

# MARKET PRICE ANALYSIS OF DOMA

Price Impact Assessment Following GST Implementation

by  
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## 1. Introduction

Prior to the introduction of the Goods and Services Tax (GST), imported doma (betel nuts) attracted a Bhutan Sales Tax (BST) of 30 percent at the point of entry. With the transition to the GST regime on 1 January 2026, betel nuts became subject to a uniform rate of 5 percent, reducing the overall tax burden on the commodity by 25 percentage points. This substantial reduction was expected to translate into lower retail prices for consumers, provided no additional excise duties or special levies were simultaneously imposed.

Contrary to this expectation, retail prices for ready-to-eat doma have risen across all surveyed markets, prompting public concern and questions regarding the pass-through of the tax benefit. This report examines price movements at the import, wholesale and retail stages of the supply chain with a view to assessing whether the tax reduction has been passed on to final consumers and, if not, to identifying at which point in the chain price increases have occurred.

## 2. Methodology

Price data were collected from 11 wholesalers and 17 retailers across Thimphu Thromde. Prices reported by traders for December 2025 were used as the baseline and compared against prevailing prices in March 2026 to determine the magnitude and distribution of price changes across the supply chain. Information was also sought from 4 prominent Indian exporters exporting to Bhutan to verify the price changes during the period, along with some literature review.

## 3. Results and Analysis

### 3.1 Prices at Source

Data furnished by wholesalers indicate that the prices of all three primary doma ingredients - doma nut, bangla patta and mitta patta - increased substantially at source between December 2025 and March 2026. The most pronounced increase was recorded for mitta patta at 32.62 percent, followed by doma nut at 19.70 percent and bangla patta at 18.60 percent. Price movements of this magnitude over such a compressed timeframe are noteworthy for any commodity in any market.

Table 1: Percentage Price Changes for Doma Ingredients at Source (December 2025 – March 2026)

Sl. No.	Item	Price Change at Source (%)
1	Doma (80 pcs)	19.70
2	Bangla Patta (100 pcs)	18.60
3	Mitta Patta (100 pcs)	32.62

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The accuracy of these reported price increases was independently corroborated through consultations with Indian exporters based in Jaigaon, West Bengal. Export price data from four exporters confirm broadly similar trends, as presented in Table 2.

*Table 2: Percentage Export Price Changes for Doma Ingredients (December 2025 – March 2026) — Average of four exporters*

Sl. No.	Item	Price Change at Source (%)
1	Doma (80 pcs)	27.36
2	Bangla Patta (100 pcs)	17.09
3	Mitta Patta (100 pcs)	34.27

Areca nut prices in India remained elevated through late 2025 and into early 2026, driven by a confluence of trade policy measures and supply-side constraints. The Government of India maintained a 100 percent import duty on areca nuts and revised the Minimum Import Price (MIP) to Rs. 351 per kilogram - both measures designed to protect domestic farmers and insulate the market from cheaper foreign competition. These policies kept Indian domestic prices substantially higher than those of competing exporters, notably Indonesia.

Supply was further constrained by the continued spread of Yellow Leaf Disease (YLD) in Karnataka, one of India’s principal areca nut producing states. While imports from Myanmar and Bangladesh provided partial relief, the effectiveness of this supplementary supply in moderating prices was limited by strict phytosanitary surveillance and high import duties. Betel leaf prices also firmed during this period, supported by sustained demand from Middle Eastern and neighbouring country markets. Taken together, these conditions pointed to areca nut prices in India holding firm or trending upward into early 2026.

Since Bhutan sources its areca nut from India, Indian price dynamics directly establish the cost baseline for Bhutanese importers. India’s protective pricing regime effectively sets a floor below which competitive procurement is not possible, with the result that Bhutanese market prices track Indian domestic price movements closely. With Indian supply remaining tight and no indication of policy relaxation, Bhutanese market prices are expected to remain elevated and will continue to be sensitive to shifts in Indian import policy, disease management outcomes and regional supply conditions.

