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Factors Influencing Producer Milk Prices in Peri-urban Faisalabad, Punjab Province, Pakistan

JONAS HAGMANN¹, MUHAMMAD TARIQ², EVA SCHLECHT²

¹University of Kassel, Animal Husbandry in the Tropics and Subtropics, Germany

²University of Kassel / University of Göttingen, Animal Husbandry in the Tropics and Subtropics, Germany

Abstract

Milk production is an important component of Pakistan's economy. It is higher during winter (December-March) than summer (June-August), while demand is highest in summer. Peri-urban dairy production has been growing constantly during the past decades and continues to gain importance; about 5% of Pakistan's milk comes from urban and 15% from peri-urban producers. Milk marketing is dominated by middlemen (gawalas or *dhodis*), and consumers prefer buffalo (*Bubalus bubalis*) over cattle milk. To determine factors influencing producer milk prices, a study was conducted in Faisalabad, third-largest city of Pakistan (>2 million inhabitants). Using a structured and pretested questionnaire, interviews with 142 peri-urban (4 to 9.4 km from city centre) milk-producing households (HH) were carried out from August until October 2009; HH selection followed the snow-ball method.

Two thirds of the HH (n=91) kept Nili-Ravi buffaloes and mostly crossbred cattle, the rest only buffaloes. The majority (69.7%) sold milk to *dhodis*, one third (35.2%) to neighbours, 2.1% did doorstep delivery and one HH owned a shop. The 91 HH keeping both species usually sold mixed milk (96.6%). Clients for mixed and pure buffalo milk were *dhodis* (77.9%, respectively 58.5%) and neighbours (27.9%, respectively 47.2%). Highest milk prices per litre (Pakistani Rupees, 100 PKR \approx 0.8 Euro) were paid by alternative clients (43.5 \pm 4.1 PKR, 4 HH), followed by neighbours (40.2 \pm 2.8 PKR, 50 HH). *Dhodis* paid significantly ($p > 0.05$) lower prices (35.9 \pm 3.2 PKR, 99 HH). Prices for pure buffalo and mixed milk did not differ significantly. However, HH obtaining the maximum price from the respective clients for the respective type of milk got between 20% (mixed milk, alternative clients) and 68% (mixed milk, *dhodi*) more than HH fetching the minimum price. Some HH (19%) reported 7.3% (\pm 3.7) higher prices for the current summer than the foregoing winter (significant at $p < 0.05$), while amount of milk sold and distance of the HH to the city centre did not influence milk prices. It is concluded that the major factors influencing producer milk prices in Faisalabad are type of client and individual marketing skills. Therefore, less successful producers might establish cooperatives to bundle their marketing power and skills.

Keywords: Buffalo, cattle, *dhodi*, marketing, mixed milk