

Report on rapid market appraisal for verification of unfair trade practices

A. Background

The Ministry of Finance had requested the MOICE to look into the '*possible deceptive and unfair trade practices such as price gouging and unfair business practices of certain consumable items by private firms*' which was highlighted by the business review team of the Food Corporation of Bhutan Ltd. (FCBL). The Competition & Consumer Affairs Authority (CCAA) and the Bhutan Standard Bureau (BSB) of the MOICE jointly carried out a rapid appraisal of major wholesalers and retailers in Thimphu Throm on February 16, 17 and 20, 2023 to substantiate these doubts.

Notwithstanding this request, as is its mandate, the CCAA conducts this type of market surveillance on a regular basis in different markets in the country and action(s) as per the Consumer Protection Act, 2012 are taken against any violations. During the first half of February, the CCAA focused its attention in the major markets of Trashigang and Trashiyangtse Dzongkhags. In doing so, it collaborated with the Regional Office of Economic Affairs (ROEA), Monggar and other regulatory agencies in the two Dzongkhags.

B. Methods and materials

The CCAA and BSB checked if the actual net weights of various brands/ types of rice and other essential consumables such as sugar, flour (atta and maida), pulses (dal) and edible oil, are as labeled on the package. Additionally, the Team also inspected the accuracy of the weighing and measuring equipment. As per Bhutan Standards Act, 2010, the National Metrology Laboratory (NML) maintains standard weights traceable to international standards which are calibrated on a regular basis.

A total of 32 wholesalers and retailers were covered. Three samples of each item were randomly selected and weighed using standard weighing equipment. However, since the products are packaged, the weight recorded is inclusive of the weight of the package and not the real net weight, though the weight of the package would be negligible. Furthermore, edible oil is sold in volume (L) but only weights were measured, since volume measurement would necessitate opening the packaging, which then cannot be sold. Open source 'Edible Cooking Oils Volume vs Weight Conversion' (<http://convert-to.com/edible-cooking-oils-weight-volume-measures-conversion>) weight to volume conversion application was used, which will be fairly reliable.

Pre-packaged products from reputable brands such as Nestle, Britannia and Amul were not included in this study, since their products are not re-packed specifically for Bhutanese markets per se and can be safely assumed to be reliably accurate.

C. Results and Discussion

There were no major weight discrepancy in any of the major essential commodities and whatever little difference occurred mostly within the permissible limits (Annexure I).

In the absence of heavy-duty weighing machines in majority of the retail outlets, consumers are deprived of their right to verify weights of heavy packages such as rice at the time of purchase. A few outlets were found using weighing machines that were not calibrated or the validity of the calibration had expired. Some locally packaged products lacked proper labeling.

The Team did not come across any 'price gouging' in the markets. Prices of all goods were reasonable - well within prevailing market prices. During normal economic situations wherein supply is not affected, prices remain reasonable. Price gouging normally occurs in extreme conditions wherein the supply chain is severely disrupted or when there is a state of monopoly or oligopoly in the market.

In the absence of regulatory requirements on measurement systems in the country, manufacturers, wholesalers and even retailers resort to using varying units and there is a lack of consistency of quantity across all vendors. There could be other reasons behind that, but one appears to be to influence consumers' choices by making their products appear cheaper (lower costs achieved by reducing net weight by a small margin) when compared to products of other brands/ wholesalers.

D. Recommendations

Proactive market surveillance and enforcement of the extant rules and regulations is key to ensuring that businesses do not indulge in unfair practices and consumers' welfare are safeguarded. Businesses are warned or penalized based on the nature of violation and the frequency of violations. Education of consumers about their rights as consumers, what to look out for when buying or entering into a business deal or how to complain if they feel cheated are continuously carried out, using various mediums including social media. Businesses are also educated on their obligations and duties as per the CPA, 2012.

The availability of the same product in varying net weights can be perplexing for consumers though the practice is not against any extant laws. The BSB & CCAA may need to further discuss the pros and cons of such a practice and if any interventions should be made for the benefit of consumers. Too many regulations can have negative implications on business innovation and profitability without actually bringing any positive impacts on consumer welfare.

The availability of weighing facilities for large packages at retail outlets would boost consumer confidence. The BSB and CCAA may need to discuss the practicalities of making this mandatory viz-a-viz, the costs for the retailer and the space that such a weighing scale may occupy.

The CCAA must continue to collect and disseminate market prices of the essential commodities for the benefit of the public. This database enables analysis of price movements and comparison particularly during supply disruptions when unreasonable price hikes occur. While this is currently done on a quarterly basis covering only six Dzongkhags for want of more resources including financial and human resources, the ambition is to provide information from all the important markets in the country monthly.

