

What is holding back milk production in Pakistan?

The middleman has always enjoyed major chunk of profit of small dairy farmers

Pakistan is the 4th largest milk producing country in the world. It produced 48 million tonnes milk in 2019, which was 6% of total world milk production. The dairy sector has great potential to flourish in future in Pakistan. Major issues, outlined below, that are holding back the sector need to be discussed and debated.

Research and development is the back bone of the dairy industry of a country. Innovations and inventions can play a pivotal role in the development of dairy sector. Pakistan spends only 0.29% of its GDP on R&D, India 0.85%, and US, China and Japan spend up to 3%! This is a sorry state of affairs for Pakistan indeed.

Per animal milk yield in a number of leading milk producing countries is much higher. The average milk yield of the cow and buffalo is 14 and 10 liters per day respectively in Pakistan. Comparable yields in developed countries are 5-6 times higher. It is worth noting that eight Pakistani milking animals producing milk is equal to one milking animal in developed countries. A number of issues persist in this regard. First, the masses of animals graze only on marginal lands having less nutritional value grass in Pakistan. Second, polluted water severely affected animals' milk productivity. Third, the total livestock feed available is substantially less what is actually required. Fourth, Iqbal and Ahmad (2005) found we have a deficit in feed resources required to sustain the existing livestock population. Go to a government run veterinary hospital and you see few doctors available. Mostly, the veterinary doctors are not available in rural areas. There are 963 veterinary hospitals, 2,869 veterinary dispensaries and 2,875 veterinary centers in the public sector for 196 million animals. Only about 10% of total livestock population is vaccinated every year. Budgetary allocations cover only a very small part of the costs of necessary drugs. The development expenditure in livestock sub-sector has been minimal and has never exceeded 0.5 percent of the total development outlays [Afzal (n.d)].

There is no appropriate formal milk marketing system in Pakistan. Approximately 97% of our milk supply is marketed through traditional, informal systems in which the middleman plays a key role. Our inadequate storage, transportation and storage facilities result in wastage of 15-20% of milk produced. As far as milk processing is concerned, only 3% of total milk produced is actually processed in Pakistan. Formal milk collecting centers have inadequate infrastructure for collecting milk at the national level. Iqbal and Ahmad (1994) found the existing system failed to adjust for seasonal fluctuations in supply and demand in rural areas.

In Pakistan, 66% of the population is living in rural areas. They are directly or indirectly dependent on agriculture and livestock for their livelihood. Farmers have limited awareness of latest dairy technology, equipment and techniques useful for augmenting animal productivity. They continue to use traditional farming methods. The majority (84%) of them maintain a cow and buffalo herd size of 1-4 animals. There is a significant difference between producer and consumer milk prices in Pakistan. The middleman has always enjoyed the major chunk of the profit of the small dairy farmers. Average milk (producer) price is PKR 50-60 per liter/kg in rural-urban areas, depending on its quality. Middle men sell it at double price (PKR 100-120; UHT for PKR 140 /liter) to the end consumer. The

rising cost of inputs has caused the profit share of small farmers to dwindle over time. The price that small dairy farmers charge for milk is 35% less than the world price. Small farmers face hurdles of high interest rate, lengthy procedures and complex credit mechanism in accessing credit. Influential dairy farmers don't face such difficulty in getting credit. The lack of credit opportunities and mismanagement of credit is severely affecting dairy sector potential. The distribution of credit in agricultural sector indicated that Government's top priority has been towards farm sector development. Credit disbursements totaled PKR 159 billion. Of this PKR 112 billion (70%) was disbursed for crops and only PKR 24 billion (15%) for livestock (SBP, 2008).

—The writer is affiliated with PIDE