the consumers in general because of a prevailing unfair or unethical trade practice by a business entity; while individual complaints are those unfair trade practices or violations which are lodged by an individual or a group seeking financial compensation or other remedies. During this FY, from a total of 200 complaints, 86 were general and 114 were individual complaints (Fig. 1).

Figure 1: Number of complaints received – by type



7.2 Nature of complaints

Complaints are generally classified under these broad rubric - (i) supply/ sale of substandard or faulty products, (ii) delay in delivery of goods and services, (iii) price manipulation, and (iv) use of incorrect weights & measures. Supply of defective goods and delay in the delivery of goods or services are the most common complaints (Tab. 1).

Table 1: Number of complaints received by nature

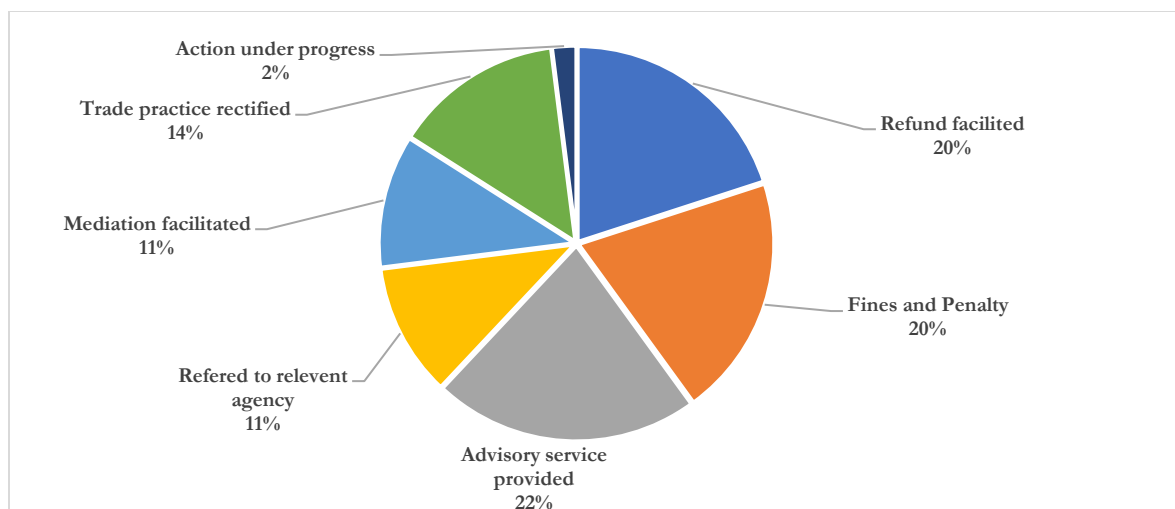
Nature of complaints	Number of complaints received
Price manipulation	8
Delay in delivery of goods or services	24
Use of inaccurate weights or measures	8
Defective products	38
Illegal business	5
Miscellaneous	117

7.3 Redressal and Remedial Measures:

Following investigation of complaints, various courses of actions are taken by the OCP in line with the CPAB 2012. Depending on the violation, businesses can be asked to correct their practice within a given time frame and some punitive actions such as levy of fines may be taken (Fig. 2).

In total, Nu. 243,209.80 were imposed as fines from 40 business entities; while a total of Nu. 1,957,176.00 was refunded to aggrieved consumers from as many as 39 business entities.

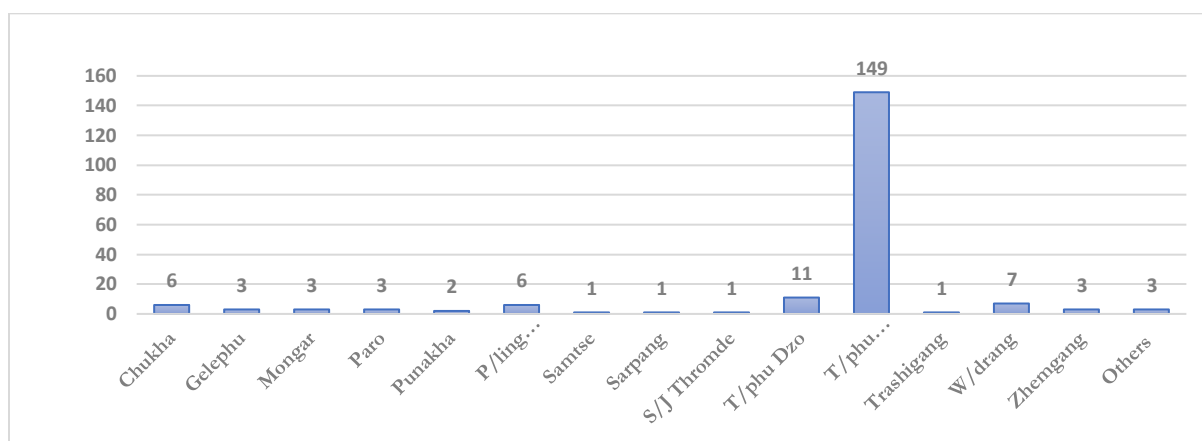
Figure 2: Percentage of redressal and remedial actions taken



7.4 Complaints by location:

The highest number of complaints was received from consumers residing in Thimphu Thromde (147 complaints), while there were no major complaints from Bumthang, Dagana, Gasa, Haa, Lhuentse, Pema Gatshel, Trongsa and Tsirang Dzongkhags (Fig. 3).