Annexure I: Average weighs, difference in real and declared weights and prevailing prices of essential commodities in the market

Code #	Product	Brand/ Specification	Unit	Declared Weight (A)	Sample 1 (B)	Sample 2 (C)	Sample 3 (D)	Av. weight of sample (E)	Difference (Declared - Average) (E - A)	Price (Nu.)
1	Rice	Zhey Chum Chogjur	kg	20	20.056	20.104	20.066	20.08	0.08	1355
	Rice	Real Sirji	kg	10	10.014	10.056	10.018	10.03	0.03	920
	Rice	Yuechum	kg	20	20.076	20.05	20.06	20.06	0.06	1375
	Pulse	Moong Dal	kg	0.9	0.902	0.898	0.898	0.90	0.00	105
2	Pulse	Kidney Beans	kg	N.S	0.9	0.902	0.9	0.90		120
	Pulse	Chana	kg	N.S	0.9	0.9	0.9	0.90		80
	Rice	Red Rice	kg	N.S	0.902	0.9	0.904	0.90		120
3	Puffed Rice (Zaw)	Local	kg	1	0.91	0.88	0.9	0.90	-0.10	350
	Rice	Rangeet	kg	26	26.02	26.02	26.02	26.02	0.02	1020
	Rice	Raj Bhog	kg	26	26.9	26.19	26.17	26.42	0.42	1070
	Rice	Japan Rice (repackaged)	kg	1	0.95	0.96	0.95	0.95	-0.05	120
4	Rice	SK gold	kg	26	25.99	26	25.98	25.99	-0.01	800
5	Rice	India Best	kg	26	25.97	25.94	25.95	25.95	-0.05	1250
	Pulse	Dal	kg	1	1	1	1	1.00	0.00	110
6	Rice	Kumar Bhog	kg	26	26.1	26	26.1	26.07	0.07	1035
	Rice	Royal Dinner	kg	30	30.05	30	30.03	30.03	0.03	1475
	Rice	Real Rangeet	kg	25	25.01	24.99	25	25.00	0.00	915
	Rice	Saahi Dinner	kg	26	25.92	25.95	25.97	25.95	-0.05	1075
	Sugar	Happpy Crystal	kg	0.7	0.7	0.7	0.7	0.70	0.00	50
	Oil	Happy Makhu	ml	730	740	740	730	736.67	6.67	110
	Oil	Happy Makhu	ml	1450	1470	1450	1470	1463.33	13.33	220
	Oil	Happy Makhu	ml	3000	2930	3002	3003	2978.33	-21.67	440
	Oil	Happy Makhu	ml	3650	3640	3630	3640	3636.67	-13.33	490
	Oil	Happy Makhu	ml	1200	1220	1200	1220	1213.33	13.33	190
7	Soya Chunk	Nutella	kg	0.5	0.506	0.508	0.504	0.51	0.01	70
	Rice	Zhey Chum Gongma	kg	25	24.99	25.01	24.98	24.99	-0.01	1030
	Rice	Pyari Nawaab	kg	20	19.85	20.03	20.04	19.97	-0.03	1180
8	Dried Chilli	Local	kg	0.16	0.16	0.125	0.15	0.15	-0.02	100
	Puffed Rice (Zaw)	Local	kg	1	1.035	1.025	1.06	1.04	0.04	120
9	Rice	SK Gold	kg	25	25.11	25.05	25.03	25.06	0.06	800
10	Rice	Daawat	kg	5	5.06	5.06	5.05	5.06	0.06	1097
	Rice	Creamy Sella Dubar	kg	10	10.11	10.12	10.13	10.12	0.12	700
11	Rice	Raj Bhog	kg	25	25.05	24.96	25.01	25.01	0.01	1100
	Rice	Saahi Dinner	kg	26	26	26.02	25.94	25.99	-0.01	1360

