

## 5. What are the services offered by the Authority?

- User-friendly guide on prohibited practices.
- Empowering the consumers by consumer awareness.
- Advocating corporate institutions, traders, manufacturers, importers regarding anti competitive practices.
- For essential goods price fixing and price stabilization
- Providing redress for grievances of consumers as appropriate.

## 6. Why Should Traders and Manufacturers Care About Consumer Protection?

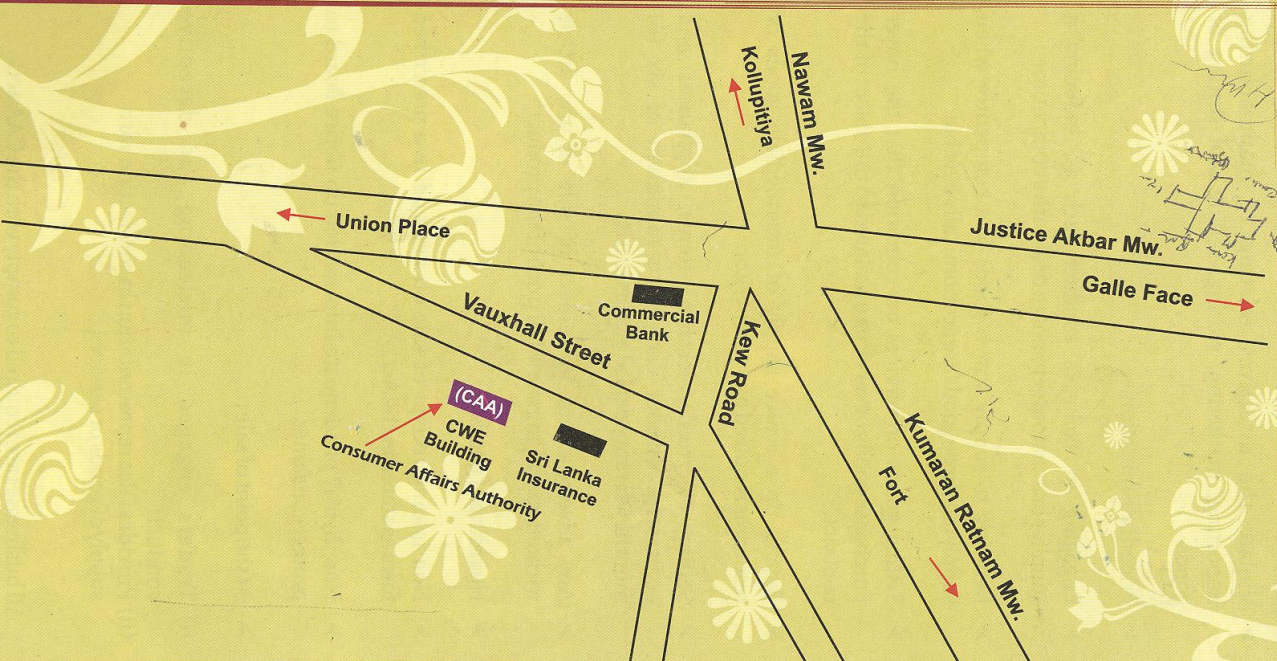
Ensuring customers are happy is the way to a successful business. If a consumer is disgruntled with the goods or services that you provide, consumers may negatively comment to others, which in turn creates a bad reputation for your business and negatively affects sales.

More importantly, if you contravene the provisions of the consumer protection regulations, you will be guilty of an offence. If convicted of an offence, a trader or manufacturer may be required to:

- ☞ pay a substantial financial penalty;
- ☞ pay compensation to an aggrieved party;
- ☞ replace the goods or refund the amount paid for goods or service; and /or
- ☞ do anything else that a Magistrate orders, including, possible imprisonment and /or closure of your business.

## Possible anti-Competitive Practices:

- Discriminatory pricing (removal of rival)
- Excessive pricing.
- Discriminatory treatment dealing on exclusive terms.
- Resale price maintenance.
- Tie in purchases/sales/clauses.
- Refusal to supply or purchase.
- Abuse of dominance
- Misleading advertisement and
- False representations



## A SMALL BUSINESS GUIDE FROM CONSUMER AFFAIRS AUTHORITY SRI LANKA



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ALSO YOU CAN CONTACT OUR DISTRICT OFFICES.



## ***A small business guide.***

One of the purposes of the CAA Act is to promote and maintain competition, to protect traders and manufacturers against unfair trade practices and restrictive anti competitive trade practices. Amongst other things, to ensure healthy competition among traders and manufacturers of goods and services, and all enterprises, to have an equitable opportunity to contribute to the national economy.

### **1. How does competition promotion assist business?**

#### **Competition brings about**

- ❖ Quality & Productivity improvement,
- ❖ Economic growth,
- ❖ Innovation,
- ❖ Better purchasing power
- ❖ Better consumer choice

### **2. Prohibitive Practices**

#### **The Act prohibits the following malpractice.**

- Charging an excessive price other than the marked / labeled price.
- Fail to label or price mark goods.
- Marketing of expired goods.
- Selling of goods supposed to be labeled but altered, obliterated, erased or defaced on the label, description or price marking.
- Selling of goods that do not confirm to the mandatory quality standards for that product.
- Refusing marketing of goods or access to an essential facility when it is economically feasible to do so.

- Violate the directives relating to manufacturing importing, marketing, storing, selling and storing of goods.
- Price discrimination,
- Engaging in exclusive conduct such as, inducing a supplier or a customer to not to deal with a competitor.
- Refusing to supply scarce goods to a competitor when supplying those goods are economically feasible.
- Selling goods or services on condition that the buyer purchases goods or services unrelated to the object of the contract.
- Buying up a scarce supply of intermediate goods or resources required by a competitor.
- Selling electronic/electrical items, appliances and accessories without carrying a minimum of six (6) months warranty period along with it.
- Any advertisement in respect of sale of any article without specifying the retail price of the product.
- Hoarding of goods.
- Non issuing receipt of sale on demand in a prescribed form as stated in the Act.
- Non display of adequate information on notice board to protect consumer.
- At the point of sale;
- (i) Traders engaged in misleading and deceptive conduct.
- (ii) Provides false representation in connection with supply of goods or services

All businesses are required to comply with the CAA act.

### **3. What are the major factors impacting on small and medium size business?**

Access to markets is essential for small and medium business survival. Businesses that have already entered the market have an advantage of established supply and distribution arrangements often, established firms are well positioned in terms of networking to:

- Curtail supplies to new entrants,
- Enter into excessive supply
- Bar entry through preferred provider criteria

These on the surface may appear to be based on nothing more than the general monitoring of safety and quality. In effect such conditions and criteria may be camouflaged to bar entry into markets.

### **4. How can a business participate or assist the Consumer Affairs Authority?**

#### **Businesses can;**

By complaining in respect of an alleged anti-competitive practice make written submissions to the Consumer Affairs Authority;

- a) Based on evidence on an anti competitive practice, Authority will conduct an inquiry and may refer to the Consumer Affairs Council. If an anti-competitive practice exists and the Council is satisfied, that operates or likely to operate against "public interest" oppose or terminate. If Council is satisfied, endorses or authorizes such practices.
- b) On prohibited practices Authority shall conduct an inquiry consider it be guilty of an offence and prosecute.