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USAID FIRMS PROJECT  
**LIVESTOCK RAPID MARKET APPRAISAL**  
Final Report

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USAID FIRMS PROJECT

# LIVESTOCK RAPID MARKET APPRAISAL

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# Abstract

This report provides an in depth analysis of the livestock sector in KPK. The main areas under discussion are the existing market structure, various stakeholders, access to information, condition of animals, areas of deficiency and recommendations for improvement. Pakistan needs to utilize its economic potential with respect to natural resources like the livestock sector and KPK is an integral area to focus upon.



# Acronyms

AIP	Annual Implementation Plan
BEE	Business Enabling Environment
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
EG	Economic Growth
EMPL.	Employees
FT	Full-time
FTE	Full-time Equivalent
FY	Fiscal Year
GDP	Gross Domestic Product
IP	Implementing Partner
IR	Intermediate Result
IUA	Infrastructure Upgradation Agreement
KPK	Khyber Pakhtun Khuwa
M&E	Monitoring and Evaluation
N/A	Non-Applicable
PKR	Pakistan Rupees
PSD	Private Sector Development
RFP	Request for Proposal
SMEDA	Small and Medium Enterprises Development Authority
SO	Strategic Objective
SOW	Scope of Work
TMA	Tehsil Muncipal Administration
US	United States
USD	US Dollars
USAID	United States Agency for International Development
USG	United States Government
VCD	Value Chain Development



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# Executive Summary

## Livestock Markets

The growth in the livestock sector during past decades has not been reflected in the alleviation of poverty and economic & food security in the rural areas of the country. It is a paradox-although livestock is produced in rural areas, its contribution towards the economic well being of the livestock producers does not match its potential. If we try to find the reasons for this situation, one thing comes on the forefront and that is the defective marketing system of live animals. The livestock marketing system plays an important role in determining the prices received by the producers and those paid by the consumers. The performance of the marketing system depends on the structure of the market, regulation by the government and conduct of the market functionaries.

The inefficient and pro-traders performance of livestock markets suggests the need for a thorough review of the current livestock marketing policies and systems and identification of new initiatives for improving marketing practices and performance.

Marketing of live animals involves high level of market information, specialized skills of market assessment, animal evaluation, price negotiation and analysis of supply and demand situation. Traders and marketing agents, who dominate the livestock markets in KPK, have developed expertise in the above mentioned areas over time. The producers, in spite of being owners of the product, have little information about the price trends, supply demand situation and marketing practices which puts them at the weakest position in the supply chain. Livestock markets are held daily, weekly, fortnightly and annually. Special markets are also held at some special occasions like annual festivals in some area or two to three weeks before Eid-ul-Azha. Previously all the efforts made for the development of the livestock sector were focused on the enhancement of production and no attention was paid to the aspect of improvement in marketing of live animals. Benefits of production cannot be fully achieved until its marketing aspect is not looked into properly. If the marketing system works efficiently, it promotes production and efficient production attracts the people involved in the marketing of livestock.

Livestock markets in KPK are mostly established and contracted out by the local government department. A handsome contractual amount is received in this way, which is usually not invested back in the markets. These markets are mostly devoid of any facilities like shade, water, ramps, fodder and fodder troughs, sanitation and drainage, weighing and boundary wall. No facility of veterinary staff and provision of market information were found available in the markets visited.

# Slaughter Houses

## Public Sector Slaughter Houses

Public sector slaughter houses are established and managed by the local government department. A certain fee is charged for using the facility, from the people bringing their animals for slaughtering. The fee is usually Rs. 25/animal for sheep and goats and Rs. 50 for each large animal (cattle and buffalo). In spite of collection of revenue from there, the public slaughter houses were found to be in poor condition and mostly without the required facilities like water, electricity, sanitation and drainage. The importance of the public sector slaughter house is that getting animals slaughtered in any recognized slaughter house is considered legal. Any slaughtering outside the recognized slaughter house will be illegal. In this scenario relevant people are bound to bring their animals to public sector slaughter houses for slaughtering, regardless of the status of required facilities there.

## Private Sector Slaughter Houses

Being situated in the vicinity of Afghanistan, which is deficit in meat production, KPK has a lot of opportunities to export meat to cater to the demand there. This has led to the establishment of private slaughter houses in Peshawar. There are about five slaughter houses, working under private set up, in KPK.

To reveal the on ground situation and to get first hand information regarding functioning/management of livestock markets and slaughter houses and to explore the economic behavior of the stakeholders, rapid appraisal of livestock markets and slaughter houses in KPK was conducted. Principal findings of the appraisal have been given as:

## Findings - Livestock Markets

- I. The livestock markets can be categorized into three main categories i.e. small primary collection markets, secondary distribution markets and large terminal markets. These markets are held on daily, semiweekly, weekly and sometimes yearly basis.
- II. Local Government Department is mainly responsible for the establishment of livestock markets in the province.
- III. In spite of the fact that the Local Government is earning a handsome amount from the auction of collection rights from livestock markets, most of these markets are lacking in even basic facilities like shade, water for humans and animals, ramps for loading/unloading, weighing, fodder & fodder troughs, boundary walls and sanitation and drainage. Revenue so generated is used for other purposes.
- IV. Livestock markets are dominated by the contractors and traders while farmers, as sellers and buyers, have the weakest position in the market chain because they have relatively little information about market prices and trends.
- V. Evaluation of animals for sale and purchase in the market is based on personal judgment and weighing is not practiced. Particularly for animals sold or purchased for meat purpose, weight of the animal is important. In the markets there is no

arrangement for weighing the animals- in the absence of which there is no solid base available for further negotiation. Producers being less experienced have very poor judgment as compared to traders so traders mostly succeed in striking a good deal in their favor.

- VI. Market charges are charged from the people entering the market to sell their animals and upon transaction as the deal is finalized. It has been revealed during appraisal that traders, being the regular clients, are mostly charged at discounted rates while producers face discriminatory behavior and are charged the full rate prevailing in the market. Basically the contractors adjust the market charges according to the situation to make the market attractive for the suppliers and buyers, and to make it successful. The major objective of adjustment of market charges is to attract the traders.
- VII. Brokers are found to be active in the markets. They play the role of facilitators and get their commission. Their fees range from Rs. 50 to Rs. 100 per small animal and from Rs. 300 to Rs. 600 per large animal, depending upon the total value of the animal.
- VIII. Major livestock products include milk, mutton, beef, hides and skins, poultry, wool and farm yard manure. In addition to this blood and intestines are also collected and used for different purposes if available in sufficient quantity.
- IX. In the markets deals are finalized through negotiation; auction is not practiced. Demand supply situation and bargaining and assessment skills also play a role in reaching the final price of the animal. Traders, being experienced, have an edge over the producers in this regard.
- X. The flow of animals between the two provinces, Punjab and KPK, is two way. Small ruminants (sheep and goat) are purchased from livestock markets in KPK by the traders and buying agents and taken to Punjab markets; large animals, which include young cow calves and old dry buffaloes, are purchased from Punjab markets and sold in KPK markets or traded, legally or illegally, to Afghanistan. In addition to this, old female milking goats are also purchased from Punjab markets and sold in KPK markets as people of KPK like the breed and keep it for milking purposes.
- XI. No record of any type e.g. number of animals arrived, animals traded and value of trade, is maintained in the market. Although receipts for entry/transaction charges are issued, these do not cover all the aspects and the information so obtained is not compiled at any level. The contractors are also not ready to share the available information, it being their business secret.
- XII. Export/illegal trade of live animals to Afghanistan is a historical matter and it never stops. Due to restrictions and strict checking it becomes difficult and the number of animals so traded are reduced but the people involved in this trade manage to continue one way or the other. The presence of buyers/traders from Afghanistan, or their agents, in the markets has a visible upward effect on the prices of large animals.

- XIII. The legal trade (export) of live animals is undertaken through permits issued by the Federal Government. These permits change two to three hands before actual trade occurs and finally these are available with the transporters. The buyers from Afghanistan purchase animals from markets and contact the transporters having permits. Terms and conditions are agreed upon and animals are transported to Afghanistan. One more thing worth mentioning is that during transportation the actual numbers of animals in the transport are much more than those allowed on the permit.

### **Findings – Slaughter Houses**

- I. The establishment, management and maintenance of slaughter houses are the responsibilities of the relevant Local Government Department. The role of the Livestock Department is limited only to providing veterinary services in the slaughter house.
- II. Public slaughter houses cater to the needs of urban areas while slaughtering in rural or remote areas is conducted in any recognized slaughter house.
- III. Mostly the public slaughter houses lack basic facilities like water and electricity. Sanitation and drainage arrangements were not found to be satisfactory which lead to unhygienic conditions inside the slaughter house and environmental threats.
- IV. A fee ranging from Rs. 25/animal for sheep and goat and Rs. 50 for each large animal (cattle and buffalo) is charged for using the facility, from the people bringing their animals for slaughtering.
- V. The importance of the public sector slaughter house is that the slaughtering of animals in any recognized slaughter house will be legal. Any slaughtering outside the recognized slaughter house will be illegal. In this scenario relevant people are bound to bring their animals to public sector slaughter houses for slaughtering regardless of the status of required facilities there.
- VI. Destination of products from public slaughter houses is 95% local and 5% FATA areas while 100% meat from private slaughter houses is exported to Afghanistan.
- VII. There is a seasonal variation in the supply of animals i.e. during the season of harvesting of wheat and plantation of rice, supply of animals in the Punjab markets reduces, as a result of which prices go up; in the KPK markets there is a lesser number of buyers due to same reason and price shows a downward trend. The traders who buy animals from Punjab markets and sell in KPK markets were of the view that these are slow business months.
- VIII. Afghanistan is deficit in meat production and is situated in the vicinity of KPK. This has led to the establishment of private slaughter houses in Peshawar, KPK.
- IX. The structure of private slaughter houses on average consists of two to three rooms for staff, a covered slaughtering area and a cold store. Few have generators as back up support in case of no electricity. All the operations are conducted manually and meat is shifted to the blast chillers/cold store before it is transported to the destination market in Afghanistan.

- X. Meat is transported to the destination markets in refer containers owned by the slaughter house.
- XI. The type of meat exported is veal, obtained from young cow calves with live weight ranging from 160 to 200 kilograms.
- XII. The source of supply is 95% from Punjab and 5% local.
- XIII. The total weight of meat loaded in the container for export is usually much more than that shown in the documents.
- XIV. There was no animal identification and traceability system observed/reported during the appraisal.
- XV. There are agreed terms and conditions between sellers and buyers with respect to the quality/health of the animals. No formal health certification procedures were observed/reported during the survey.
- XVI. Food safety management and assurance systems were not found in place to ensure the export of quality meat. Such standards are usually maintained on the demand of the buyers.
- XVII. No measures were found to be taken in public as well as private slaughter houses to check the occurrence of any communicable disease like Zoonoses.



# 1.0 INTRODUCTION

## 1.1. Background

Historically livestock has been dominated by small holders to meet their needs of milk, food security and cash income on a daily basis. The sector provides net source of foreign earnings to the country through the export of live animals, meat and other major and by-products. Moreover, livestock is considered to be a source of employment generation at the rural level, helping in reducing income variability. It is central to the livelihood of the rural poor in the country and can play an important role in poverty alleviation and the uplifting of the socio-economic condition of our rural masses. Livestock contributed approximately 55.4 % to the agricultural value added and 11.9 % to the national GDP during 2012-13, compared to 55.3 % and 11.9 % during the same period in the previous year. Gross value addition of the livestock sector at constant cost factor has increased from Rs.735 billion (2011-12) to Rs.756 billion (2012-13); showing an increase of 2.9 % as compared to previous year.<sup>1</sup>

The importance of the livestock sector is relatively more in KPK compared to the provinces of Punjab and Sindh, since the latter have well established industrial sectors and suitable land for crops. According to an estimate, in KPK the livestock contributed Rs. 62.8 billion to the national exchequer. Out of the total 74521 square kilometers geographic area, NWFP possesses 700 km long and 145 km wide range of mountainous land providing grazing to livestock of sedentary farmers, semi-nomadic and nomadic shepherds<sup>2</sup>.

Livestock rearing in Pakistan is still a significant source of income but it is managed in a traditional manner rather than on a commercial basis. Although some change, with respect to the establishment of commercial livestock farms, has started taking place in Punjab and Sind, KPK it is still a neglected area and awaiting government intervention in the shape of favorable policies for the promotion of the sector.

High population growth rate, increase in per capita income- which increases the purchasing power of the people- and a growing economy continuously increase the demand for livestock products which exerts significant pressure on the country's livestock resource base. Moreover there are bright prospects of export of "Halal" meat to Middle Eastern countries. Pakistan is expected to be preferred on account of cultural, religious and proximity basis. Moreover, great demand in Saudi Arabia on the eve of Hajj can also be met by imports from Pakistan.

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<sup>1</sup> Economic Survey of Pakistan, 2012-13

<sup>2</sup> **Sadiq G, Ishaq M and Saddozai S H 2001** Livestock keeping in the aridland farming of NWFP. Agricultural economics research unit, ARI, Tarnab-Peshawar, NWFP-Pakistan.