12	Pulse	Chana Dal	kg	1	0.99	1	0.99	0.99	-0.01	120
	Rice	Sirji	kg	10	9.99	10.01	10.01	10.00	0.00	950
	Buckwheat	Sonam Rangzhin Tshogpa	kg	1	1.065	1.07	1.07	1.07	0.07	180
13	Rice	Kumar Bhog	kg	26	26.02	26.02	26.02	26.02	0.02	1250
	Rice	Saahi Dinner (Dubar)	kg	26	25.97	25.96	25.95	25.96	-0.04	1300
	Pulse	Musuru Dal	kg	1	0.99	1.01	0.99	1.00	0.00	130
14	Rice	Pari Royal (Malai Basmati)	kg	10	9.88	9.9	9.94	9.91	-0.09	950
	Flour	Bhutan Barley	kg	1	1.02	1.02	1.03	1.02	0.02	250
	Flour	Local Millet	kg	1	1	1	0.97	0.99	-0.01	200
	flour	Local Rice	kg	1	0.99	0.99	0.99	0.99	-0.01	210
15	Rice	Pari Nawaab	kg	20	19.99	20.04	20.09	20.04	0.04	1200
	Rice	Piyari Nawaab	kg	20	19.9	19.94	19.95	19.93	-0.07	1180
	Fllour	Local Wheat	kg	1	1.02	1.01	1.02	1.02	0.02	100
	Flour	Local Millet	kg	1	1.04	1.04	1.03	1.04	0.04	600
16	Rice	SK Gold	kg	25	25.02	25.02	25.04	25.03	0.03	830
	Rice	Yuechum	kg	20	20.8	20.8		20.80	0.80	1350
	Rice	Local Red	kg	1	0.98	0.99	0.99	0.99	-0.01	130
	Flour	Local Bitter Buckwheat	kg	1	0.97	0.97	0.97	0.97	-0.03	195
	Local Mushroom	Shitaki	kg	0.5	0.49	0.49	0.5	0.49	-0.01	690
17	Rice	Local Rice (repackaged)	kg	1	1	1.1	1.2	1.10	0.10	130
	Rice	Local Red rice	kg	1	1	0.99	1	1.00	0.00	130
	Tengma	Local Maize	kg	0.4	0.34	0.34	0.35	0.34	-0.06	180
	Kharang	Local Maize	kg	1	0.89	0.99	1	0.96	-0.04	170
18	Rice	Za chum gongma	kg	25	25.09	25.07	25.01	25.06	0.06	1100
	Rice	Za chum Chogjur	kg	20	20.09	20.09	20.08	20.09	0.09	1340
	Pulse	Musuru Dal	kg	1	1	1	1	1.00	0.00	110
	Kharang	Local Maize	kg	1	0.92	0.91	0.92	0.92	-0.08	120
19	Rice	Rangeet	kg	26	26.02	26	26.07	26.03	0.03	1050
	Rice	Raj Bhog (classic)	kg	26	26.03	26.07	26.06	26.05	0.05	1050
	Fish	Dried	kg	0.25	0.25	0.25	0.25	0.25	0.00	110
	Pulses	Musuru Dal	kg	1	0.9	0.9	0.9	0.90	-0.10	115
20	Rice	Za Chum dangpa	kg	20	20	19.87	19.92	19.93	-0.07	1075
	Rice	Jadambaa	kg	26	25.95	25.96	25.8	25.90	-0.10	980
	Mushroom	Local Mushroom	kg	0.17	0.13	0.17	0.16	0.15	-0.02	435
21	Chilli Powder	Local Chilli	kg	0.1	0.1	0.09	0.1	0.10	0.00	70
22	Rice	Clasic Raj Bhog	kg	26	26.05	26.07	26.09	26.07	0.07	1650
	Rice	Tibar	kg	26	26	25.99	25.92	25.97	-0.03	1380
	Rice	Local Red rice	kg	2	1.96	1.99	1.94	1.96	-0.04	240

