

# Impact of recent meat price liberalization on retail prices and competition in the market – a rapid appraisal

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## Background

This rapid appraisal was conducted as a follow-up assessment to the earlier study titled “The Impacts of Current Practice of Meat Price Fixing on Consumers in Thimphu.” One of the key policy recommendations from that study was to discontinue the practice of coordinated price setting by the Bhutan Meat Vendor Association (BMVA) in order to enhance market efficiency, foster competition and promote investment in the meat retail sector.

The main objective of this appraisal is to evaluate the extent to which market liberalization has been internalized by meat vendors, assess its impact on price dispersion, market behaviour and other impacts on the market.

## Methods & materials

A total of 70 meat vendors out of 154 licensed vendors operating within Thimphu Thromde were randomly selected and data collected over a period of three days. The selected locations comprised meat shops situated in the core town area as well as in surrounding localities such as Jungzhina, Taba, Hejo, Motithang, Changzamtog, Changjiji, Olakha, and Babesa. Data was collected through face-to-face interviews using a structured questionnaire.

## Findings and Observations

### - *General findings*

A significant number of meat vendors (68.6%) continue to adhere to the prices determined by the BMVA. Others state to have adopted individual price determination adjusting them based on input costs, demand and other prevailing market competition.

Despite the fact that the government in its effort to liberalize markets and enhance competition, had asked the BMVA management to discontinue with the practice of setting prices, it appears that the message was not communicated to the vendor members. A significant majority (78.6%) still remain unaware that they are no longer required to follow the prices set by the BMVA.

There is a general indication that most vendors do not have the capacity to determine retail prices on their own and would welcome government support. 28.6% of the vendors expressed a need for training on calculation and price determination, while 24.3% expect access to market prices to help set their prices. A few desire practical aids like guidelines or templates which they can use for price determination (Fig. I).

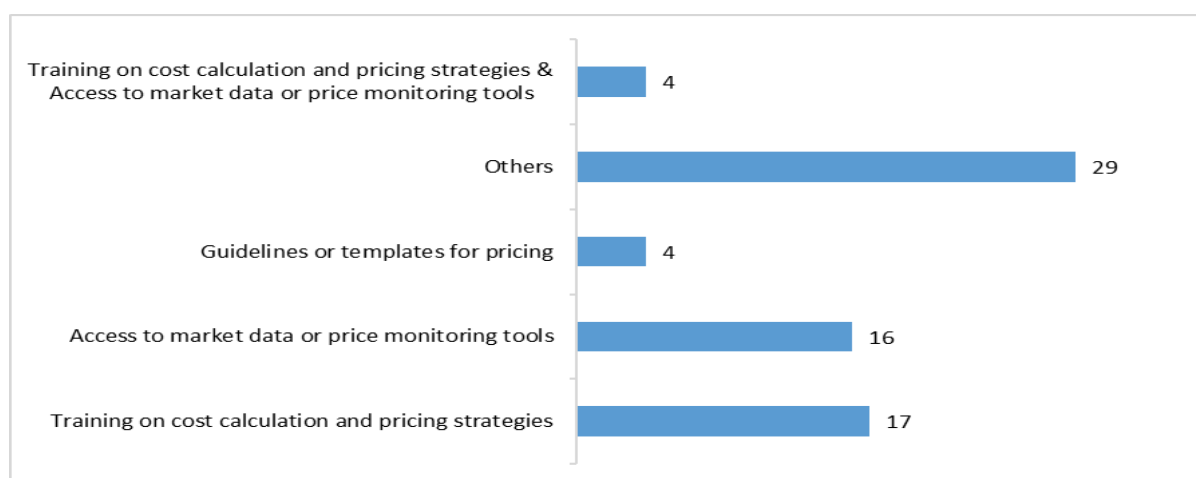
Furthermore, more than 40% of the vendors feel that the government should regulate meat prices directly at the source. Some vendors requested assistance in the form of equipment such as freezers, financial aid and rental support.