### 3.2 Wholesale Prices

Wholesale prices rose broadly in line with source price movements, indicating that higher procurement costs were transmitted to retailers without absorption at the wholesale level. The percentage increases at the wholesale stage ranged from 17.67 percent for doma nut to 21.55 percent for bangla patta, consistent in scale with the source price increases reported in Table 1.

*Table 3: Percentage Wholesale Price Changes (December 2025 – March 2026)*

Sl. No.	Item	Wholesale Price Change (%)
1	Doma (80 pcs)	17.67
2	Bangla Patta (100 pcs)	21.55
3	Mitta Patta (100 pcs)	19.83

### 3.3 Retail Prices

Elevated wholesale prices have been fully transmitted to the retail level. Retail price increases ranged from 21.68 percent for cherry doma to 27.35 percent for doma with bangla patta. These increases are broadly proportional to - and in some cases exceed - those recorded at the wholesale level, indicating limited price absorption at either stage of the supply chain.

Table 4: Percentage Retail Price Changes (December 2025 – March 2026)

Sl. No.	Doma Type	Retail Price Change (%)
1	Doma (with Bangla Patta)	27.35
2	Doma (with Mitta Patta)	25.29
3	Cherry Doma	21.68

## 4. Discussion

The evidence points unequivocally to source price increases as the primary driver of higher retail prices. Notwithstanding a 25 percentage point reduction in the overall tax burden, the average price increase for doma nut combined with bangla patta stands at approximately 19.25 percent, and the combination with mitta patta at 26.16 percent. The tax benefit to consumers has therefore been entirely offset - and in many instances exceeded - by cost-push pressures originating at source.

The broad and uniform nature of price increases across markets diminishes the likelihood that the observed rises are attributable to isolated price manipulation by individual traders. The import, distribution and retail sale of doma constitutes a highly liberalised and competitive sector with widespread participation across the country. The probability of coordinated collusion between wholesalers and retailers is accordingly considered low.

A more plausible explanation lies in the pricing behaviour of Indian suppliers. It is an expected phenomenon that exporters in source markets, upon becoming aware of impending tax reductions in destination markets, revise their prices upward to capture a share of the anticipated consumer benefit - particularly where the commodity is essential or demand is price-inelastic. In this instance, Indian suppliers appear to have adjusted their prices in anticipation of Bhutan's GST reduction, exploiting the strong and consistent domestic demand for doma to extract a commercial advantage from the policy change.

## 5. Recommendations

Based on the findings of this study, the following measures are recommended.

### 5.1 Strengthen import price monitoring

Concerned departments such as the Departments of Trade and Revenue & Customs should establish a systematic mechanism for monitoring import invoice prices and benchmarking them against Indian domestic wholesale prices and international reference prices. Such a mechanism would facilitate the timely detection of abnormal price mark-ups at the border and enable regulatory intervention where warranted.

## **5.2 Review and communicate GST pass-through expectations**

The Department of Revenue & Custom should issue clear guidance to importers and wholesalers on the expectation that GST reductions are to be passed through to end consumers. Where price increases are demonstrably attributable to higher source costs rather than tax exploitation, this should be communicated transparently to the public in order to manage consumer expectations and mitigate unnecessary market anxiety.

## **5.3 Explore supply diversification**

Given Bhutan's near-total dependence on India for areca nut, the country remains acutely exposed to price movements driven by Indian domestic policy and disease outbreaks. A medium-term strategy to explore alternative sourcing from other regional markets - including Myanmar, Bangladesh, and Sri Lanka - in compliance with applicable trade agreements, would materially reduce this structural vulnerability.

## **5.4 Institutionalise periodic supply chain price surveys**

This study demonstrates the value of structured, multi-stage price monitoring. Periodic surveys covering import, wholesale, and retail prices for doma and other essential commodities should be undertaken to provide support to evidence-based policy responses.

## **5.5 Consumer awareness**

The CCAA should inform the public through public notification on mass media and social media of the external market factors driving doma price increases so that concerns about profiteering can be addressed with factual context. Transparent and timely communication from the relevant authorities can help moderate demand-side pressures and sustain market confidence.

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