	Flour	Local Barley	kg	1	1	1.01	1	1.00	0.00	175
	Rice	Indian Rice	kg	2	1.91	1.94	1.94	1.93	-0.07	140
23	Rice	Raj Mahal	kg	26	26	26.03		26.02	0.02	1630
	Rice	Raj Bhog	kg	20	19.93	19.98	19.92	19.94	-0.06	1220
24	Sugar	Uttam sugar	kg	0.5	0.55	0.53	0.53	0.54	0.04	55
	Pulses	Chana Dal	kg	1	1.01	0.93	1	0.98	-0.02	94
	Pulses	Moosori Dal	kg	0.9	0.91	0.9	0.9	0.90	0.00	103
	Pulses	Rajma Dal	kg	1	1	1	1.01	1.00	0.00	184
	Oil	Bengal Gold	L	3.75	3.24	3.32	3.34	3.30	-0.45	541
25	Sugar	Daurala Sugar Cubes	kg	0.5	0.52	0.51	0.52	0.52	0.02	70
	Flour	Drala Fresh Atta	kg	0.9	0.91	0.9	0.9	0.90	0.00	65
	Flour	Drala Fresh Maida	kg	0.9	0.9	0.9	0.91	0.90	0.00	60
	Pulses	Moosori Dal	kg	1	1	1	1.01	1.00	0.00	120
	Oil	Bengal Gold	L	1.5	1.33	1.31	1.33	1.32	-0.18	225
	Oil	Amrit	L	1.5	1.31	1.32	1.32	1.32	-0.18	225
26	Sugar	Krishna Gold	kg	0.7	0.7	0.695	0.7	0.70	0.00	49
	Sugar	Bhriugu	kg	0.7	0.705	0.695	0.695	0.70	0.00	49
	Sugar	Daurala Cubes	kg	0.5	0.515	0.505	0.5	0.51	0.01	70
	Flour	Moosori Dal	kg	1	0.995	1	1	1.00	0.00	125
	Flour	Chana Dal	kg	1	1	1	1	1.00	0.00	115
	Flour	Maida	kg	1	1	1	1.01	1.00	0.00	60
	Flour	Amrit Bhog Atta	kg	1	1.005	1.005	1.02	1.01	0.01	60
	Oil	Natural bronze	L	1.3	1.19	1.2	1.2	1.20	-0.10	229
27	Sugar	Daurala	g	500	500	500	500	500.00	0.00	70
	Sugar	Happy C rystal	g	700	730	740	740	736.67	36.67	50
	Pulses	Moosori Dal	kg	1	0.98	0.9	0.98	0.95	-0.05	120
	Pulses	Chana Dal	kg	1	1	0.99	1	1.00	0.00	130
	Pulses	Krishna Gold Dal	g	900	805	805	810	806.67	-93.33	100
	Flour	Amrit Bhog Maida	kg	1	1	1	1	1.00	0.00	60
	Flour	Amrit Bhog Atta	kg	5	5	5	5	5.00	0.00	250
	Oil	Soyabean	L	0.75	0.62	0.62		0.62	-0.13	175
28	Sugar	Amrit Gold	g	700	690	700	710	700.00	0.00	50
	Pulses	Moosori Dal	kg	1	1	1	1	1.00	0.00	125
	Maida	Amrit Bog	kg	1	1	1	1	1.00	0.00	55
	Oil	Bengal Gold	L	3.75	3.35	3.4	3.42	3.39	-0.36	540
	Oil	Bengal Gold	L	1.5	1.34	1.33	1.35	1.34	-0.16	235
	Oil	Fortune Soya Health	L	5	4.76	4.77	4.77	4.77	-0.23	875
	Oil	Saffola Soya Bean	L	5	4.78	4.78	4.78	4.78	-0.22	1270
29	Pulses	Moosori dal	kg	0.9	0.9	0.9	0.9	0.90	0.00	103
	Flour	Amrit Gold Atta	kg	1	1	1	1	1.00	0.00	53
	Oil	Natural Bronze	L	3.25	3.01	3.01	3.01	3.01	-0.24	505
	Oil	Natural Bronze	L	1.3	1.2	1.2	1.2	1.20	-0.10	205

	Oil	Natural Bronze	L	0.65	0.6	0.6	0.6	0.60	-0.05	105
30	Oil	Bengal Gold	L	1.5	1.3	1.3	1.3	1.30	-0.20	255
	Oil	Bengal Gold	L	0.75	0.66	0.68	0.66	0.67	-0.08	130
	Flour	Amrit Bog Maida	kg	1	1	1	1	1.00	0.00	70
	Flour	Amrit Bog Atta	kg	1	0.99	0.99	1	0.99	-0.01	70
	Sugar	Happy Crystal	g	700	720	690	700	703.33	3.33	50
	Oil	Saffola gold	L	5	4.77	4.77	4.78	4.77	-0.23	1325
	Oil	Fortune Soya Health	L	5	4.78	4.79	4.78	4.78	-0.22	930
	Pulses	Musoori Dal	kg	1	1.02	0.99	1	1.00	0.00	110
	Sugar	Amrit gold	g	700	690	700	700	696.67	-3.33	45
31	Oil	Netrul lite	L	3.25	3.01	3.02	3	3.01	-0.24	675
	Oil	Fortune soya health	L	5	4.77	4.8	4.8	4.79	-0.21	970
	Flour	Amrit bhog (Maida)	kg	1	1	1		1.00	0.00	60
	Flour	Amrit bhog (Atta)	kg	1	1	1		1.00	0.00	60
	Pulses	Moosori Dal	kg	1	1	1		1.00	0.00	120
	Sugar	Crystal	g	700	700	690	690	693.33	-6.67	47
32	Pulses	Arahar Dal	kg	1	0.98	0.99	1.01	0.99	-0.01	130
	Pulses	Black Dal	kg	1	0.994	0.998	0.997	1.00	0.00	140
	Pulses	Moosori Dal	kg	1	0.994	1.039	1.035	1.02	0.02	110
	Flour	Amarit bhog (Maida)	kg	1	1.005	1.004	1.003	1.00	0.00	60
	Flour	Amarit bhog (Atta)	kg	1	0.995	1.01	0.998	1.00	0.00	60
	Sugar	Cubes	g	500	513	530	521	521.33	21.33	68