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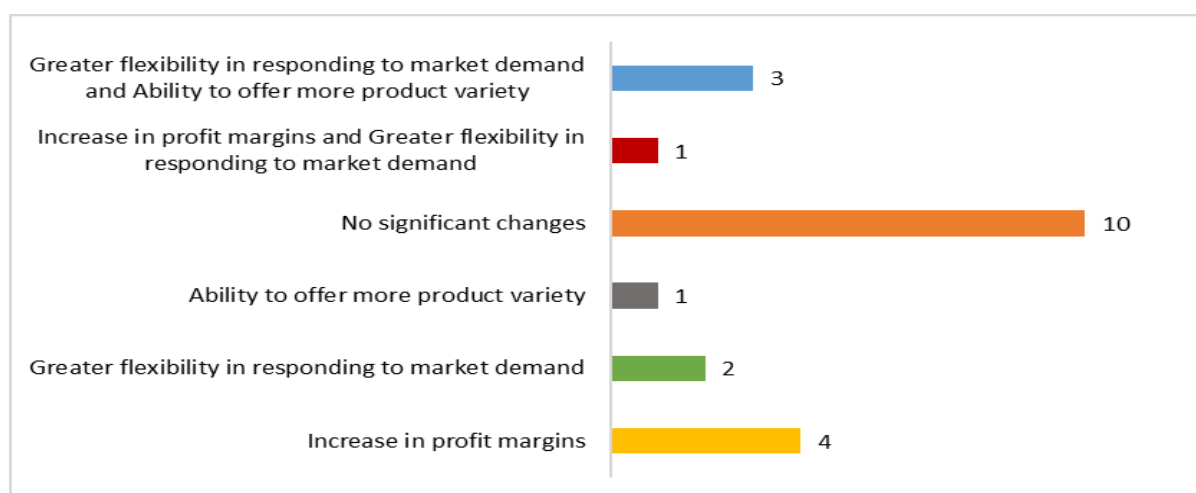
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Fig. I: Number of vendors requesting type of support to determine their own prices



More than 50 % (21 vendors) of the vendors who have adopted independent pricing have experienced positive changes such as greater profits, ability to respond to market demand more effectively and also their ability to offer a greater range of products (Fig. II). While, a little less than 50 % of the vendors have not experienced significant changes, they can expect changes in the future as competition grows and consumers become aware of the price, quality and service differences amongst vendors. Importantly, no respondents reported any negative impacts of price liberalization.

Fig. II: Impact of meat price liberalization on the business operation



The data shows that more than 92 % of the vendors are members of the BMVA. According to the members the primary motivation in remaining as a member is the sense of community, networking and mutual support. 24 vendors also admit being a member to follow standardized pricing and avoid conflicts, reflecting the BMVA's strong role in promoting price uniformity and market stability. A small percentage of members mentioned access to resources, training or promotions and a desire to be able to lobby for policy decisions.

#### - **Impact of meat price liberalization on the market**

The prevailing retail price of the following meat products were collected to study the impact of liberalisation of the meat prices.

#### ~ Beef with bones

The price-range from Nu. 500 to 600 per kilogram of beef with bones, indicating a 100 Nu. difference is a significant variance (Tab. I). Under price control, prices were likely uniform, so this variation suggests increased flexibility.

*Table I: Price of beef with bones in the market*

Price Range (Nu./kg)	Number of Vendors	% of Total Vendors
Nu. 500 – 520	4	8.51
Nu. 521 – 540	3	6.38
Nu. 541 – 560	16	34.04
Nu. 561 – 580	1	2.13
Nu. 581 – 600	23	48.94
Total	47	100

The majority of vendors (49%) are clustered at the upper end (Nu. 581–600), while only 15% offer prices below Nu. 540. This skew indicates a strong tendency toward higher pricing, possibly driven by cost recovery motives or profit-maximizing behavior post-liberalization.

Although price variation exists, vendor clustering at the high-end signals limited competitive pressure to undercut prices. The absence of significant vendors in the 561–580 range suggests price polarization - vendors either aim for mid-range pricing or go directly to the highest acceptable prices.

#### ~ Boneless beef

Boneless beef prices range from Nu. 650 to Nu. 800/kg, showing a moderate dispersion of Nu. 150. Most vendors are clustered in the Nu. 741–770 range (42.55%), followed by Nu. 681–710 (36.17%), indicating a strong central pricing tendency. Very few vendors price at the extremes—6.38% at the lower end (Nu. 650–680) and 14.89% at the higher end (Nu. 771–800).

*Table II: Price of boneless beef in the market*

Price Range (Nu./kg)	Number of Vendors	% of Total Vendors
650 – 680	3	6.38
681 – 710	17	36.17
711 – 740	0	0.00
741 – 770	20	42.55
771 – 800	7	14.89
Total	46	100

The dominance of mid-range pricing (over 78% in Nu. 681–770) points to moderate competition with limited undercutting. This clustering may stem from shared pricing norms, low consumer price sensitivity, or limited awareness of competitive flexibility. The absence of aggressive pricing at the lower end suggests soft competition, with few vendors actively seeking to differentiate based on price.

#### ~ Imported frozen buffalo meat

This is a wide price dispersion, indicating that vendors are setting prices freely based on their own cost structures, location, customer base or profit expectations. The range is broader than what's typical under a controlled pricing regime, which shows clear signs of price liberalization effects.