Figure 3: Complaints received by location (Dzongkhag/ Thromde)

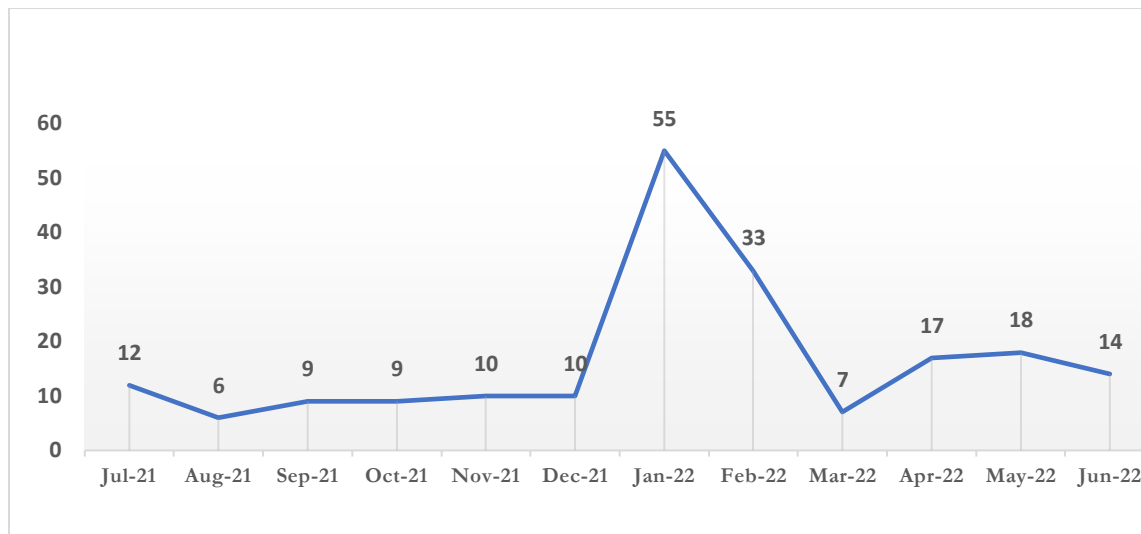


7.5 Month-wise complaints received:

The highest number of complaints received were during January and February 2022, which coincided with the pandemic lockdown period, when free trading and marketing was severely disrupted and movement of consumers were also curtailed (Fig. 4). Most of the complaints during that period concerned businesses charging beyond the maximum allowable selling prices of fruits and vegetables fixed by the Ministry of Agriculture & Forests (MOAF) and LPG delivery agents selling LPG cylinders beyond the maximum allowable selling prices fixed by the Department of Trade (DOT).

Generally, the number of complaints has increased during the course of the year. The average complaints during the pre-lockdown period (July 2021 to December 2021) was 9.3 per month, while the average during the post-lockdown phase (March 2022 to June 2022) was 14.

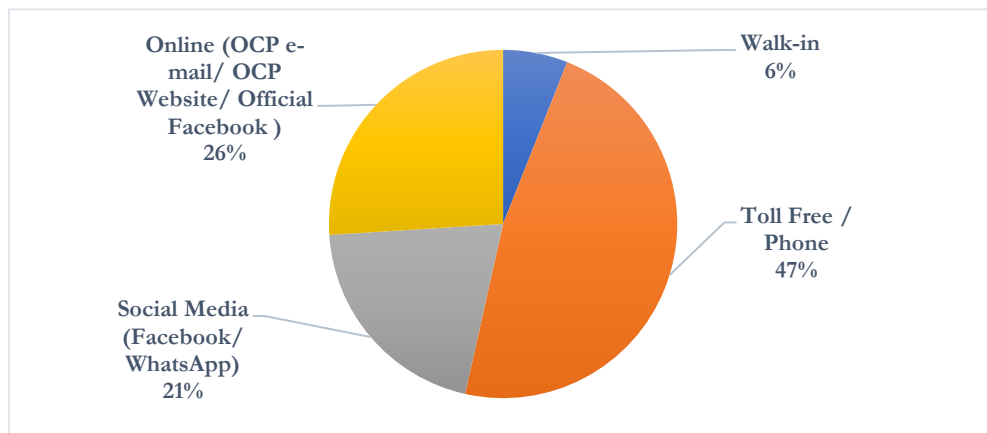
Figure 4: Number of complaints received by month



7.6 Medium of complaint:

The OCP has made it easier for consumers to lodge complaints by increasing the number of channels through which to lodge a complaint. Of the options available, 47% used the Toll-Free number followed by the on-line complaint management system on the OCP website (27 %) (Fig. 5).

