



DAIRY

Overview

The nutritional importance of milk can never be overstated considered as it is by all to be the most complete of foods. With annual production of over 35 billion litres of milk, Pakistan today is the 4th largest milk producing country in the world. There is visible potential for production of additional 3 billion litres of milk with a growth rate faster than any other sector or sub-sector of economy. Milk constitutes in terms of value over 27% of agriculture economy. Of the total milk production in the country, 70% is rural-based and 30% occurs in urban areas. Global consumption of milk hit the all-time high mark of 282 billion litres and is expected to grow at a compound annual growth rate of 2.2% until 2012. As such, dairy sector has assumed great importance in Pakistan.

Market Analysis

Sindh possesses 27% of buffalos and 23% of cattle herd of the country. The main dairy breeds are Kundi buffalo, and Red Sindhi and Thari cows. Kundi buffalo and Red Sindhi cow are especially known for their high milk yield. Sindh also has adequate agricultural base to supply fodder and silage needs of dairy farming in the province. Currently, a 40% supply-demand gap exists despite production of such a large volume of milk in Pakistan. Of the total production, bulk is consumed by the local population in the form of raw, unprocessed milk. Only 3-5% of milk produced in the country is processed in one of the two ways: UHT or pasteurization.

At the domestic level, buffalo milk is preferred while for export purposes cow milk is produced because of differences in taste. The domestic consumer in Pakistan is price-conscious because of low purchasing power and low elasticity of demand for milk. There are seasonal variations in milk production in Pakistan like fall in milk supply during summer when the demand for milk is high resulting in price increases. Over 90% of milk produced is collected and supplied in raw form through a tier of middlemen. Government of Pakistan envisages end to sale of raw unprocessed milk in large urban centres because of related health concerns.



Red Sindhi Cow

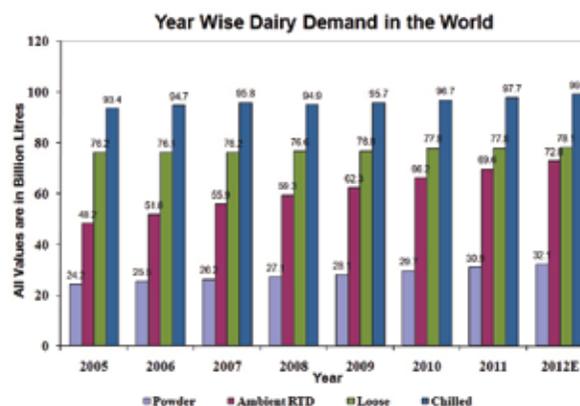
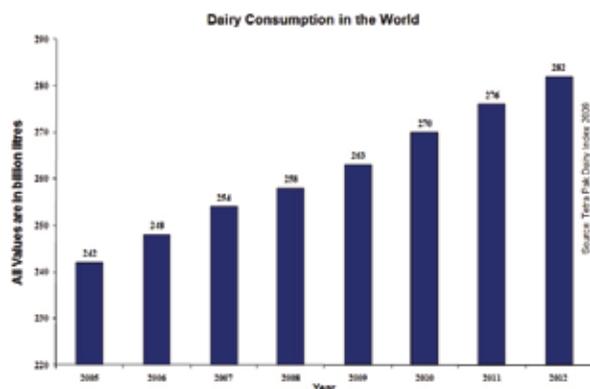


Thari Cow



Kundi Buffalo





Investment Opportunities

■ Modernized Dairy Farms

High-efficiency modernized dairy farms for production of pasteurized milk can be established in Sindh on the pattern of Dairyland Farm in Dhabeji and Metro Dairy Farm in Nooriabad. Though the amount of seed capital is somewhat high, the payback period is very small (2 years) and returns on investment are very high.

■ Milk Processing Plants

Milk processing plants for production of UHT milk as well as powered milk are another avenue for highly profitable investment in Sindh. Recently, Engro Foods has established a state-of-the-art milk processing plant in Sukkur.

■ Silage Plants

Plants for production of fermented fodder called silage can be installed in Sindh to meet the tremendous unmet need of high-nutrition fodder. Such a plant has to be complemented with fodder cultivation to make it commercially viable. The internal demand for silage is large and confirmed.

■ Investment in Bhambhore Livestock and Dairy Village

For investors in livestock and dairy sectors of Sindh, Livestock and Fisheries Department, Government of Sindh is building a dedicated hub for livestock and dairy farms in the form of this Village. It is situated only 230 km from Karachi and comprises 2,500 acres of land. Infrastructure of this village will be developed by Government while the investors will be able to get long-term lease for plots of various sizes on attractive terms. The project is in development phase.





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