In Pakistan livestock population mainly comprises of cattle, buffaloes, sheep, goats, camels, horses, mules, donkeys and chickens. KPK is placed at the number two position, after Punjab, with 20% share in total livestock population in the country<sup>3</sup>

## 1.2. THE STUDY

### Purpose

Any commercial activity is undertaken for economic gain and in case of livestock rearing, the economic gain is associated with its marketing. Sale and purchase of livestock takes place in livestock markets where producers exchange their livestock products for cash. Realizing its importance, livestock marketing studies are essential to provide vital information on the operations and efficiency of the livestock marketing system for effective research, planning and policy formulation in the livestock sector.

In order to get firsthand information about economic behavior of different players in the markets, by observing market transactions and operations, *Livestock Rapid Market Appraisal* of livestock markets in KPK was conducted.

## 1.3. Objectives of the Study

The overall objective of the study is to conduct a Livestock Rapid Market Appraisal of livestock markets and slaughter houses in KPK in order to establish a quantitative and qualitative basis for analyzing the impact of proposed interventions in the livestock sector. The appraisal is expected to accomplish the following:

- a. Study of existing livestock markets and slaughterhouses in the province and quantifying existing infrastructure, business processes, institutional arrangements, human resources, financial capacity, and other indicators found therein
- b. Identification of various formal and informal stakeholders in the livestock sector and their position/influence in the market chain
- c. Identification of existing deficiencies and distortions in current practices and to determine whether they are conducive to enabling the fair, efficient, and growth-oriented functioning of livestock markets
- d. Determination of and cost to private sector and public sector based on current policies and practices
- e. Identification of sources and amount of revenue over the past five years and determination of their utilization
- f. Identification of needs and concerns of suppliers and buyers based on their perceptions and enlisting their recommendations for the improvement of situation.

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<sup>3</sup> Livestock Census, 2006



## 2.0 METHODOLOGY AND COVERAGE

Rapid Appraisal of Livestock Markets and Slaughter Houses, in Khyber Pakhtun Khuwa, was conducted to reveal their current status of functioning, existing infrastructure, business process, institutional arrangements, human resources, financial capacity, stakeholders involved; their influence, deficiencies and distortions in current practices; sources and amount of revenue and their utilization and needs and concerns of suppliers and buyers. These will further be used for drafting of a policy document for the improvement of the livestock sector in Khyber Pakhtun Khuwa. Livestock markets and slaughter houses in Khyber Pakhtun Khuwa were visited in order to obtain in-depth information regarding all the aspects as mentioned above.

As the livestock markets are not held daily so markets for visits- for the purpose of obtaining required information- were selected keeping in view the schedule of markets, geographical coverage, size and type of market and type of livestock being traded in the markets. Similarly slaughter houses for visits, public as well as private, were selected after consultation with the Livestock Department, KPK and keeping in view the geographical location, sources of supply of animals and size of slaughter house. Livestock markets visited include primary collection markets, secondary distribution markets and terminal markets. Information from suppliers, buyers, users, managers and other stakeholders was obtained through key questions. Key questions for general market information, market suppliers, buyers in the market and slaughter houses were prepared and shared with the project people and the international consultant. Their feedback was incorporated to make the key questions more comprehensive. In total, five markets and six slaughter houses- three public and three private- were visited for the purpose of appraisal. In addition to this, cattle farmers, brokers, suppliers and buyers in the market, contractors and other stakeholders were interviewed to get their views on the matter. Exploring rather than question and answer style of data collection was adopted to obtain the required information.

Information was collected to cover the following aspects during the appraisal:

- 3.1 Status of existing livestock markets and slaughter house and their infrastructure, business process, institutional arrangements, human resource and financial capacity.
- 3.2 Stakeholders in the livestock sector and their position/influence in the market chain.

- 3.3 Deficiencies and distortions in current practices and determination of whether they are conducive to enabling fair, efficient and growth oriented functioning of livestock markets and slaughter houses.
- 3.4 Time and cost to private and public sectors based on current policies and practices.
- 3.5 Sources and amount of revenue over the past five years and determination of their utilization.
- 3.6 Needs and concerns of suppliers, buyers and users based on their perceptions and recommendations for the improvement of situation.
- 3.7 Major livestock products for marketing
- 3.8 Principal findings

**Status of existing livestock markets and slaughter house and their infrastructure, business process, institutional arrangements, human resource and financial capacity**  
**Visits to Livestock Markets**

Five livestock markets along with their schedule of occurrence, as listed below, were visited during the appraisal.

- a. Livestock market, Main Road near Kabul River, Nowshera - (Wednesday).
- b. Livestock Market, Nasir Pur, Peshawar – (Saturday and Monday)
- c. Livestock Market, Havelian, District Abbottabad – (Wednesday)
- d. Livestock Market, Mardan – (Saturday)
- e. Livestock Market, Mingora, Swat – (Thursday)

During the market visits, observations like record keeping, rate and display of market charges on transaction/entry, awareness of any law governing these markets, availability of different facilities such as shade, water for humans and animals, ramps for loading and unloading, availability of fodder, boundary wall, weighing scale, electricity, sanitation, presence of veterinary staff, transaction method, presence of brokers and their role and charges, were made. The views of contractor/its agent, on the issue, were also obtained.

**Visits to Slaughter Houses**

For the purpose of appraisal, six slaughter houses (three public and three private) were visited to get the required information. Relevant staff and other actors which include butchers and traders were consulted to get the required information. A list of the slaughter houses visited is given below:

- a. Public Slaughter Houses
  - i. Municipal Corporation Slaughter House, Charsadda Road, Peshawar.
  - ii. Public Slaughter House, TMA Colony, Abbottabad.
  - iii. Public Slaughter House, Grassy Ground, Saidu Sharif, Swat.

- b. Private Slaughter Houses
  - i. Ring Road, Peshawar.
  - ii. Ring Road, Peshawar.
  - iii. Najoi Buduli Road, Peshawar.
  - iv. Additionally information from the only meat processing company dealing with chicken and veal and making value added products, was also obtained through email by sending them the key questions.

## **2.1 Stakeholders in the livestock sector and their position/influence in the market chain**

There are various stakeholders in the livestock sector, most of them being in the livestock markets and slaughter houses. Stakeholders in the livestock markets include suppliers (farmers/producers, livestock traders/beoparies), buyers (farmers/producers, livestock traders/beoparies, butchers, buying agents of processing/exporting industry, dairy farmers, consumers), contractors, brokers; those in the slaughter houses include users (mostly butchers), suppliers (traders supplying animals to butchers), contractors, and representatives of TMA and Livestock Department. Stakeholders outside the market include hides and skins traders, government departments like Livestock and Dairy Development and local bodies (TMAs). Views of all these stakeholders on the issue were obtained and their positions in the market chain were evaluated.

## **2.2 Deficiencies and distortions in current practices and their impact**

During the visits to livestock markets and slaughter houses, deficiencies and distortions in the current practices and impact of current policies on their functioning was observed. Views of different stakeholders in this regard were also obtained.

## **2.3 Time and cost to private and public sectors based on current policies and practices**

Time and cost to the private and public sectors due to the current policies and practices were determined during the appraisal. The business process was evaluated by obtaining the required information through interviews from the suppliers, buyers in the markets and users in the slaughter houses.

## **2.4 Sources and amount of revenue over the past five years and their utilization**

Livestock markets and slaughter houses in KPK work under the control of the Local Government Department. Collection of revenue from markets and slaughter houses is mostly outsourced to some private person/contractor. The contractor or his representatives were found to be reluctant to provide the required information regarding value of contract. Normally there is no organized system of regular record compilation and maintenance of revenue collection from the markets at any central level. Local Government Department in KPK was contacted to get the required latest available information.

## **2.5 Needs and concerns of suppliers and buyers**

There are different types of suppliers, buyers and users in the livestock markets and slaughter houses. During the visits to markets and slaughter houses they were interviewed through a questionnaire to get their views about issues like the current system of working of these markets and slaughter houses, availability and deficiencies in required facilities, issues and concerns regarding these markets. Their needs and recommendations for the improvement of the situation were also recorded.

## **2.6 Livestock major products for marketing**

Although every part of the livestock is used and nothing goes to waste, the extent and level of utilization of livestock products is still a debatable issue. Information regarding major livestock products and their marketing was collected from various sources. Issues in the proper utilization of these products were highlighted for improvement.

## **2.7 Principal findings**

Principal findings, based on the appraisal and from the information gathered from other sources, have been set out at the end of the report.

## **2.8 Study Period and Timelines**

The study commenced in April, 2013 and was completed in July, 2013.

## 3.0 RESULTS AND FINDINGS

Livestock markets and slaughter houses, as mentioned in the above section, were visited to collect the required information. Additional information was also collected from different secondary sources. The information collected was compiled and analyzed. Outcome of analyses has been interpreted in different sections of results and findings as given below:

### 3.1 Livestock Markets in KPK

As per information obtained from Livestock Department, KPK in Peshawar, there are 48 livestock markets working in 16 districts of KPK which include public as well as private ones. These markets are small primary collection markets, secondary distribution markets and large terminal markets. Specific distinction between public and private markets has not been shown in the list provided. Public livestock markets are established and controlled by the relevant Local Government Department – Municipal/Metropolitan Corporation or Tehsil Municipal Administration (TMA); the private livestock markets are established and managed by some private person or a group of persons who manage the affairs of the market. A district wise detail of livestock markets working in KPK, along with their location and schedule, is given in the table on the next page.

The list of five livestock markets (along with the day when they take place) visited for the purpose of appraisal is given below:-

- i. Livestock Market, Main Road, Near Kabul River, Nowshera - (Wednesday).
- ii. Livestock Market, Nasir Pur, Peshawar – (Saturday and Monday)
- iii. Livestock Market, Havelian, District Abbottabad – (Wednesday)
- iv. Livestock Market, Mardan – (Saturday)
- v. Livestock Market, Mingora, Sawat – (Thursday)

#### 3.1.1 Livestock Markets in KPK - Market Structure and Working

**Holding of markets:** Livestock markets in KPK are organized under public or private setup, at different levels e.g. local, sub-tehsil, tehsil and district. We can term these markets as primary collection markets, secondary distribution markets and terminal markets. These markets are held daily, twice a week, weekly, and sometimes on a yearly basis. Some terminal markets, established in the vicinity of large cities like Peshawar, function throughout the year. Basically there are two main reasons of establishment of a livestock market. One is availability and supply of livestock in its production area and second is trade opportunities. In both cases, suppliers and buyers start gathering at a place and sale and purchase takes place. Gradually it becomes known to the relevant people and the number of suppliers and buyers starts increasing.

The process continues till the forces of supply and demand equalize each other as there are other markets working in the area too. Most of these markets have been taking place since a long time; therefore both buyers and sellers are mostly well informed about these market days and dates. Market days are decided keeping in view the convenience of sellers and buyers. It was observed that market days, in an area, have been organized in such a way that they do not clash with each other and suppliers and buyers can get the maximum opportunity to sell and buy their animals. Daily based special markets are also organized about two weeks before the eve of Eid-ul-Azha, a Muslim festival. Some markets are held for small animals and some for large. In many markets small and large animals are traded at the same place. In some markets animals of different categories are traded in separate sections of the market but in most of the cases, animals of all categories are mixed up. This creates problems for the buyers in finding the desired animal and is also more time consuming.

S #	District	Number of Livestock Markets	Location/ Schedule
	Abbotabad	1	Havalian (Wednesday)
	Bannu	2	Bannu (Friday), Kakki(Wednesday)
	Buner	3	Swari (Saturday), Nagri (Tuesday), Budhal (Wednesday)
	Charsadda	3	Utmanzai (Tuesday), Charsadda (Wednesday), Shabqadar (Friday)
	D.I.Khan	6	Ramak (Friday), Browa (Wednesday), D.I.Khan (Friday), Paharpur (Sunday), Daraban Kalan (Friday), Kulachi (Monday)
	Haripur	1	Near District Council, Haripur (Thursday)
	Karak	5	Takhtte Nasratti (Saturday), Ahmad Abad (Friday), Mayanki Banda (Monday), Karak City (Sunday), Latambar (Wednesday)
	Kohat	3	Near Kohat Stand (Sunday), Lacchi (Friday), Bili Tang (Sunday)
	Lakki	4	Khudad Khel (Sunday), Sarai Naurang (Thursday), Fezu (Tuesday), Tajori (Tuesday)
	Malakand	1	Dargai Bazaar (Sunday)

S #	District	Number of Livestock Markets	Location/ Schedule
	Mansehra	3	Mansehra (Monday), Shinkiari (Saturday), Garri Habibullah (Sunday)
	Mardan	2	Mardan (Saturday), Shabaz Gari (Sunday)
	Nowshera	1	Main Road near Kabul River (Wednesday)
	Peshawar	7	Sarband (Thursday), Nasir Pur (Saturday, Monday), Badabher (Saturday), Palosai (Friday), Warsak Road (Tuesday), Ringroad (Saturday, Wednesday), Naguman (Monday)
	Swabi	4	Swabi (Thursday), Karnal Sher kalli (Saturday), Tordher (Tuesday), Topi (Wednesday)
	Swat	2	Aman Kot (Thursday), Matta (Wednesday)

Source:- Livestock and Dairy Development Department, Peshawar, KPK.