A large cluster of vendors (86.21%) of vendors operate in the mid-price (Nu. 541–620) range — suggesting a competitive core price band (Tab. III). The presence of both lower and higher outliers (500–540 and 621–660) implies some degree of market differentiation. The distribution suggests a normal bell-shaped curve, indicating competitive pricing behavior around a perceived market average.

*Table III: Price of imported buffalo meat in the market*

Price Range (Nu./kg)	Number of Vendors	% of Total Vendors
500 – 540	5	8.62
541 – 580	27	46.55
581 – 620	23	39.66
621 – 660	3	5.17
Total	64	100

It is indicative that price liberalization has led to increased price dispersion (Nu. 160 spread), a strong indicator of vendors exercising pricing freedom. Consumers benefit from greater price options, and vendors are likely differentiating based on cost structures, quality, or service.

~ Local Pork

The overall price ranging from Nu. 580 to Nu. 660 is a narrower dispersion, compared to the price ranges for beef and buffalo meat, indicating that prices are clustered more tightly (Tab. IV). Despite liberalization, the market shows signs of convergence around a higher and more dominant price band. 72.41% of the vendors charge the higher price (Nu. 641 – 660) which is — a clear indication of price convergence and this may reflect the market's natural equilibrium. 14 vendors (24.14%) are competing at a lower price point, perhaps due to lower costs, more price-sensitive consumers or a strategy to undercut competitors.

*Table IV: Price of pork in the market*

Price Range (Nu./kg)	Number of Vendors	% of Total Vendors
580 – 600	14	24.14
601 – 620	0	0.00
621 – 640	2	3.45
641 – 660	42	72.41
Total	58	100

The narrow dispersion suggests that vendors may be closely monitoring each other's pricing and adjusting to stay competitive.

~ Fish

The most common fish type sold in market are Rui, Pangkas and Catla

- Rui

Out of 52 vendors, 47 (90%) price Rui fish in the Nu. 291–300/kg range, indicating high price clustering and limited price dispersion (Tab. V). Only three price ranges are in use (Nu. 280–330), suggesting possible tacit coordination despite liberalization.

*Table V: Price of Rui fish in the market*

Price Range (Nu./kg)	Number of Vendors	% of Total Vendors
280 – 290	2	3.85
291 – 300	47	90.38
301 – 310	0	0.00
311 – 320	0	0.00
321 – 330	3	5.77
Total	52	100

At the extremes, three vendors (6%) price above Nu. 320/kg — possibly reflecting higher quality, location-based costs or price-testing; while two sell below Nu. 291, hinting at emerging competition or cost advantages.

The narrow spread and tight clustering show that price liberalization hasn't yet spurred strong competition. Vendor pricing behavior remains conservative, limiting potential consumer benefits from dynamic pricing or quality-based differentiation. Without greater price variation, the intended gains of liberalization—enhanced competition and improved consumer welfare—may remain unrealized.

- Pankas Fish

90% of vendors price Pankas fish in the Nu. 291–300/kg range, showing tight clustering and limited competition. Only two price bands are actively used, with no vendors in the 301–310 range, indicating reluctance to test intermediate price points.

*Table VI: Price of Pankas fish in the market*

Price Range (Nu./kg)	Number of Vendors	% of Total Vendors
280 – 290	3	6.00
291 – 300	45	90.00
301 – 310	0	0.00
311 – 320	2	4.00
Total	50	100

A small number of vendors at the lower (280–290) and higher (311–320) ends may reflect early but minimal signs of price-based competition. Overall, vendor behavior remains cautious, and price liberalization has not yet led to robust or dynamic pricing in this segment.

- Catla Fish

75% of vendors are concentrated in the Nu. 341–350/kg range, showing pricing convergence, though less rigid than other segments. Prices span three consecutive bands (320–350), indicating better dispersion and more active price setting.

*Table VII: Price of Catla fish in the market*

Price Range (Nu./kg)	Number of Vendors	% of Total Vendors
320 – 330	4	16.67
331 – 340	2	8.33
341 – 350	18	75.00
Total	24	100

The presence of vendors at lower and mid-tier prices (320–340) suggests some competition, likely influenced by cost, location or quality differences. Compared to other fish types, Catla pricing reflects greater variation and early signs that liberalization is fostering modest competition and flexibility.

~ Chicken

- Local Fresh Chicken

97% of vendors (66 out of 68) are pricing local chicken at Nu. 350/kg, indicating near-total price uniformity (Tab. VIII). Only two vendors deviate, reflecting strong market conformity likely shaped by past price controls.

*Table VIII: Price of local fresh chicken in the market*

Price (Nu./kg)	Number of Vendors	% of Total Vendors
330	1	1.47
340	1	1.47
350	66	97.06
Total	68	100

This tight clustering suggests that non-price factors like quality or service are not yet influencing competition, and that price liberalization has not translated into dynamic or differentiated pricing in this segment.