Fig. 5: Medium through complaints received



8. Market Monitoring & Inspection

Instead of just acting on complaints made by consumers, the OCP is actively engaged in proactive market surveillance and monitoring of businesses to see that they practice ethical trade and comply with the minimum market standards. However, the rate of coverage of surveillance is directly dependent on the available resources - human resource and budget. Nonetheless, instead of arbitrary surveillance, to enhance efficiency, the OCP focuses on business sectors which consumers most

commonly interact with and/ or may be more prone to unethical practices. The OCP has also been able to moderately leverage on the existence of the regional offices.

A total of 1,902 business entities covered included grocery shops, meat shops, Fruit and Vegetable shops, automobiles workshops, Petroleum Retail Outlets, Agricultural Sales and Service Representative (ASSR) and Wood-Based Industry (WBI) (Tab. 2). The surveillance focused on their compliance to the regulatory requirements such as labeling, issuance of receipts, display of price information, correct use of weights and measures. Other parameters such as integrity of packages, product expiration dates and adulteration are also checked. For those businesses such as ASSR which deals in products for which selling prices are fixed by a Competent Authority of the government, price compliance is also checked.

Table 2: Types and numbers of business entities monitored

Dzongkhag	ASSR	WBI	Other Business Entities ***	F&V Vendor	POL Retail Outlet	Roadside Vendor
Bumthang	4	9	11	12	0	0
Chukha	1	0	290	34	2	7
Dagana	2	1	46	0	1	0
Monggar	0	1	12	0	1	0
S/Jongkhar	0	1	50	18	4	0
Samtse	1	2	24	32	0	0
Sarpang	0	0	222	12	0	0
Tsirang	2	1	27	9	1	0
Trongsa	0	0	13	0	0	0
Thimphu	0	7	636	50	3	17
Gasa	0	0	41	0	0	0
Punakha	4	0	38	0	0	0
Wangdue	0	5	51	0	0	0
Pemagatshel	0	0	180	0	0	0
Lhuentse	0	0	17	0	0	0
Total	14	27	1,658	167	12	24

*** Other Business Entities include other licensed entities (retailers, wholesalers, automobile workshops, restaurants, etc.)

While the range and complexity of products and services available in the market are bound to increase in the future, making consumer protection tasks more daunting, an already increasing challenge is monitoring of growing e-commerce businesses that operate on free social media platforms such as Facebook and Instagram. Pyramid schemes capitalizing on the growing internet connectivity, is becoming all too common, putting many innocent consumers at risk of fraud. Even during the FY, three pyramid schemes namely Crowd-1, On-Passive and Kangen Water Scheme were investigated and closed down.

While the OCP needs to be more prepared, consumers too need to be more diligent of such promotions and schemes available on social media and report to the OCP at first sign of such fraudulent businesses.

9. Challenges faced by the OCP in the discharge of its duty and the future

HR inadequacy and lack of presence in the region/ Dzongkhags affect regular proactive monitoring and inspection and frequent price collection of essential commodities.

Explosion of e-commerce business using free social media platform poses increasing risk to consumer deception and swindling; while OCP does not have the tools and means to detect and stop fraudsters.

As the economy bounces back from the slowdown during the heights of pandemic, consumer grievances against businesses will also likely increase. Considering resource limitations, the OCP will have to devise more strategic market surveillance plans and step up its efforts to address grievances. Consumer education and awareness particularly on ecommerce will have to continue given the lack of awareness of associated risks amongst Bhutanese people.

The OCP will start work on the formulation of a National Competition Bill. With the passage of the bill, the OCP will be able to play a more proactive role in the enhancement of free, open and fair market competition which will ultimately benefit the consumers.

The OCP will continue to do market research focused on emerging consumer welfare and competition issues that will preempt more strategic preventative consumer protection interventions.

Annexure I: Staff List by Position (active or on EOL, deputation, study leave as of 30 June 2022)

SL#	Name	Position Title	Email Address	Remarks
Director's Office				
1	Ugyen Penjore	Director General	upenjore@moea.gov.bt	Active
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Market Analysis Division				
3	Yeshe Jamtsho	Sr. Program Officer	yeshijamtsho@moea.gov.bt	Active
4	Tshewang Choden	Planning Officer	tshewangchoden@moea.gov.bt	Active
5	Yeshey Wangmo	Planning Officer	yesheyw@moea.gov.bt	Active
Consumer Empowerment Division				
6	Jigme Dorji	Chief Program Officer	jdorji@moea.gov.bt	Active
7	Dawa Tshering	Program Officer	dtshering@moea.gov.bt	Active
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Enforcement Redressal Division (ERD)				
9	Gopal Pradhan	Chief Trade Officer	gpradhan@moea.gov.bt	Active
10	Pema Tshering	Sr. Trade Officer	pemat@moea.gov.bt	EOL
11	Tshewang Penjor	Sr. Trade Officer	penjortshewang@moea.gov.bt	Active
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