**Awarding Contract of Livestock Markets and Institutional Arrangements:** The Local Government Department awards the contract under “West Pakistan Municipal Committees (Cattle Markets) Rules, 1969”. Terms and conditions of the contract speak about the value of the contract, payment schedule and schedule of charges which the contractor may charge as the transaction occurs, within the declared livestock market or upon entry of livestock in the market. It does not say anything about the responsibilities of local government or contractor, the rights of sellers and buyers or facilities to be provided in the market. The schedule of charges was not found displayed in the market premises, in the absence of which the sellers and buyers are exploited in different ways by the contractor/market agents. The contract awarding authority seems to be least bothered about what is going on inside the market except the regular receipt of installment of the contract amount. Similarly the contractor or its agents remain busy in collecting money from suppliers and buyers in the market in all possible ways. It was revealed during appraisal that in many cases the same contractor is getting the contract of a market for many years.

Some private markets were also found to be functioning successfully in the province. The structure of such markets, to some extent, was better than that of public markets. Suppliers and buyers showed least interest regarding the market being public or private. They were more concerned with the trade opportunities in the marketplace and to some extent, with how accommodating the contractor or manager is. As the traders play a major role in the success or failure of a market, they are accommodated by the

contractor/manager in a way that market charges are charged at a lower than the prescribed rate while producers are charged at full rate and some times over charged.

**Health certification:** Animals being traded in the markets are not certified with respect to their health status and it has become a major reason for the spread of diseases from one area/province to the other. Furthermore, purchase of unhealthy animals from the markets by the butchers is also common which leads to sale of poor quality meat to the consumers. The presence of Livestock Department people was reported in some markets in case there was an issue of spread of any disease.

**Market Charges:** Market charges are charged for using the facility of business opportunity in the market. There are different types of market charges; the most common of which are entry charges and transaction charges. Some charges are charged to the sellers and some to the buyers. Mostly the entry charges are charged to the market suppliers and transaction charges to buyers in the market. Levying of charges in the markets is not uniform. The schedule of prescribed market charges was not found displayed in any public or private market. Mostly an entry fee ranging from Rs. 10 to Rs. 100 per animal is charged to suppliers in the market. In case a trader brings a full load of ten animals in a market where Rs. 100 per animal is charged, he is charged Rs. 500 for the load. On transaction there is a certain percentage, ranging from 7% to 10%, which is charged to the buyers' side. In this case too traders are accommodated and are charged a fixed amount which is much lesser than the prescribed rate in order to give them an incentive to keep on visiting the market. Producers, as sellers and buyers, always face discriminatory behavior and are charged at full rate. Complaints of overcharging were made by many. A market wise detail of charges is given in the table below.

Sr. #	Livestock Market	Type of animals Traded	Charges on Entry (Rs.)	Charges on Transaction (Rs.)
1.	Bakra Mandi, Main Road Near Kabul River, Nowshera (Public market)	Sheep and Goat	From producer Rs. 20/animal. From trader Rs. 15/animal	From producers 7-10% of value From Traders Rs. 100-700/animal
2.		Large animals - Buffalo and cattle	From producers or trader carrying one or two animals Rs. 100/animal From other Traders	From seller Rs. 200/animal From Trader buyer Rs. 500-700/load of 8 animals and from buyer buying 1 or 2

<b>Table 2: Market charges in different livestock markets in KPK</b>				
Sr. #	Livestock Market	Type of animals Traded	Charges on Entry (Rs.)	Charges on Transaction (Rs.)
			Rs. 500/load of 10 animals	animals Rs. 200-300/animal
3.	Havelian, Abbottabad (Public market)	Large and small animals	Rs. 10/animal from every one for each type of animal	Producer buyer 7% for all types of animals. Traders/butchers pay Rs. 250-300/animal for sheep & goat and 7% for all types of large animals
4.	Mardan (Public market)	Large and small animals	Rs. 10/animal from every one for each type of animal	Producer buyers pay 7-10% per animal Trader buyers pay Rs. 150-250/small and Rs. 600-700/large animal.
5.	Aman Kot, Mingora, Swat (Public market)	Large and small animals	Rs. 20/animal from every one for each type of animal	Producers buyers pay 10% of value while traders/butchers pay Rs. 150-170/small and Rs. 600-650/large animal

Source: Study finding

**Brokers:** Brokers were found to be active in the markets. They facilitate the deal and get their commission. Producers mostly seek their services. Sometimes they charge an agreed amount, mostly to the seller; sometimes, if they find an opportunity, they keep both the seller and buyer in the dark and never let them know the selling and buying price and pocket the difference themselves.

**Efficiency:** The presence of a high number of middlemen leads to a myriad of issues e.g. reduced profit margin for producers, long distance involved in trekking the animals to potential markets, en-route mortality, discriminatory behavior with the producers, high market charges particularly to producers, selling and buying of meat animals on the basis of assessment rather than on weight basis, disorganized trade and poor market information. These in turn result in higher marketing time and cost which causes inefficiency of these markets. The efficiency of the market - as reflected by the time and cost of the business process and the extent to which price changes are transmitted through the marketing system- strongly influences the operation of the markets.

**Sale and purchase:** These are done openly as well as through secret negotiation. Auction was not found to be practiced in any market. No one, including suppliers, buyers and contractors, responded affirmatively about awareness of laws governing these markets. Trade of live animals occurs in livestock markets and health certification and checking for diseases of the animals is an important aspect of the trade. However presence of the Livestock Department was not visible in the markets.

**Infrastructure/facilities:** Livestock markets are devoid of most infrastructure/facilities like shade from the heat, water for humans and animals, ramps for loading and unloading of livestock (incidents of injury of animals during loading/unloading were reported by many), availability of fodder, boundary wall, weighing scales, electricity, sanitation & drainage and presence of veterinary staff. Only one private market, established at Nasir Pur, Peshawar had a boundary wall and shade arrangements sufficient for only about 25% of total visitors to the market.

**Financial Capacity:** A handsome amount is raised by the Local Government Department by outsourcing the collection of revenue from livestock markets. However except for bearing the cost for providing a place for holding the market, no amount was found to have been invested back on the provision of facilities in the markets. So in spite of having the financial capacity, required attention is not being paid by the relevant department to improve the situation and to provide necessary facilities in the markets.

**Types of Markets:** Three types of markets were found working in KPK. These include (i) primary collection markets, (ii) secondary distribution markets, (iii) terminal markets.

Primary collection markets are held at sub-tehsil/town level, not necessarily on any main road. A small number of animals are traded there. Some markets are held separately for small and large animals and in other cases, both small and large animals are traded in the same market. Suppliers to these markets are farmers/producers and traders. Farmers mostly sell their livestock to meet instant cash needs. They have little information about the prevailing prices in other areas or markets. As a result they have low bargaining power. The traders who supply to these markets belong to the same area and well-known to the people. They purchase from the farmers from the surrounding villages. Contact is established through cell phone or personal contact. A price is offered by the trader to the farmer. The trader keeps his profit margin in mind, as he has a fair idea of the value of animal being purchased in the target market. After some negotiation the deal is finalized. The farmer tries his best to get the maximum value. For this he does not finalize the deal in the first instance but contacts 2 to 3 traders. The deal is finalized with the trader who offers the best price. Producer, if does not feel satisfied with the price offered by the traders, Buyers in these markets are other producers, local butchers and traders. Other producers procure animals for stock replacement or for fattening for future sale to get additional income. Local butchers purchase animals for slaughtering for sale to consumers. As there is no premium associated with good quality meat and sale price is fixed by the District Government, the butchers do not buy good quality animals. Mostly they buy a mix of good and poor quality animals in which the ratio of poor quality animals (unhealthy, underage or old animals) is high. Traders buy from these markets for resell them in larger markets. They have the information about the prices of animals in larger markets so they are in a better position to strike a good deal.

Secondary distribution markets are larger markets, mostly held in the vicinity of big cities. A large number of small and large animals are traded there. Some markets are held separately for small and large animals and in some markets, a mix of all kinds of animals are available for trade. Suppliers to these markets are producers who come from surrounding areas. Traders who purchase animals directly from the producers in the villages or from smaller markets and those traders who purchase animals (mostly old age dry buffaloes) from Punjab and sell in these market. As there is a market held almost on each day of the week in every district, traders have a better chance of getting a good price for the animal even if it is not sold in one market. Although there are some costs associated with it, being experienced in the field, traders make cost and benefit calculations. Incidences of selling at loss were also reported by many.

A variety of animal types and quality is available in these markets, so all types of buyers visit these markets. Producers visit for stock replacement and fattening for sale on some special occasions like Eid-ul-Azha. Local butchers purchase animals for the purpose of slaughtering for sale to consumers. Traders purchase for reselling in other big or terminal markets. Traders from other provinces also visit these markets. For example, traders from Punjab visit such markets for the purchase of small animals (sheep and goat). Buying agents of processors/exporters also make their purchases from these markets.

Assessment of price is based on visual observations. For slaughter animals (small and large) the main attributes are age, health and weight of the animal. There are no weighing scales in the markets, in the absence of which it is difficult to accurately estimate the weight of the animal. When views of the sellers and buyers were obtained on this subject, they stated that this is their business and they can accurately judge the weight of the animal. Along with that they also agreed that sometimes there is a misjudgment and they have to suffer losses because of that. This highlights the necessity of using weighing scales for the purpose of providing at least some basis for negotiation. In the absence of that the farmers, both as sellers as well as buyers, are definitely at loss due to their lesser experience.

Terminal markets are held in some main large cities, mostly the provincial headquarters where livestock from Punjab (mostly old age dry buffaloes and dairy animals) and other intermediate markets/cities is brought for sale. These markets are mostly held separately for small and large animals. Suppliers to these markets are traders. One can hardly find any producer selling animals in these markets. Forces of supply and demand play their roles in all the markets but in terminal markets, their effect becomes visible early as these markets are buying place for traders from other provinces, exporters and illegal traders. In case of increase in demand for animals in these markets, prices rise which triggers more supply to these markets and vice versa. Domestic demand increases gradually with the increase in income levels, population pressure and general price level and there is a good response time for that. So price also increases gradually. Major factors which push the prices upward are the export of live animals and processed meat and smuggling of good quality animals to neighboring countries.

Buyers in these markets are local butchers and slaughter houses who purchase animals for slaughtering in order to sell meat to the consumers or export to the neighboring country (Afghanistan). Other buyers are traders, local as well as from other provinces. Local traders supply to different welfare organizations, departmental stores,

processors/exporters etc. Traders also supply the animals to people involved in smuggling of livestock to neighboring countries. Sometimes the traders from the country where the livestock is smuggled directly visit the target market to strike a deal. Traders from other provinces, mostly Punjab, purchase small animals (sheep and goat) for onward sale to butchers, slaughter houses, departmental stores maintaining meat sections and the processing industry. Dairy farmers also purchase dairy animals for the replacement of their stocks.

Status of Markets: As per ownership status, exercising of control and collection of revenue, there are two types of markets which are given below:

Public markets are those which are established, controlled, managed and contracted out for the collection of revenue, by the relevant Local Government Department.

Private markets are those which are established and managed under the private set up. Revenue from these markets is also collected by the people who establish the market.

Type of Market	Main Sellers	Main Buyers	Purpose of Purchase
Primary collection markets	Producers/traders	Other producers	For stock replacement or fattening
		Local butchers	Slaughtering for retail selling of meat
		Traders	For resale in larger markets
Secondary distribution markets	Producers/traders	Other producers/farmers	For stock replacement or fattening
		Local butchers	Slaughter
		Traders/buying agents	For resale in terminal markets/supply to processors, dairy farmers and exporters
Terminal markets	Traders	Local slaughter houses/butchers	Slaughter for local supply as well as for export
		Traders/exporters	For supply to different buyers/export
		Dairy farmers	For dairy farms

Transportation to and from a market is an important aspect in the marketing of livestock as it links the producing areas with the areas of demand. It plays a role in the determination of final price. Mode and cost of transportation depend on the distance to the target market and the type of livestock being transported. From the village or a mountainous area, animals are mostly brought on foot to the nearby local market. The mode of transportation ranges from auto rickshaws to trailers. Producers and local traders bring the livestock to the local market on auto rickshaws, small vans, buses and mini

trucks. The most commonly used transport for transporting animals to the intermediate market is the mini truck. Mini trucks and large full size trucks are mostly used for carrying the animals to and from the terminal markets while the means of transport for interprovincial trade consists of large trucks and trailers. Trailers are mostly used for the transportation of cattle from KPK markets to Afghanistan. Sharing of transport is a common practice at all levels and it minimizes the transportation cost. Transportation of large animals (cattle, calves, buffaloes) from Punjab markets to KPK markets is widespread, for which trucks are used which carry about 8-10 animals. Similarly transportation of sheep and goat from KPK markets to Punjab markets is also very common for which Mazda trucks are used. To carry the maximum number of animals in one trip and minimize transportation cost, these trucks are divided into two stories and the capacity increases to about 150 animals.