- Frozen chicken (imported)

Similar to the fresh local chicken, 99% of vendors are selling frozen chicken at Nu. 300/kg, showing near-total price uniformity and no meaningful price dispersion (Tab. IX). Only one vendor offers a lower price, indicating negligible price competition.

*Table IX: Price of frozen chicken in the market*

Price (Nu./kg)	Number of Vendors	% of Total Vendors
290	1	1.43
300	69	98.57
Total	70	100

This tight clustering suggests strong inertia from past controls or an uncompetitive market structure. Overall, price liberalization has had virtually no impact, with the market remaining uniform and lacking real pricing differentiation.

~ Local Mutton

In the case of mutton, only 8 vendors were selling the product, all at a uniform price of Nu 800. This indicates that local mutton is less commonly available compared to other meats, with limited vendor participation and no variation in pricing.

## General analysis and key findings

Despite official policy liberalization, price uniformity remains widespread among vendors, with over two-thirds (68.6%) still adhering to BMVA prices. This persistence largely stems from a lack of awareness, as 78.6% of vendors do not realize that BMVA price guidelines are no longer mandatory.

Many vendors lack the capacity to price competitively. About 28.6% require training in cost-based pricing, and 24.3% seek access to current market price information. Vendors also express the need for practical tools such as pricing guidelines, templates, and basic business resources to enable independent pricing decisions.

Although independent pricing is a recent development, more than half of the vendors who have adopted it report benefits including higher profits, greater responsiveness to market conditions, and a broader product range. Notably, no vendors have reported negative impacts from price liberalization.

The BMVA remains highly influential, with over 92% of vendors maintaining membership primarily for social support and conflict avoidance rather than business or policy engagement. It continues to act as a de facto price-setting body, reinforcing pre-liberalization pricing behaviors.

Analysis of post-liberalization pricing reveals mixed market dynamics:

- Beef (Boneless & Bone-in): Prices show a wide spread (Nu. 100–150), indicating some liberalization; however, clustering at the higher end suggests weak competition and potential informal price coordination.
- Buffalo Meat: Displays a bell-shaped price distribution concentrated in the mid-range, reflecting early signs of competitive pricing.
- Local Pork: Exhibits a narrow price spread (Nu. 80) dominated by a high-price cluster (73.7%), with some vendors offering lower prices, signaling emerging competition.
- Fish (Rui, Pankas, Catla): Rui and Pankas have extreme price clustering (87–90%) around Nu. 291–300, while Catla prices are more dispersed, indicating relatively more dynamic pricing.
- Chicken (Local and Frozen): Both local (98% at Nu. 350) and frozen chicken (99% at Nu. 300) prices remain highly uniform, showing strong inertia and limited competition.
- Local Mutton: Uniformly priced at Nu. 800 by all eight vendors, reflecting low supply and non-competitive market conditions.

## **Recommendations**

To translate liberalization into genuine competition and improved consumer welfare, the following interventions are essential:

- Enhance awareness

Officially inform all vendors—through letters, association meetings, and visible posters—that adherence to BMVA prices is voluntary. Conduct awareness workshops in key localities to reinforce this message.

- Build capacity of vendors

Relevant agencies should provide short training modules on cost-based pricing, margin setting, and basic bookkeeping and develop easy-to-use pricing templates for regular price updates.

- Promote market transparency and competition

Require visible price displays in all shops to facilitate consumer comparison.

- Regulate BMVA's pricing role

While BMVA's vendor support is valuable, its involvement in price setting should be monitored for anti-competitive practices and clearly separated from formal market regulation. CCAA should consider further issuing guidelines to limit association-led price coordination.

- Improve supply infrastructure:

Relevant agencies should look at support vendors - especially new and remote ones - through provision of refrigerators and freezers, rental or working capital subsidies and group procurement initiatives to lower costs and encourage competitive pricing.

- Encourage market entry and innovation:

Facilitate new entrants, including youth entrepreneurs, by simplifying licensing and expanding microfinance access. Promote alternative and imported meat products to increase supply diversity and consumer choice.

- Institutionalize ongoing market monitoring

CCAA needs to conduct quarterly market surveillance to track price trends, vendor compliance, and competition levels. Publish regular market transparency bulletins to keep vendors and consumers informed.

## **Conclusion**

Although formal price liberalization has been enacted, actual market behavior remains conservative with limited consumer welfare gains to date. Key barriers include information asymmetry, insufficient vendor capacity, and the enduring influence of BMVA price norms. A well-structured transition plan emphasizing clear communication, capacity building and enhanced transparency is critical to unlocking liberalization's full potential. Such measures will foster more dynamic, competitive, and consumer-friendly markets.

## **Acknowledgment**

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