

COMPETITION AND CONSUMER AFFAIRS AUTHORITY

Royal Government of Bhutan

FOLLOW-UP MARKET PRICE ANALYSIS OF THE DOMA MARKET

Price Impact Assessment – March to April 2026

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April 2026

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Introduction

Doma (areca nut) and betel leaf (pan/patta) constitute an essential commodity in Bhutan. The majority of supply is sourced from India, rendering the domestic market sensitive to price movements in the Indian market. Following Bhutan's implementation of the Goods and Services Tax (GST) from January 2026, the CCAA conducted an initial market surveillance exercise in March 2026, which recorded notable upward price movements for doma and betel nut products. This follow-up study aims to assess whether the observed price increases were sustained, transitory, or reflective of deeper structural market shifts.

The study assesses price transmission efficiency across three tiers of the supply chain — source (exporter level in India), wholesale, and retail — and evaluates whether price changes are consistent with legitimate cost pass-through or indicative of margin retention by intermediaries.

This follow-up study covers the Thimphu Thromde doma market and examines price movements across three tiers of the supply chain — source (ex-Jaigaon, India), wholesale, and retail — for the period March to April 2026. The scope encompasses three commodity categories: doma (areca nut), Bangla patta (betel leaf), and Mitta patta (betel leaf). The study draws on the March 2026 baseline established during the initial CCAA price surveillance exercise.

The specific objectives of this study are to: (i) document price movements at each tier of the supply chain between March and April 2026; (ii) assess the efficiency of price transmission from source to wholesale to retail; (iii) evaluate whether retail prices are consistent with cost pass-through or indicate unjustified margin retention; (iv) compare actual retail prices against pre-GST and post-GST trend projections; and (v) assess the viability of domestic areca nut supply as an alternative to Indian imports.

The findings of this study are intended to inform the CCAA's regulatory response and guide targeted consumer and trader outreach. The methodology used to collect and analyse price data is described in Section 3.

Methodology

Primary price data were collected through structured field surveys conducted across Thimphu Thromde during April 2026. The sample frame comprised 11 registered doma wholesalers and 17 retail outlets, providing a representative cross-section of the formal doma trade in the thromde.

Prices reported by surveyed traders for March 2026 served as the baseline reference period, against which prevailing April 2026 prices were compared. Percentage changes in price were calculated using the standard formula: $[(\text{April Price} - \text{March Price}) / \text{March Price}] \times 100$.

Three commodity categories were tracked: (i) Doma — areca nuts, standardised at 80 pieces per pon; (ii) Bangla patta — a variety of betel leaf, traded in lots of 100 pieces; and (iii) Mitta patta — another variety, traded in lots of 100 pieces. Source prices were verified against importer-reported purchase records from Jaigaon to minimise self-reporting bias. Price trend projections were derived from December 2025 and March 2026 baseline trajectories using ratio-based extrapolation.

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Results and analysis

Source-level price movements

Source prices, representing the ex-exporter price paid by Bhutanese importers in Jaigaon, India declined materially across all three commodity categories between March and April 2026. As detailed in Table 1, doma (80 pieces per pon) fell by 19.39% from Nu. 595.91 to Nu. 480.36, Bangla patta (100 pieces) declined by 10.55% from Nu. 280.00 to Nu. 250.45, and Mitta patta (100 pieces) registered the steepest source-level contraction at 20.57%, declining from Nu. 470.00 to Nu. 373.30.

These reductions are attributed primarily to seasonal factors: the April harvest period in India typically increases the availability of fresh areca nut and betel leaf in wholesale markets, exerting downward pressure on exporter prices. This pattern is consistent with seasonal supply-demand dynamics commonly observed in such commodity markets.

Table 1: Source-level price changes, March–April 2026

Sl. No.	Commodity	March 2026 (Nu.)	April 2026 (Nu.)	% Change
1	Doma – 80 pcs (1 Pon)	595.91	480.36	–19.39%
2	Bangla patta – 100 pcs	280.00	250.45	–10.55%
3	Mitta patta – 100 pcs	470.00	373.30	–20.57%

Wholesale price movements

Wholesale prices in Thimphu Thromde mirrored source-level declines closely, confirming effective price transmission through the import-wholesale tier of the supply chain. Doma (1 pon) declined by 15.67%, from Nu. 667.27 to Nu. 562.73; Bangla patta (100 pieces) fell by 14.25%, from Nu. 350.91 to Nu. 300.91; and Mitta patta (100 pieces) declined by 20.61%, from Nu. 537.14 to Nu. 426.41 (Table 2).

The close alignment between source and wholesale price movements — both registering declines of 10% to 21% — indicates that wholesalers are transmitting lower procurement costs downstream without significant margin expansion. This behaviour is consistent with a competitive wholesale market structure, where price-setting power is constrained and margins are relatively thin.

Table 2: Wholesale price changes, March–April 2026

Sl. No.	Commodity	March 2026 (Nu.)	April 2026 (Nu.)	% Change
1	Doma – 1 Pon	667.27	562.73	–15.67%
2	Bangla Patta – 100 pcs	350.91	300.91	–14.25%
3	Mitta Patta – 100 pcs	537.14	426.41	–20.61%

Retail price movements

The most analytically significant finding of this study pertains to the retail segment, where price behaviour deviated sharply from upstream trends. Despite double-digit percentage declines at both the source and wholesale levels, retail prices for doma products increased during the same period. Doma with Bangla pan (per piece/khamto) rose by 6.10%, from Nu. 6.89 to Nu. 7.31, while Doma with Mitta pan (per piece/khamto) increased by 4.35%, from Nu. 8.27 to Nu. 8.63 (Table 3).