### 3.1.2 Stakeholders in the livestock sector and their position/influence in the market chain

There are two main categories of stakeholders in the livestock sector – one is found in livestock markets and the other is outside the livestock markets. Stakeholders inside livestock markets include suppliers, buyers, brokers and contractors. Suppliers can further be divided into producers and traders and buyers can also be divided into farmers/producers, traders, butchers, buying agents, slaughter house owners, illegal traders, processors/exporters and consumers. Stakeholders outside the livestock markets include government departments like Livestock and Dairy Development and Local Government Department. Establishment, management and contracting out of livestock markets and slaughter houses is the responsibility of the Local Government Department while the Livestock and Dairy Development Department provides veterinary services in livestock markets and slaughter houses. The Local Government Department earns substantial amounts through contracting out the revenue collection from livestock markets and slaughter houses. Stakeholders and their positions, with respect to the livestock markets, have been evaluated and described in the table below:

Sr. No.	Stakeholder	Position/influence in the market chain		
		Information level	Bargaining skill	Position/Influence
1.	Producers	Poor	Very Low	Weak
2.	Village dealers	Average	Medium	Medium
3.	Large traders	V. High	Excellent	V. Strong
4.	Contractors	High	-	Strong
5.	Brokers	High	Excellent	Strong
6.	Butchers	High	V. Good	Strong
7.	Consumers	Nil	Low	Weak
8.	Buying Agents	V. High	Excellent	V. Strong

Sr. No.	Stakeholder	Position/influence in the market chain		
		Information level	Bargaining skill	Position/Influence
9.	Government Departments	No existence inside the markets	-	No existence inside the markets
10.	Illegal traders	Medium	Good	Strong

Source: Study findings

Producers raise animals as a backup economic support and mostly to meet their urgent cash needs. They are not organized, but are widely dispersed and rarely coordinate with each other. On one side they are sellers, while on the other side they are also buyers in the markets. Producers sell animals to meet their urgent needs as well as for replacement of their stocks. Mostly they sell their livestock at the village level. Since they have little information about the market prices and demand, and have need for cash, they are not in a position to bargain effectively. Even if they visit the market for selling or buying, they face discriminatory behavior. Being less skilled in the evaluation of livestock, as compared to the traders, they mostly fail to strike a good deal. Moving ahead in the supply chain from primary collection markets to terminal markets, the presence of producers start decreasing and it is difficult to find any producer selling livestock in the terminal market. Apart from the above mentioned factors, the time and cost of taking animals to the next level of market is also one major reason for selling the animals at the village or collection market level. Taking animals to a distant market is an additional activity for the producers. In that case they are not left with any option except of getting rid of the stock to avoid the expense of taking back the animals, which reduces their bargaining capacity. Fear of injury or mortality en route to the market is another factor inhibiting the producers from taking animal to distant markets.

**Pastoralists:** In addition to farmers, raising animals by the pastoralists were found to be common in KPK. They raise livestock (mostly sheep and goats) as a full time activity. They rely on grazing the animals on rangelands established on high mountains. They keep moving from place to place depending on the weather conditions. During the process of appraisal and visit to Swat area at the end of May 2013, flocks of small animals (sheep and goats) consisting of 300-400 animals were found moving towards the mountains. When pastoralists, moving with the flock, were interviewed, it was revealed that they usually move to the mountains during May as sufficient grazing is available there. They remain there till October/November and then again move to the plain areas. Timing of moving from the mountains depends on the start of winters and eve of Eid-ul-Azha (a Muslim festival) because they had already planned to sell their animals in the main markets of KPK and Punjab established about 10-15 days before Eid. They are well aware of the fact that before the eve of Eid-ul-Azha the prices of animals shoot up and they usually sell the major part of their animals before Eid.

Village dealers keep on moving in the surrounding villages and purchase livestock directly from the producers, and sell in the nearby local markets. They usually belong to the same area and have the information regarding availability of animals. Being linked

with the markets, they have information about the market trends as well as a fair idea of the overheads like transportation and feeding cost of animals, and their own transportation and food costs. Village dealers are a link between producers and the market. Incidence of injury and mortality, en-route to market, were reported by many.

Large traders have strong forward and backward linkages. They have a fair idea of what to buy, where to buy and where to sell. They also have inter-provincial linkages and get the benefit of a two way trade. They buy livestock from producers and village dealers in small local markets and transport it to intermediate and terminal markets in the same province or take it to the major consumption centers in other provinces like Punjab. They are well informed about the current market prices and demand situation. They trade in bulk and always get preferential treatment in the markets as far as market charges are concerned. As buyers, they also work as buying agents for private slaughter houses, processors and exporters. Large traders are a link between terminal/large consumption markets and intermediate/small markets so the demand in large markets is reflected by the prices they offer to pay. These price signals are further transmitted downward.

**Contractors:** The majority of livestock markets, except for a few private ones, are run by contractors. The contract is awarded by the relevant Local Government Department (mostly by TMA) or in some cases, by Cantonment Boards under certain terms and conditions. The contract agreement speaks mainly about the value of the contract, payment schedule and admissible market charges. It usually does not say anything regarding provision of facilities in the market. The main emphasis of the contractor is usually on the collection of maximum revenue in different ways. The contractor also plays the role of an arbitrator in case of any issue arising between the seller and buyer. The contractor is an influential player in the market. He mostly gives incentives to the traders by charging market charges at a discounted rate so that they prefer to buy and sell from that market.

**Brokers:** Like other businesses, presence of brokers in livestock markets is also common. As the livestock markets are held on different days, they keep on moving from market to market. They remain present in the markets; as a result they have a good level of information regarding demand and prices of animals. Usually they themselves offer their services to the seller or buyer. They assist in the finalization of deal and get their fees, sometimes from the seller and sometimes from both sides. Their charges range from Rs.50 to Rs. 150 for small animals and from Rs. 500 to Rs. 1,000 for large animals.

**Butchers** buy live animals from the market or from the producers and sell fresh meat to the consumers, at their retail outlets. They keep visiting different livestock markets to find out cheapest source of animals. They sell meat after 6-8 hours of slaughtering in traditional type slaughterhouses, which lack proper hygienic facilities. Capping of retail prices of meat by the District Administration leads them to sell poor quality meat in the market. Mostly the butchers sell a mix of different quality meat. Income returns to the butchers come from meat sales as well as from its by-products such as skin, head, trotters, stomach, lung and liver, etc. It was observed during the appraisal of slaughter house that traders bring animals as per requirement of the butchers and keep in the stockyard near the slaughter house. Butchers come there, select the animal and purchase that on an agreed price.

Consumers buy non graded meat from butchers' shops where poor hygienic conditions exist. The government regulates the price of meat but does not guarantee minimum meat quality standards and there is no premium associated with quality of meat under the law. This is one of the obstacles towards providing quality product to the consumers, who are ultimately paying high meat prices. Reports of selling meat coming from animals slaughtered outside the public slaughter house were common and no effective mechanism to check the situation was found to be in place.

Processors/Exporters/Slaughter Houses mostly make their purchases through buying agents. Details of demand, which cover type of animal, its age, weight and price are conveyed to the agents and agreed who procure animals from the markets. Animals are purchased on the net weight basis. Their demand and prices affect the market.

Illegal traders: There is big demand for Pakistani meat and live animals in Afghanistan. This demand is met through legal and illegal trade. Local suppliers and traders from Afghanistan visit the livestock markets in KPK to purchase the desired animals. The animals and meat in high demand are old dry buffaloes and veal respectively. The source of supply to Afghanistan and KPK markets is Punjab. Presence of traders from Afghanistan in the markets raises the demand. Illegal trade of live animals - mostly to Iran and Afghanistan - pushes the prices upward.

Government Departments - Livestock and Local Government Department: Local Government Department contract out the collection of revenue from livestock market and earns handsome amount. After that they were not found intervening in the affairs of market. The amount so raised is mostly used for other purposes but not on the provision of facilities in the markets. Livestock Department is supposed to provide veterinary services in the markets but their presence was not found to be visible during the appraisal and was reported to be restricted only when there are chances of spread of any disease.

### **3.1.3 Deficiencies and distortions in current practices and their impact**

The deficiencies and distortions in livestock markets in Khyber Pakhtunkhwa, as observed during the appraisal, are explained below:

**Record keeping:** As the livestock markets take place in an unorganized manner, no record of any type is maintained in the market regarding the number and type of animals arrived, sources of supply, the animals traded value of trade, purpose of purchase and destination of animals. This is important information to be compiled for planning, policy formulation, working out changes in producers' response to any changes in the market and determining market efficiency. Although the number of animals is noted at the entry point in order to charge the entry fee, this information is not comprehensive and the contractor does not want to share the information as it is a business secret.

**Market Charges** are a major cost item in the marketing process. These charges are normally fixed by the relevant contract awarding authority and are supposed to be displayed in the market for the awareness of all the relevant people. During the appraisal,

admissible charges were not found to be displayed in any market visited. The value of these charges and method of collection was found to be different in various markets. Mainly there are two types of market charges. One is the entry fee charged to the supplier at the point of entry to the market which ranges from Rs. 10 to Rs. 100 per animal, depending on the type of animal; the other type are transaction charges charged on sale and purchase of an animal. The transaction charge is normally a percentage of value of transaction ranging from 5 to 10 percent. Charging of this fee is the solely at the discretion of the contractor. Being regular clients, traders are charged at discounted rates while producers or newcomers are charged the full rate, and sometimes even overcharged by up to 10%. In some markets charges for traders (for small and large animals) are fixed at a discounted rate but producers are always charged the full rate. These disproportionate market charges and discriminatory behavior with the producers/newcomers lead to imperfections in the market. This is because it does not provide a level playing field for all the stakeholders and affects the market efficiency. Private markets have fixed their own rates of market charges. These charges are almost similar to those in public markets and the principle of accommodating the traders by charging them at discounted rates and charging the producers at full rate also prevails there.

**Regulation:** Most of the livestock markets work under the control of relevant Local Government Department. The role of the said department is limited to outsourcing of collection of revenue from these markets and recovery of contract amount. An effective regulatory role is not played by this department as the terms and conditions of the auction/contract deal only with the schedule of charges, schedule of payment of contract amount and other similar matters. Nothing is mentioned about provision of facilities in the market, display of schedule of charges, responsibilities of the contractor or the contract awarding authority and other such issues. It leads to exploitation of suppliers and buyers in the markets by the contractors/market agents.

**Brokers** are present in almost every market. They play the role of intermediaries in the finalization of a deal and get their fees which is usually an amount already agreed upon. The need for brokers arises because of unavailability of information about the supply-demand situation and about the animal being traded like its age, weight, health status, pedigree and true milking potential. In the absence of this vital information it is difficult for the seller or buyer, particularly new ones (mostly producers), to evaluate the true worth of the animal being traded and because of this, the need for brokers arises. Sometimes the brokers keep both the seller and buyer in the dark. The seller on one side gets less return of his product while the buyer on the other side pays more; the difference goes into the pocket of the middleman. It leads to less return to the producers and higher prices in the market. It all happens because of lack of information and finalization of the deal on the basis of assessment instead of any concrete criteria.

**Weight:** Trade in the market is carried out on the basis of personal judgment and there is no solid basis for the evaluation of an animal. Particularly for animals sold or purchased for meat purposes, the weight of the animal is important. In the markets there is no arrangement for weighing the animals. Unfortunately the sellers and buyers in the market did not show any interest in the idea that the actual live weight of the animal may provide a proper basis for further negotiation. There is a misconception in the market. Everyone thinks that he can accurately judge the weight of the animal and can exploit the situation in his favor. Actually at the end, the producers and new buyers, being less experienced, are at loss. Weighing of animals must be introduced in the markets. Traders were found to be particularly against the idea because this is the area where they can maneuver the situation in their favor.

**Pricing mechanism and market information:** Price of any product is very important in any business. It determines the profit for the seller and margin for a trader. Sale purchase in the livestock markets usually takes place through negotiation, secret or open. Demand supply situation and bargaining skills also play an important role in reaching the final price. A person with more market information and better bargaining skills may strike a good deal. In this way the people with less market information and poor bargaining skills, who are mostly producers, may not get the real value of the animal. To avoid this distortion, provision of market information and maximum information about the animal being traded like its age, sex, weight, pedigree, true milking potential, health status, etc should be provided to all concerned so that some foundation may become available for further negotiation. Auctioning of animals instead of negotiation may be a good idea.

**Control of meat prices:** Meat prices at retail level are fixed by the District Administration which leads to slaughtering of unhealthy and old animals as no premium is associated with good quality meat. It was observed that in spite capping meat prices, good quality meat is available in the market but at a higher price- in violation of the government policy.

**Milking potential:** Animals purchased for milking purposes are tested for their milk potential. Sellers bringing such animals to the market do not milk them for the preceding 24 to 36 hours and are tested for the purpose of showing good milk potential. Injections are also used to temporarily enhance milk yield. The buyer is deceived in this way. Moreover both the above mentioned practices are also harmful for the health of the milking animal. These may be avoided and there should be a check on it.

**Security:** In livestock markets trade is carried out on net cash basis. So the buyers coming to the markets carry large amounts of cash with them. Incidences of robbery were reported by many people and they also expressed their concern about non availability of security in and around the market premises.

**Sale of Stolen Animals:** Occurrence of sale of stolen animals is an issue in the livestock markets and due to non maintenance of records, finding a solution to the problem becomes very difficult as traceability is not possible in the absence of required information.

### **3.1.4 Time and cost to private and public sectors based on current policies and practices**

Working and conditions of livestock markets in KPK, whether public or private, are almost the same. The Local Government Department outsources the collection of revenue from these markets and a handsome amount is raised this way. The place where market is held is mostly taken on lease by the relevant authority. Payment for this is made by that authority, which is usually a small fraction of the contract amount. Sometime the place for holding the market is also arranged by the contractor or some abandoned place is used for the purpose. This is the cost borne by the public sector under current policies and practices. Facilities like shade, water, sanitary and drainage, fodder troughs, health certification, ramps, etc, are not provided in most of the markets by the public sector. After the awarding of the contract, no involvement in the management of markets, on the part of contract awarding authority, was observed during the appraisal.

### **Business Process and Time and Cost to Private Sector:**

In the business process of livestock marketing there are suppliers on the one side and buyers on the other. Suppliers include producers and traders while buyers include farmers, traders, butchers, buying agents, exporters and slaughter house owners. Business processes can be evaluated according to various efficiency measures e.g. processing time, cost of business, error ratios, customer satisfaction, staff motivation, etc<sup>i</sup>. Mostly the producers sell their livestock at village level on the basis of insufficient information obtained from fellow villagers. In this way time and cost on their part is almost nil but they get less value for their product. Some producers take their animals to nearby small markets. The mode of transport ranges from auto rickshaws to buses or vans, depending on the number and type of livestock and distance to the market. Buses were observed to be the cheapest mode of transport. Sharing of transport was reported by many. It minimizes the transportation cost. In addition to that, personal costs of travelling and food are also incurred by the producer. In the market, as there is no systematic mode of trade, the livestock marketed by producers may be sold early or it may take the whole day. In most cases a full day is lost in the process.

Village dealers purchase animals from the producers in the surrounding areas and sell them in the nearby primary collection market or secondary distribution market. The purchase price of the animal is estimated by keeping in view its price in the intended market and adding to it the transportation, feeding and octroi<sup>4</sup> costs and their own food and transportation costs. Similarly large traders mostly make their purchases from secondary distribution markets and take the animals to the terminal or other larger markets in the areas of demand. Price is determined

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<sup>4</sup> Octroi is a local tax collected on various articles brought into a district for consumption.

keeping in view the expected price in the target market and by adding to it overhead costs associated with transporting the animal to end market and self food and transportation costs. As the large traders are in frequent contact with the terminal markets, they have updated information about the market prices and requirement of buyers in the intended market and about type and quality of animals required.

The livestock being marketed is not of uniform type, size and quality. Price estimation in the markets is not based on any solid facts and there is no system of access to market information so chances of loss are always there. Within the market, the business process is almost the same. In a few markets, different types of animals are traded separately, otherwise in most of the markets all types of animals are mixed up which creates difficulty for sellers and buyers. More time is spent in selling and buying the required animals which also increases the cost to complete the process. Mostly the sellers and buyers were not found to be satisfied with the trading practices as these were not transparent and not based on any firm criteria. Market charges, which are on the higher side, are charged at different rates from different stakeholders and sometimes overcharged. This also increases the cost of doing business, increases prices and lowers the returns to producers. The present business process based on current policies and practices does not fulfill any efficiency measures.

### **3.1.5 Sources and amount of revenue received from livestock markets over past five years and its utilization**

Revenue from livestock markets is generated through outsourcing the revenue collection from these markets. Contract in this regard is awarded by the relevant Local Government Department (Tehsil Municipal Administration in most of the cases) to some private contractor. Sources of revenue are the entry charges to the market and the amount charged as the deal is finalized and transaction takes place. Contractors were found to be reluctant to share this information. Efforts were made to collect the required information from Local Government Department, KPK, Peshawar but it was not made available.

### **3.1.6 Needs and concerns of suppliers and buyers**

Suppliers and buyers are the main stakeholders in livestock markets. It was important to get their views regarding the operations of the markets and to record their needs and concerns. During the appraisal almost all types of suppliers and buyers were contacted and their views were recorded which are described below:

**Provision of facilities in the markets:** Livestock markets are devoid of any kind of basic facilities like shade, water for humans and animals, ramps for loading and unloading, fodder and fodder troughs, sanitation and drainage, weighing arrangements and veterinary services. Suppliers and buyers expressed their concern about unavailability of these facilities and emphasized for the provision of the same.

**Security:** Suppliers and buyers expressed their concern over the current security situation in and around the market premises. During the appraisal many people demanded proper security

arrangements on the day of the market as there is cash handling in large amounts and this is in common knowledge that people coming to and going from the market must be having cash with them. Incidences of cash snatching and robbery were reported by many people. Establishment of a bank counter on the day of market, at least in large markets, was also demanded by many.

**Market charges and overcharging:** During the appraisal process market charges were not found to be displayed in any market visited. Suppliers and buyers when asked about their awareness regarding admissible market charges and replies were in the negative. Producers, both as sellers as well as buyers, were found to be totally dissatisfied with respect to the market charges. Their major concern was that they face discriminatory behavior from the contractor regarding rates of market charges. The traders are charged at a discounted rate while producers are charged at full rate. They demanded that admissible market charges must be displayed at a conspicuous place at the entry point and also in the market. Different market charges in different markets/areas and overcharging were the other areas of concern. Suppliers and buyers proposed that rate of market charges be lowered, uniform rate be implemented in all markets and overcharging in the markets be controlled.

**Disease checking and health certification:** Spread of animal diseases through the trade of diseased live animals is an area of concern highlighted by many suppliers and buyers in the markets. They further pointed out that in case of any animal falling sick or suffering injury, there is no arrangement of its treatment in the market. To overcome the situation establishment of a counter of veterinary staff in the markets was proposed by many.

**Provision of market information:** Awareness regarding up to date reliable market information is necessary for the sale and purchase of livestock. Traders are in continuous contact with the markets so their information level is usually much higher than the producers who sell their animals at village level or in the local collection market and whose frequency of visits to the market is very low so they remain less informed regarding the prices and supply demand situation in the markets. Furthermore, the market information of suppliers and buyers is limited to their area of work and is based on personal contacts. The introduction of cellular phone has facilitated the collection of information from different cattle markets but this is an individual effort and no formal system of provision of market information exists presently. This issue was raised by many during the appraisal.

**Fixed meat prices:** A maximum limit on meat prices is imposed by the District Administration. With the passage of time prices of live animals are increasing due to inflation and several other factors. Although meat prices are revised from time to time, efforts are usually made to keep the meat prices at a minimum level to facilitate the consumers. Supply of good quality meat at fixed prices is very difficult which leads to slaughtering of unhealthy and diseased animals. Buyers of animals, particularly the butchers, expressed their concern about this and demanded a premium associated with good quality meat.

### 3.1.7 Livestock major products for marketing and value chain associated with these products

Every part of livestock is used to satisfy human needs and requirements. Following are the major products of livestock<sup>5</sup>:

**Milk** is an important product of livestock, which accomplishes the needs of people. Now there are significant numbers of cattle, buffaloes, sheep and goats that are kept for dairy purposes. There is no surplus milk posing any marketing problem to the producers in most of the towns and cities. Fresh liquid milk produced in a few peri-urban dairy units in different towns finds immediate markets, because supply is less than the demand especially in summers. In milk marketing, *dodhies* and milkmen are the only dominant intermediaries. There is frequent reporting of adulteration and contamination in the milk supplied by *dodhies*. The competitive milk marketing in the pasteurized and Ultra Heat Treated (UHT) forms is at highly limited scale and UHT milk prices are almost double of that of loose fresh milk supplied by *dodhies*. There are some seasonal variations in the production of milk. In winter, milk supply increases because of calving patterns of buffaloes and cows, leading to decrease in milk prices in rural areas. However, middlemen harvest this benefit and urban consumers rarely get their due benefit. The district and city government fixes the milk price on the recommendations of the price committee but the quality of milk supplied at the fixed price is not ensured. The price is fixed as the maximum retail price but it serves as the minimum retail price and the consumers, although aware of the milk prices, have to pay much more than the official price most of the time to get good quality milk.

**Mutton** is a source of protein to the human body; therefore it is considered as an integral part of human nutritional needs. Mutton is obtained from sheep and goats. Development of the mutton industry is constrained by the largely traditional meat marketing system, which provides no incentive for the production of good quality meat. This is evident in the lack of facilities in live animal markets, the old-fashioned slaughter facilities and retail price structure. Abattoirs are seriously lacking in basic sanitation facilities like light, adequate water supply, space for slaughtering and animal keeping, meat refrigeration and disposal of offal. Due to non-grading sale system, the butchers are getting more profits to buy female culled animals for slaughtering. Although pre-and post mortem examination exists illegal slaughtering is still taking place. The control price of the end product is one of the negative factors for quality. Because of poor quality control, the mutton of old and diseased animals is sold in the markets in general<sup>ii</sup> (Iqbal *et al.*, 2000). The existing quality control system of livestock is poor. The fixed pricing system produces poor quality of mutton. The butchers are interested in carcass weight, no meat grading system is prevailing and the butchers always prefer buying female culled animals rather than young healthy animals. Improvement in the existing quality control system is inevitable, as it does not suit the producers and consumers as producers are not fetching the desired price of a healthy animal. Simultaneously the consumers are getting poor quality meat of unhealthy animals at the fixed retail price.

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<sup>5</sup> Shafiq, M. and Kakar, M. A. 2006. Current Livestock Marketing and its Future Prospects for the Economic Development of Balochistan – Pakistan. *International Journal of Agriculture and Biology*, 1560-8530/2006/08-6-885-895.

**Beef** can be obtained from cattle, buffaloes and camel but cattle are the main source of beef production to the meat markets. A major part of the total population is marketed to slaughter houses, which is not enough to meet the demand of the human population. The supply can meet the demand but due to massive smuggling of large and small ruminants to Afghanistan and Iran, there is always shortage of all sorts of meat. Realizing the potential and returns associated with the cattle farming for beef purpose, people have started adopting it on a commercial basis.

**Hides and Skins:** When an animal is slaughtered, its hides and skins are used to generate substantial income. Hides are obtained from large ruminants such as cattle, buffaloes and camels, while skins are collected from the small ruminants like sheep and goats. These hides and skins are used for different human requirements. Initially skins and hides are purchased by the local traders in small towns and cities and the weekly collection is taken to the wholesale market mostly in some big city. At wholesale markets, piles are made according to the type, size and quality of skins and hides where these are sold to the wholesaler. The wholesaler supplies these skins or hides to different tanneries. Often poor quality of hides and skins is the most important constraint affecting the marketing of these products. Poor quality is due to poor flaying techniques, improper preservation and warble fly or tick damage. In this scenario, the butchers need some modern training in flaying and salting of hides and skins before going for marketing to leather tanning and manufacturing industry. The hides and skins provide basic input for a progressive export-oriented leather tanning and manufacturing industry. Due to poor production and marketing system, Pakistan is facing substantial losses<sup>iii</sup> (Qureshi, 2002). The older butchers teach young butchers about flaying and meat cutting in the abattoirs and meat shops.

**Wool** Sheep are the source of wool production, used for further consumption. Wool production is 1.5% of the total value of the livestock<sup>iv</sup>. Wool production can be increased if scientific methods are used and it is managed properly. Again the lack of incentive for the producer to improve the quality of the marketed wool is not so much a reflection of price but of the value of wool produced, in comparison to the value of the animals for meat. Further constraints result from poor shearing techniques, lack of sorting and marking of wool<sup>v</sup>. Wool is an important by-product of sheep farming activity and basic input for the warm cloth and carpet industry. A number of household products are also indigenously manufactured from sheep wool thread. There are two sources of wool - one is fleece wool and other is slip/clip wool. Wool shearing is performed twice a year i.e. once in spring or March-April and then in autumn or August/September. As sheep are found in all provinces of Pakistan, wool marketing is spread throughout the country. However, wool and hair marketing activities are relatively more concentrated in the areas specialized in sheep and goat farming. There are only a few major wool-trading centers in the entire country. Multan wool market is largest wool market of Pakistan followed by Jhang, Mianwali, Bahwalnagar, Quetta and Sahiwal. D.G. Khan wool market is also developing gradually as a big wool market of Pakistan<sup>vi</sup>. The producer sells fleece wool to the collectors or wool merchants in the nearest urban center. A wholesale trader then transports and resells the wool at the large wool markets, usually to a commission agent working on behalf of a processor or exporter. Export oriented wool is handled through the grading centers at Karachi, Multan and Lahore and is sorted, washed, scoured, baled and graded according to the grades defined by Wool Test House, Karachi. Slip wool is normally purchased by processors directly from the skin tanneries and most is exported<sup>vii</sup>. The price of wool is paid to the producers on weight basis. The white colored, clean wool fetches a relatively higher

price as compared with the dirty and pale colored one. Similarly the mixed wool is also receiving low prices. However, the reflection of incentive for quality wool production in wool price is very little compared to the amount of effort needed to produce good quality wool<sup>viii</sup>.