This divergence constitutes a breakdown in downward price transmission and represents a structural anomaly warranting attention. The retail segment appears to have effectively decoupled its pricing from prevailing wholesale cost conditions, absorbing the benefit of lower upstream prices rather than passing them on to end consumers.

Table 3: Retail price changes, March–April 2026

Sl. No.	Commodity	March 2026 (Nu.)	April 2026 (Nu.)	% Change
1	Doma with Bangla pan (per pcs)	6.89	7.31	+6.10%
2	Doma with Mitta pan (per pcs)	8.27	8.63	+4.35%

Taken together, the findings present a consistent picture: cost reductions at the source and wholesale levels have not been passed on to end consumers. The implications of this divergence — and the mechanisms that may explain it — are examined in the Discussion that follows.

Discussion

Supply chain price transmission anomaly

The data reveals a pronounced asymmetry in price transmission across the doma supply chain. While upstream price decreases propagated efficiently from source to wholesale, they failed to transmit to the retail level. In this case, downward cost shocks at the source level are absorbed or reversed at the retail tier. This phenomenon cannot be attributed to lack of retail competition, because there are multiple numbers of doma sellers all over the markets in Bhutan.

Two primary mechanisms may explain the observed retail price rigidity and upward deviation:

Inventory cost recovery: Numerous retailers in the survey reported having purchased large volumes of doma in March 2026 at higher wholesale prices. As these retailers continue to sell down existing stock, they maintain elevated retail prices to recover sunk procurement costs and protect margin. This is a rational short-term pricing behaviour; however, it generates a temporary wedge between prevailing wholesale prices and consumer-facing retail prices.

Price stickiness: The observed upward price rigidity is also consistent a phenomenon in retail markets whereby prices respond rapidly and fully to upward cost pressures but exhibit significant downward stickiness when costs decline. Under this mechanism, retailers normalise higher price points during cost-push episodes and resist downward adjustments once consumers have adjusted their willingness-to-pay accordingly.

Given these dynamics, the retail price correction may be delayed until the current high-cost inventory is depleted. Regulatory and consumer advocacy interventions should account for this lag, while remaining alert to the possibility that the downward adjustment may not fully materialise without external pressure.

Domestic production constraints

The study also examined the viability of domestic areca nut supply as a substitute for imported doma. While areca nut cultivation represents a meaningful income source for farming households in the southern dzongkhags, the domestic supply chain currently suffers from structural limitations that render it uncompetitive relative to Indian imports.

Surveyed wholesalers identified two principal constraints with locally grown areca nut:

Supply inconsistency and volume insufficiency: Local areca nut dealers are frequently unable to meet the volume requirements of commercial wholesalers. Irregular supply and harvest variability limit the predictability of domestic sourcing, increasing procurement risk.

Quality and processing deficits: Domestically traded areca nuts are typically sold in unprocessed (unpeeled) form, requiring significant manual labour prior to sale. Given prevailing labour market conditions — characterised by acute shortages in the urban economy — this additional processing burden makes domestic doma commercially unviable for most wholesalers.

In contrast, areca nuts imported from India arrive pre-peeled and processed to commercial standards, offering wholesalers a reliable, ready-to-sell product at competitive prices. These structural advantages sustain the market's dependence on Indian imports and limit the effectiveness of domestic supply as a price stabilisation mechanism.

Recommendations

Based on the findings and analysis presented in this report, the following recommendations are being made:

Consumer price advisory: The CCAA must issue a public advisory informing doma consumers of the current market dynamics — specifically that wholesale prices have declined materially — and advising consumers to procure directly from licensed wholesalers where feasible. This will enable informed purchasing decisions and increase competitive pressure on retail pricing.

Retailer engagement and advocacy: The CCAA should conduct targeted outreach to registered doma retailers, emphasising the obligation to transmit cost reductions to consumers and discouraging unjustified margin retention. This engagement should be framed constructively, with a focus on the ethical business practices and the principles of fair pricing under the Consumer Protection Act.

Enhanced price monitoring: Price monitoring should continue. This will enable the CCAA to identify the point at which retailer inventory costs normalise and assess whether market-led price correction materialises.

Boost domestic production and processing: In the long run, concerned agencies should explore targeted investments in post-harvest processing infrastructure — particularly peeling and grading facilities — in the southern dzongkhags. Standardisation of quality grading for domestically produced areca nut, aligned with commercial wholesale specifications, would improve the competitiveness of domestic supply and reduce market vulnerability to Indian import price shocks.

Conclusion

This follow-up market price analysis documents a clear and significant market failure in the Thimphu doma retail sector. Despite double-digit percentage declines in source and wholesale prices between March and April 2026 — primarily driven by increased seasonal supply availability in India — retail prices for doma products rose by 4% to 6% over the same period. This pattern of asymmetric downward price transmission, consistent with both inventory cost recovery dynamics and the retail ratchet effect, has resulted in consumers bearing a disproportionate share of market adjustment costs.

The persistent reliance on Indian imports, compounded by the quality and processing limitations of domestic areca nut supply, underscores the structural vulnerability of Bhutan’s doma market to external price shocks. Addressing these supply-side by concerned agencies represents a long-term imperative for price stability.

Consumer advisory and retailer engagement in the near term and concurrent, efforts to develop domestic supply chain capacity and strengthen price monitoring should be advanced in coordination with relevant government ministries.