**Hair** Goat provides the hair, which is used for domestic consumption. Proper strategy is required to increase the production of hair of goats as this has constructive demand in the domestic and in the nearby countries.

**Farmyard manure** As written earlier in the report, no livestock past is wasted and manure is also utilized and is a commercial item. Whether it is poultry waste or waste of any animal, it is used as fertilizer for agriculture land. Part of manure produced remains unutilized or is dried for fuel purposes. It can also be used for odder production for livestock.

**Offal** Animals' offal is also an item for sale, which is not only eaten but also utilized in making a variety of sports goods.

### 3.1.8 Major Findings

On the basis of visits to livestock markets, interactions with the suppliers to markets, buyers in the market and information obtained from contractors/their agents, brokers and from other primary as well as secondary sources, the following preliminary findings have been made:

- I. Livestock markets are organized at different levels such as sub-tehsil, tehsil and district levels.
- II. The livestock markets can be categorized into three main categories i.e. small primary collection markets, secondary distribution markets and large terminal markets.
- III. These markets are held on daily, semiweekly, weekly and sometimes yearly basis.
- IV. Daily special markets are also arranged about 15 days before the eve of Eid-ul-Azha, a Muslim festival, at different places in the vicinity of cities.
- V. In some markets small animals (sheep and goats) and in others large animals (buffaloes and cattle) are offered for sale while there are markets in which all categories of animals are traded.
- VI. Local Government Department is mainly responsible for the establishment of livestock markets in the province.
- VII. Livestock markets are contracted out by the relevant Local Government- in some cases by the Cantonment Board- to different contractors for the collection of transaction/entry charges, under "West Pakistan Municipal Committees (Cattle Market) Rules, 1969".
- VIII. In spite of the fact that the Local Government is earning a substantial amount from the auction of collection rights of livestock markets, most of these markets are lacking in even basic facilities like shade, water for humans and animals, ramps for loading/unloading, weighing, fodder & fodder troughs, boundary wall and sanitation and drainage. Revenue so generated is used for other purposes.
- IX. Facility of veterinary staff for disease checking/health certification was not found available in the markets visited during appraisal. Presence of veterinary staff in the markets was reported in case there is an issue of spread of any disease. Private

- veterinary doctors were found available in large terminal market at Peshawar Livestock markets are dominated by the contractors and traders while farmers, as sellers and buyers, have the weakest position in the market chain due to having relatively little information about market prices and trends.
- X. There is no established system of access to market information by the government or relevant department. It is all based on personal contact. The more a person is in contact with other markets, the more likely he will be to have the correct information and bargain or exploit the situation. Cellular phones have facilitated relevant people to a large extent. The information level of traders was found to be the highest as compared to the producers.
- XI. Evaluation of animals for sale and purchase in the market is based on personal judgment and weighing is not practiced. Particularly for animals sold or purchased for meat purposes, weight of the animal is important. In the markets there is no arrangement for weighing the animals, in the absence of which there is no concrete base available for further negotiation. Producers, being less experienced, have very poor judgment as compared to traders so traders mostly succeed in striking a good deal in their favor.
- XII. One may find traders buying and selling the same animal in a market and getting reasonable margins in the process. This happens due to poor marketing practices like selling the animals on the basis of head count instead of live weight, poor market information and secret negotiations instead of auction.
- XIII. Market charges were not found displayed in the markets visited and sellers and buyers were not aware of any admissible market charges. It was revealed during the appraisal that there are two types of market charges (i) entry charges charged to the people entering the market to sell their animals and (ii) transaction charges charged to the buyer when the transaction has taken place. Entry charges vary from market to market and range between Rs. 5-10 per animal but usually these are charged at double the rate and sometimes even more. In some markets of large animals, the entry charges range between Rs. 100-200 per animal and in case of a full load of 8-10 animals, a lump sum amount of Rs. 500 per vehicle is charged upon entry. Transaction charges also vary from market to market and range from 5% to 7% of the transaction value. In some markets a fixed amount of Rs. 300 to Rs. 700 per animal is also charged depending on the size and status of the animal. It has been revealed during appraisal that traders, being regular clients, are mostly charged at discounted rates while producers face discriminatory behavior and are charged at full rate prevailing in the market. Basically the contractors in case of public markets and owners in case of private markets adjust the market charges according to the situation to make the market attractive for the suppliers and buyers. The major objective of adjustment of market charges is to attract the traders.
- XIV. Brokers are found to be active in the markets. They play the role of facilitators and get their commission. Their charges range from Rs. 50 to Rs. 100 per small animal and from Rs. 300 to Rs. 600 per large animal depending upon the total value of the animal. Sometimes brokers keep both the seller and buyer in the dark by charging more to the buyer and paying less to the seller and pocket the difference.

- XV. Livestock major products include milk, mutton, beef, hides and skins, poultry, wool and farm yard manure. In addition to this blood and intestines are also collected and used for different purposes if available in sufficient quantity.
- XVI. In the markets deals are finalized through negotiation and auction is not practiced. Demand supply situation and bargaining and assessment skills also play their role in deciding the final price of the animal. Traders, being experienced, have an edge over the producers in this regard.
- XVII. Buyers are not provided with complete information about the animal being traded like its age, sex, weight, pedigree, true milking potential, health status, etc. It is merely an assessment.
- XVIII. Animals purchased for milking purposes are tested for their milk potential. Sellers bringing such animals to the market do not milk them for the preceding 24 to 36 hours and when tested for this purpose, they show good milk potential. Injections are also used to temporarily enhance milk yield. This practice, apart from deceiving the buyer, is also harmful to the health of the milking animal.
- XIX. The flow of animals between the two provinces, Punjab and KPK, is two way. Small ruminants (sheep and goats) are purchased from livestock markets in KPK by the traders and buying agents and taken to Punjab markets; large animals, which include young cow calves and old dry buffaloes, are purchased from Punjab markets and sold in KPK markets or traded, legally or illegally, to Afghanistan. In addition to this, old female milking goats are also purchased from Punjab markets and sold in KPK markets as people of KPK like the breed and keep it for milking purposes.
- XX. There is no arrangement for security in and around the markets. As there is dealing in cash, incidences of robbery were reported by many.
- XXI. No record of any type regarding number of animals arrived, animals traded and value of trade is maintained in the market. Although receipts for entry/transaction charges are issued, these do not cover all the aspects and the information so obtained is not compiled at any level. The contractors are also not ready to share the available information, it being their business secret.
- XXII. Fixing of meat prices by the local administration is the reason of non availability of good quality meat to the consumers as no premium is associated with the quality of meat and it leads to slaughtering of old and sometimes unhealthy animals.
- XXIII. Transportation is also a major cost item in the marketing of live animals. It ranges from auto rickshaws to trailers. Trailers are mostly used for the transportation of cattle and old buffaloes from Punjab markets to KPK terminal markets for their onward movement to Afghanistan. Bus or rickshaw is considered the most economical transport. Sharing of transport is a common practice at all levels as it minimizes the transportation cost.
- XXIV. Relevant people/stakeholders are not aware of any rules governing livestock markets.
- XXV. Export or illegal trade of live animals to Afghanistan is a historical matter and it never stops. Due to restrictions and strict checks, it becomes difficult and the number of animals so traded reduces but the people involved in this trade manage to continue in one way or the other.
- XXVI. Presence of buyers or traders from Afghanistan in the market has a visible upward effect on the prices of large animals.

- XXVII. Animals are purchased in the markets for meat, milking or young stock for rearing. Buying of animals with the major purpose of getting their hides and skins was not noticed during the appraisal.
- XXVIII. No system of traceability of animals exists after sale or purchase.
- XXIX. Many reported regarding injury, mortality and theft of animals.
- XXX. Sometimes the traders get a higher margin but many reported that if they get a net margin of about 5-7% they feel satisfied.
- XXXI. The legal trade of live animals is undertaken through permits issued by the Federal Government. These permits change two to three hands before actual trade occurs and finally these are available with the transporters. The buyers from Afghanistan purchase animals from markets and contact the transporters having permits. Terms and conditions are agreed upon and animals are transported to Afghanistan. One more thing worth mentioning is that during transportation the actual numbers of animals in the transport are much more than those allowed on the permit.
- XXXII. No formal association of market managers, traders and producers was found to be in existence during the appraisal for future market development.

### 3.2 Slaughter Houses

There are 25 districts in Khyber Pakhtun Khuwa. As per information provided by Livestock Department, KPK, Peshawar, there are fifteen, public as well as private, recognized slaughter houses working in eleven districts of KPK. A district wise detail of slaughter houses is given below:

**Table 5: Number of Slaughter Houses in Khyber Pakhtun Khuwa**

S#	District	No of Recognized Slaughter Houses	Location
1.	Abbotabad	1	Abbotabad City
2.	Bannu	1	Bannu City
3.	Charsadda	2	Shabqadar, Tangi
4.	D.I.Khan	1	D.I.Khan near Mufti Mehmood Eye Hospital
5.	Haripur	1	Near Sabzi Mandi, Haripur
6.	Kohat	1	Peshawar Chowk, Kohat City
7.	Mansehra	1	Mansehra City main Chowk
8.	Mardan	2	Mardan, Takht Bhai
9.	Peshawar	3	Ring Road Peshawar, G.T. Road Peshawar, Charsadda Road, Peshawar
10.	Swat	1	Saidu Sharif near Grassy Ground
11.	Swabi	1	Near Badri Pull Swabi

Source: Livestock and Dairy Development Department, KPK.

The above table shows that out of 25, only 11 districts have recognized slaughter houses which mean that in other districts, slaughtering is conducted outside recognized slaughter houses. The establishment, management and maintenance of slaughter houses is the responsibility of the

relevant Local Government Department. The role of Livestock Department is limited only to providing veterinary services in the slaughter house.

### **3.2.1 Field Appraisal**

For the purpose of appraisal, six slaughter houses, three public and three private, were visited to get the required information. The information was collected via a questionnaire containing key questions covering almost all the major aspects of a slaughter house. The key questions were shared with the international consultant, who will be using the findings of this appraisal in the preparation of policy document on livestock sector in KPK His feedback was incorporated to make the key questions more comprehensive. Relevant staff and other actors which include butchers, traders and contractors were interviewed to get the required information. A list of the slaughter houses visited is given below:

- a. Public Slaughter Houses
  - i. Municipal Corporation Slaughter House, Charsadda Road, Peshawar
  - ii. Public Slaughter House, TMA Colony, Abbottabad
  - iii. Public Slaughter House, Grassy Ground, Saidu Sharif, Swat
- b. Private Slaughter Houses
  - i. Ring Road, Peshawar
  - ii. Ring Road, Peshawar
  - iii. Najoi Buduli Road, Peshawar
  - iv. In addition to this, information from the only meat processing company dealing with chicken and veal and making value added products, was also obtained through email by sending them the key questions.

### **3.2.2 Public Sector Slaughter Houses**

Public Sector Slaughter Houses are managed by the Local Government Department. A certain fee is charged for using the facility, from the people bringing their animals for slaughtering, which usually is Rs. 25/animal for sheep and goat and Rs. 50 for each large animal (cattle and buffalo). The collection of this fee is either made by the staff of relevant Municipal Corporation or it is outsourced to some private contractor. Users of the slaughter house are not aware of the terms and conditions of contract i.e. they have no idea whether provision of facilities in the slaughter house is the responsibility of the contract awarding authority or of the contractor. The major interest of the contractor is the collection of the prescribed fee. The importance of the public sector slaughter house is that getting animals slaughtered in any recognized slaughter house is legal. Any slaughtering outside the recognized slaughter house will be illegal. In this scenario relevant people are bound to bring their animals to public sector slaughter houses for slaughtering regardless of the status of required facilities there.

### **3.2.3 Private Sector Slaughter Houses**

Being situated in the vicinity of Afghanistan, which is deficit in meat production, KPK has a number of opportunities to export meat to cater to the demand there. It has led to the establishment of

private slaughter houses in Peshawar. There are five slaughter houses working under private set up as listed below:

- i. Ring Road, Peshawar
- ii. Ring Road, Peshawar
- iii. Najoi Buduli Road, Peshawar
- iv. Peshawar

During the appraisal, the private slaughter numbered (i), (ii) and (iii) were visited.

An item wise description of matters related to slaughter houses is given as under:

### **3.2.4 Existing Infrastructure, Institutional Arrangements, Human Resources and Business Process**

Details of slaughter houses in KPK, public as well as private, have been given above. The usual structure of a public slaughter house consists of one or two rooms which are used as an office, some open area and a covered slaughtering area with the facility of hanging the animals (in some cases) after slaughtering, for de-skinning and cleaning. Slaughtering areas for small and large animals, in most of the cases, were found to be separate. The provision of water for washing the slaughtered animals and their parts was found to be present but its availability was dependent on electricity and if there is no electricity, there was no alternate source of water. This is because usually there is no overhead reservoir for the purpose and people have to wait for electricity to complete the process or else they have to use the little amount of water available which is not sufficient for the purpose. In some cases it was observed that even the electricity connection and water facility were arranged privately by the users (butchers) as the electricity connection of slaughter house had been disconnected due to non-payment of bills. Cleanliness, sanitation and drainage arrangements were not found to be satisfactory which led to unhygienic conditions and environmental threats. Usually the drain of the slaughter house was found to be dropped in a nearby abandoned old drain of dirty water.

No arrangements for ensuring the quality standards of meat and checking of transmission of diseases from animals to humans like "Zoonosis" were found to be in place in the slaughter houses. Inspection of animals is conducted one day prior to the slaughtering by a veterinary doctor of the Livestock Department, who performs this job as an additional duty and a nominal remuneration is paid to him by the concerned Local Government Department. So this inspection is usually performed just to fulfill a formality. From the Local Government Department, one person for the management of the affairs of slaughter house and some sweepers were found to be deputed for the cleanliness of the premises. Facility of stock yard, where the butchers may keep their animals for inspection before slaughtering, was not found have been provided. Instead the users (butchers) had made their private arrangement for which they pay themselves. In some slaughter houses the animals are slaughtered by the butchers themselves and in some cases, professional teams were found to be providing the facility for reasonable fees.

The structure of private slaughter houses on average consists of two to three rooms for staff and administration, some open area, a covered slaughtering area and a cold store. One private slaughter house that was visited was meant for local supplies where small as well as large animals

were slaughtered. Although it was established on a large area having separate slaughtering premises for small and large animals, the condition of the facilities was almost the same as that of public slaughter houses. Shops of skins & hides traders were also found to be functioning there. The other two private slaughter houses visited were for export of veal to Afghanistan. Their structure was better than that of public slaughter houses and the one private slaughter house meant for local supplies. The export oriented slaughter houses also had the facility of cold storage. Slaughtering operations were manual. After slaughtering, the carcass is shifted to the cold store and after it has reached the desired temperature, it is transported through a refer container to the destination market. Few have generators as back up support in case of electricity failure.

**Business process** starts from the purchase of animals by the butchers which they purchase from the nearby markets or from the local traders or producers. Small animals (sheep and goats) are purchased mostly by the butchers themselves as KPK is a producing area of these animals while for the purchase of large animals (mostly buffaloes), traders are contacted who bring dry buffaloes from Punjab markets and supply to the butchers as per their demand. Then these animals are brought to the slaughter house where these are inspected by some official from the Livestock Department and then slaughtered. A nominal fee of Rs. 25/animal for small and Rs. 50 per large animal is paid to the contractor for the use of this facility. After slaughtering, meat is taken to the retail shops by the butchers for its sale to the consumers. In case of export oriented slaughter houses, the business process varies from direct export by slaughter house owner to the buyer in the destination market wherein a deal is finalized with the importer, arrangements are made for the preparation of a load of required quality and quantity. After preparation, the load is transported to the destination market in a refer container, usually owned by the slaughter house. One refer container carries about 16000 kilograms of load. In other cases butchers or traders bring the animals of the required size and quality to the slaughter house, pay the entry fee (about Rs. 70 per animal), get the animals slaughtered and sell the meat to the buyer from Afghanistan at an agreed price (around Rs. 275per kilogram). The buyer also pays Rs. 27-30 per kilogram to the owner of the slaughter house for using the facilities of slaughtering and blast chillers or cold stores. Then the meat is transported to the destination market in a 20 feet refer container owned by the slaughter house having a capacity of about 16,000 kilograms. Transportation charges range from Rs. 45,000 to Rs. 50,000 per trip.

### **3.2.5 Time and Cost to Private and Public Sector**

Local Government Department is responsible for the establishment, management and maintenance of the slaughter houses in the province. The cost to the public sector is the establishment of the slaughter house in the beginning and provision of required facilities. Afterwards slaughter houses are rarely maintained in proper manner. A small number of staff is deputed there which includes one official for the management and two or three sweepers for cleanliness. In this way, much time is not given by the public sector to the maintenance of the slaughter houses.

In case of the private sector, a description of time and cost is given here. Animals are brought to the slaughter house or stock yard in the afternoon or in the evening, for inspection. Slaughtering time varies from place to place. In some areas slaughtering is conducted in the evening and in

other areas, animals are slaughtered at night or early in the morning. After slaughtering, meat is taken to the retail shops. A fee ranging from Rs. 25/animal for sheep and goats and Rs. 50 for each large animal (cattle and buffaloes) is charged to the people bringing their animals for slaughtering as a fee for using the facility. The animals are slaughtered by a team of slaughterers permanently working in the slaughter house. Their fees range from Rs. 150 per large animal and Rs. 50 per small animal. In some cases animals are slaughtered by the butchers themselves. In addition to this the animals (mostly large ones) are kept in the stockyard, privately arranged in the vicinity of slaughter house and payment is made to the person maintaining the stock yard. After the slaughtering, the carcass is taken to the retail shop on a Suzuki and transportation charges are paid for that.

### **3.2.6 Sources and Amount of Resources from Slaughter Houses and their Utilization/Financial Capacity**

There are different sources of revenue from which resources are generated from public sector slaughter houses which include:

1. Collection of charges for using the facility  
These are the charges collected from the people, mostly butchers, bringing their animals to the slaughter house for slaughtering. It usually ranges from Rs. 25/animal for sheep and goats and Rs. 50 for each large animal (cattle and buffaloes) and is applicable in all public slaughter houses. The collection of this fee is either conducted by the staff of the relevant Municipal Corporation or it is outsourced to some private contractor.
2. Charges for the collection of blood from slaughter house.  
Rights of collection of blood from slaughter house are also given to any private person against a certain amount but it depends on sufficient quantity of blood being available for the purpose and is not applicable in all public slaughter houses.
3. Parking fee  
Parking fee is charged from vehicles, entering the slaughter house for the transportation of meat. It is around Rs. 100 per vehicle per day and is also not applicable in all public slaughter houses.

Information regarding total value of the resources generated from the above mentioned sources is important for the analysis of the situation of how much revenue is generated from public slaughter houses and what is their utilization. It is necessary to understand whether these resources, or a part, are used for the provision of necessary facilities in the slaughter houses and if these resources are sufficient for the purpose.

Efforts were made to get this information from Local Government Department, Peshawar, that controls slaughter houses at provincial level, but the required information has not been made available.

### 3.2.7 Needs and Concerns of Users of Slaughter Houses

In case of public slaughter houses the only users are the butchers. Butchers bring their animals to the slaughter house for slaughtering just to get the meat coming from legal slaughtering process. Butchers when contacted with respect to their needs and concerns they expressed that most of the public slaughter houses in the province are lacking basic facilities like water, electricity (no alternate arrangement in case of electricity failure), proper sanitation and drainage, stock yard to keep the animals before slaughtering, veterinary services for the inspection of animals brought for slaughtering and for checking of any communicable diseases like Zoonosis. They recommended that all the above mentioned facilities must be provided in the slaughter houses. An overhead water reservoir must be constructed in every slaughter house to ensure uninterrupted supply of water. Arrangement of generator is made in every slaughter house as back up support in case of electricity failure. Facility of a stockyard is provided inside or in the vicinity of slaughter house to keep the animals before slaughtering.

In case of private slaughter houses a concern was shown by the operators that unnecessary checking during the transportation of meat to the destination delays the consignment and again and again opening of the container affects the quality of product. They proposed that meat, being a highly sensitive item, be declared a priority product and inspection be conducted only once. They further proposed that duty on the equipment required for the modernization of slaughter house be kept at the minimum level so that they may move ahead in the value chain.

### 3.2.8 Major findings with respect to the public as well as private slaughter houses are given:

- XXVIII. The establishment, management and maintenance of slaughter houses are the responsibility of relevant Local Government Department. The role of Livestock Department is limited only to providing veterinary services in the slaughter house.
- XIX. As per official records, there are fifteen, public as well as private, recognized slaughter houses working in eleven, out of 25, districts of KPK. This means that in other districts, slaughtering is conducted outside of any recognized slaughter house.
- XX. Public slaughter houses cater to the needs of urban areas while slaughtering in rural or remote areas is conducted outside of any recognized slaughter house.
- XXI. Cantonment Boards, in areas where there are military establishments, sometimes have their own arrangements for slaughtering of animals.
- XXII. The structure of a slaughter house usually consists of one or two rooms which are used as an office, a covered slaughtering area with the facility of hanging the animals after slaughtering, for de-skinning and cleaning.
- XXIII. Availability of water for washing the animals and their parts depends on electricity and if there is no electricity, there is no alternate source of water. This is because usually there is no overhead reservoir for the purpose, and people have to wait for the electricity to complete the process or they use the insufficient amount of water available which is not sufficient for the purpose.

- XXIV. Sanitation and drainage arrangements were not found to be satisfactory, which led to unhygienic conditions inside the slaughter house and environmental threats.
- XXV. A fee ranging from Rs. 25/animal for sheep and goats and Rs. 50 for each large animal (cattle and buffaloes) is charged for using the facility, to the people bringing their animals for slaughtering.
- XXVI. The animals are slaughtered by a team of slaughterers permanently working in the slaughter house. Their fees range from Rs. 150 per large animal and Rs. 50 per small animal.
- XXVII. The collection of the fee is either conducted by the staff of the relevant Municipal Corporation or it is outsourced to some private contractor.
- XXVIII. Users of slaughter houses are not aware of the terms and conditions of the contract i.e. they have no idea whether provision of facilities in the slaughter house is the responsibility of the contract awarding authority or of the contractor. The major interest of the contractor is the collection of the prescribed fee.
- XXIX. Importance of the public sector slaughter house is that getting animals slaughtered in any recognized slaughter house is legal. Any slaughtering outside the recognized slaughter house will be illegal. In this scenario relevant people are bound to bring their animals to public sector slaughter houses for slaughtering regardless of the status of required facilities there.
- XXX. In some cases it was found that the users of slaughter houses have made arrangements for the provision of required facilities on personal basis.
- XXXI. Among small animals, sheep and goats of all types and ages are slaughtered while among large animals, old age unproductive buffaloes are slaughtered in 90% cases.
- XXXII. Destination of products from public slaughter houses is 95% local and 5% FATA areas while 100% meat from private slaughter houses is exported to Afghanistan.
- XXXIII. Traders play an important role in the supply of large animals (mostly old age buffaloes) which they purchase from Punjab markets and keep in the stock yard (sarai) in the vicinity of slaughter house and offer them for sale to the butchers.
- XXXIV. The facility of stock yard was not found to be available in the public slaughter houses, where the users may keep their animals before slaughtering. For this, they make their own private arrangement and pay for it.
- XXXV. There are seasonal variations in the supply of animals i.e. during the season of wheat harvesting and plantation of rice, supply of animals in the Punjab markets reduces; as a result prices go up while in the KPK markets there are lesser number of buyers due to same reason and prices show a downward trend. The traders who buy animals from Punjab markets and sell in KPK markets were of the view that these are slow business months.
- XXXVI. Afghanistan is deficit in meat production and is situated in the vicinity of KPK. This has led to the establishment of private slaughter houses in Peshawar, KPK.
- XXXVII. The structure of private slaughter houses on average consists of two to three rooms for staff, a covered slaughtering area and a cold store. Few have generators as back up support if there is no electricity.
- XXXVIII. All the operations are conducted manually and meat is shifted to the blast chillers/cold store before it is transported to the destination market in Afghanistan.

- XXXIX. Meat is transported to the destination markets in refer containers owned by the slaughter house.
- XL. Type of meat exported is veal obtained from young cow calves with live weight ranging from 160 to 200 kilograms.
- XLI. Source of supply is 95% from Punjab and 5% local.
- XLII. Business process varies from direct export by slaughter house owners to the buyer in the destination market or in some cases, butchers/traders bring the animals of required size and quality to the slaughter house, pay the entry fee (about Rs. 70 per animal), get the animals slaughtered, and sell the meat to the buyer from Afghanistan at an agreed price (around Rs. 275 per kilogram). The buyer also pays Rs. 27-30 per kilogram to the owner of the slaughter house for using the facilities of slaughtering and blast chillers/cold store. Then the meat is transported to the destination market in a 20 feet refer container owned by the slaughter house having a capacity of about 16,000 kilograms. Transportation charges range from Rs. 45,000to Rs. 50,000 per trip.
- XLIII. Total weight of meat loaded in the container for export is usually much more than that shown in the documents.
- XLIV. There was no animal identification and traceability system observed during the appraisal.
- XLV. There are agreed terms and conditions between sellers and buyers with respect to the quality and health of the animals. No formal health certification procedures were observed or reported during the survey.
- XLVI. Food safety management and assurance systems were not found in place to ensure the export of quality meat. Such standards are usually maintained on the demand of the buyers.
- XLVII. No measures were found to be taken in public as well as private slaughter houses to check the occurrence of any communicable disease like Zoonoses.



## 4.0 ANALYSIS

Livestock is an important sub sector of agriculture and its performance has remained stronger than the crop sub sector. During 2012-13 livestock contributed approximately 55.4 percent to the agricultural value added and 11.9 percent to national GDP, against 55.3 percent and 11.9 percent during the same period the previous year. Gross value addition of the livestock sector at constant cost factor has increased from Rs.735 billion (2011-12) to Rs.756 billion (2012-13), showing an increase of 2.9 percent as compared to previous year.<sup>6</sup>

The above description of contribution of livestock sector to the national economy highlights the importance of the sector but this is not all. This sector can perform much better provided that proper attention is given to its weaker areas. Economic gain is the most important push factor to promote anything and in case of livestock, the economic gain is associated with its marketing. Marketing of livestock is the weaker and most neglected area. The lack of development in the livestock sub-sector can be attributed to the exceeding defective system of marketing of livestock and livestock products.

Khyber Pakhtun Khuwa province of Pakistan is a major producing area of small animals (sheep and goats) due to the availability of natural rangeland which provide excellent grazing places. In addition to this, being in the vicinity, it is a major source of supply of live animals and meat to Afghanistan. To reveal the on ground situation, with respect to the marketing of livestock in KPK, appraisal of livestock markets and slaughter houses was conducted from April 2013 to June 2013. Livestock markets were visited and suppliers, buyers and other stakeholders within and outside the markets were interviewed to collect the required information. Information so collected was analyzed and an analysis of the situation is given as under:

### 4.1 Livestock Markets

Establishment and control of livestock markets in KPK comes in the domain of the Local Government Department. Although there are some private livestock markets in the province, most of the markets are under the control of the relevant Local Government institution of the area, which might be a Tehsil Municipal Administration (TMA) or Metropolitan Corporation. These markets are contracted out to some private contractor for the collection of revenue from these markets. The person possessing the contract of the market normally does not change for years and he has maximum influence in the affairs of market. As there is no system of arbitration, the contractor has the final say in case of any dispute. Sources of revenue includes entry charges to the market which range from rupees 10 per animal to rupees 100 per animal as well as the charges which are received as the transaction takes place. A substantial amount is raised by the controlling department which is never invested back to provide required infrastructure and

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<sup>6</sup> Economic survey of Pakistan, 2012-13.

necessary facilities in the markets. The only expenditure incurred by the department receiving contract amount is the cost of providing the space for the market to take place.

Usually the livestock markets are established in open places under the open sky and are devoid of any basic facilities or infrastructure like shelter for animals, water for humans and animals, ramps for loading and unloading of animals, boundary wall, feed, fodder and fodder troughs, weighing arrangements, sanitation and drainage and electricity. There is no market intelligence or information service available due to which a level playing field is not established for all the stakeholders, and it leads to exploitative behavior by those (mostly the traders) having more market information regarding prices, supply and demand situation. They have more knowledge because of frequent contact with other livestock markets. They can correlate this information in a meaningful way, which helps them in taking decisions regarding sale and purchase of animals and in demanding or offering prices.

Facility of veterinary staff for checking diseases or health certification is usually not available in the markets, which leads to spread of animal diseases to other areas and provinces. It was revealed during appraisal that presence of veterinary staff in the markets is witnessed whenever there is a campaign against some disease and it is not a regular feature. Presence of private veterinary practitioners was observed in some large markets, where potential exists, who provide veterinary services in those markets for a certain fee.

Another issue with respect to the marketing of livestock is their sale and purchase without having any description of the features of the animal being traded e.g. its health status, pedigree, milking potential, weight, age, etc. It is an on the spot decision and any misjudgment will result in losses on the part of the buyer. Even in case of meat, animal trading takes place on the basis of head count instead of live weight which at least would have provided some basis for further negotiation. In this case too the producers, being less experienced, are at loss.

Deals in the market are finalized through open or secret negotiation, and auction was not found to be practiced in any market visited. Due to this, the seller does not get the best price for his product and the buyer may have to pay more. Here again the experienced person gains the benefit. One may find traders buying and selling the same animal in the same market and getting a reasonable margin in the process. It all happens due to poor marketing practices like selling the animals on the basis of head count instead of live weight, poor market information and conducting negotiation instead of auctions. Facilities of properly constructed ramps, for loading and unloading of animals, are mostly not available in the markets due to which incidences of injury of animals during the process are common. In most of the markets this facility is privately provided in a traditional manner for which the user has to pay its charges.

Entry and transaction charges cause distortion in the markets as rates of these charges and their method of collection are different in varying markets. Entry charges range from Rs. 10 to Rs 100 per animal charged to everyone entering the market while transaction charges range from 5% to 10% of the value of transaction and are charged mostly to the buyer, as the transaction takes place. Permissible market charges were not found to be displayed in the market premises. Producers, both as sellers and buyers, face discriminatory behavior in the markets. Traders, being

regular clients of the market, are given preferential treatment in the levying of market charges and are charged at discounted rates while producers are always charged at full rate. Mostly the traders are charged a fixed amount instead of percentage of value of transaction which is usually much lesser than even the admissible rate in order to keep them coming to the market. Overcharging by the contractor or agents, particularly from the newcomers and producers, is common in the markets. Contractors were also found complaining regarding non recovery of market charges as there is no boundary wall and chances of leakage are high. In addition to this they also complained that deals are finalized inside the market, between the seller and buyer, and actual transaction takes place outside the market and transaction charges are saved.

There is no system of collection and maintenance of records with respect to the animals reaching the markets, their health status, origin, ownership, animals traded, price, value of trade, destination and purpose of sale or purchase. This information is necessary to evaluate efficiency of markets, responses of suppliers and buyers to any changes in the behavior of markets and to formulate any policy for the improvement of livestock marketing and livestock sector. Furthermore, due to the absence of any record, traceability of the animal sold or purchased is not possible

Organizations of livestock producers, traders, contractors and animal welfare who could give suggestions for the improvement of livestock marketing were not found to be established.

Meat prices are fixed by the local government and no premium is associated with the quality of meat. It leads to slaughtering of unhealthy and old animals. Prevalence of brokers is common in the markets. They assist in the finalization of deal and get their pre-decided commission. Sometime they get the benefit of an unorganized system of selling and buying in the market and get a reasonable margin in a deal.

Each part of the livestock is saleable which includes milk, mutton, beef, hides and skins, poultry, wool, farmyard manure and offal. But marketing of these products still needs improvement to ensure maximum returns to the livestock holders.

It has been concluded that under present circumstances, the working of livestock markets does not fulfill the required efficiency criteria and also does not ensure the real returns to the producers, the original owners of the product. Although the role of traders is important as they are integral part of the supply chain and also they provide a link between producers and consumers, the actual issue is to eliminate the discrepancies and distortions in the present livestock marketing system. As pointed out in this report, this is integral so that a level playing field may become available to all the players and due returns are ensured for the producers. To achieve this objective livestock markets are the points to kick start the process through proper regulation and policy formation.

## **4.2 Slaughter Houses**

Public sector slaughter house is a place where the users of the facility, mostly butchers, bring their animals for slaughtering so that the meat is obtained through a process with a legal status and avoid any legal action. Public slaughter houses, like livestock markets, are also established, managed and maintained by the relevant Local Government Department of the area. The role of

Livestock Department is limited only to the provision of veterinary services in the form of inspection of animals to be slaughtered. Livestock Department staff performs these services as a formality in addition to their main duties, and they are paid a nominal amount in lieu of that. As per available information, there are fifteen, public as well as private, recognized slaughter houses working in eleven, out of 25, districts of KPK. This means that in other districts slaughtering is conducted outside of any recognized slaughter house. Public slaughter houses cater to the needs of urban areas while slaughtering in rural or remote areas is conducted outside of any recognized slaughter house.

The structure of a slaughter house usually consists of one or two rooms which are used as an office, a covered slaughtering area with the facility of hanging the animals after slaughtering, for de-skinning and cleaning. Availability of water for washing the animals and their parts depends on electricity and if there is no electricity there is no alternate source of water. This is because usually there is no overhead reservoir of water for the purpose, and people have to wait for electricity to complete the process or they use the little amount of water available which is not sufficient for the purpose. Sanitation and drainage arrangements were not found to be satisfactory which led to unhygienic conditions inside the slaughter house and environmental threats. In some cases even electricity connection was missing and users of slaughter houses have made arrangements for the provision of required facilities on personal basis.

Importance of the public sector slaughter house is that getting animals slaughtered in any recognized slaughter house is legal. Any slaughtering outside the recognized slaughter house will be illegal. In this scenario relevant people are bound to bring their animals to public sector slaughter houses for slaughtering regardless of the status of required facilities there.

Revenue is also generated from the public slaughter houses. Sources of revenue include fee for using the facility, which ranges from Rs. 25/animal for sheep and goats and Rs. 50 for each large animal (cattle and buffaloes) and is charged from the people bringing their animals for slaughtering and is applicable in all public slaughter houses. Other sources of revenue include parking fee charged to the vehicles entering the slaughter house for transportation of meat and charges for the collection of blood. These two fees are applicable only where the potential exists. Collection of revenue is usually outsourced to any third party. In spite of efforts, information regarding total revenue collected from public slaughter houses and its utilization was not made available by the concerned department. This information was important to see that how much of resources are generated from slaughter houses and whether these are sufficient for the provision of required facilities in the slaughter houses and if so, how much of these resources are invested back for the said purpose.

The reason for establishment of private slaughter houses in Peshawar, KPK is the increasing demand for Pakistani meat in Afghanistan. The type of meat exported to Afghanistan is veal obtained from young cow calves with live weight ranging from 160 to 200 kilograms. Sources of supply of young calves are 95% from Punjab and 5% local.

Total weight of meat loaded in the container for export is usually more than that shown in the documents. There is no animal identification and traceability system observed or reported during the appraisal. There are agreed terms and conditions between sellers and buyers with respect to

the quality and health of the animals. No formal health certification procedures were observed during the survey.

Food safety management and assurance systems were not found in place to ensure the export of quality meat. Such standards are usually maintained on the demand of the buyers. No measures were found to be taken in public as well as in private slaughter houses to check the occurrence of any communicable disease like Zoonoses.

The above situation demonstrates that the subject of public slaughter houses is a neglected area where there is lot of room for improvement with respect to the provision of basic facilities, ensuring hygienic conditions and observance of minimum quality standards. Similarly the demand for Pakistani meat in Afghanistan is increasing and Pakistan must avail this opportunity. Export of Pakistani meat can further be spread to Iran and other Middle Eastern countries by improving the condition of our slaughter houses and showing compliance to the quality standards as per demand of importing countries. This will boost our livestock sector and allied industry for which we have great potential.



# 5.0 ANNEXES

## Annex 1: List of Key Questions

### Key Questions: Information from Suppliers to Livestock Market

1. Market - name & address \_\_\_\_\_ Date of Visit \_\_\_\_\_
2. Name of supplier \_\_\_\_\_
3. Address \_\_\_\_\_ Contact No. \_\_\_\_\_
4. Category of Supplier :(a). Producer/Farmer (b). Trader (c).  
Other \_\_\_\_\_
5. Type of livestock being marketed:-
 

Sr. No.	Age	Type	Weight	Reserve Price
1.				
2.				
3.				
4.				
6. Reason of sale (i) Instant cash need (ii) Trade (iii) Non availability of feed
7. Origin/ distance /time to reach market \_\_\_\_\_
8. Mode/cost of transport \_\_\_\_\_
9. Cheapest mode of transport \_\_\_\_\_
10. Views about collective transportation \_\_\_\_\_
11. Incidence of injury, mortality, theft during transportation \_\_\_\_\_
12. How the value of livestock is estimated  
 \_\_\_\_\_ Previous price information of the  
 livestock \_\_\_\_\_ If yes – Source \_\_\_\_\_, Is it helpful in striking a good  
 deal \_\_\_\_\_
13. Knowledge of market trends – rise in demand and price w. r. to (i) Export (ii) any other  
 reason (specify) \_\_\_\_\_
14. % age difference in price of similar type of livestock, between Eid-ul-Azha and other  
 days \_\_\_\_\_
15. Mode of deciding/finalizing the deal (i) Open (ii) Secret

16. If seller is (i) Producer – difference in price between selling to trader at village level or in a market \_\_%, (ii) Trader – whether purchased from producer at village level or from other trader and difference between purchase and sale price
17. Facilities available in the market: (a) Shade (b) Ramps for loading/unloading (c) Water (d) Fodder (e) Fodder troughs (f) Weighing (g) Sanitation/drainage (h) Boundary wall (i) Disease checking\_\_\_\_\_
18. Facilities required in addition to above\_\_\_\_\_
19. Charges to be paid on transaction (a) Amount/rate\_\_\_\_\_(b) Paid to whom\_\_\_\_\_ Receipt obtained Y/N (d) Awareness about permissible charges - Y/N
20. Behavior of contractor/its agent\_\_\_\_\_
21. Awareness about any law governing the market – if yes, views about it\_\_\_\_\_
22. Awareness about rights and liabilities of contractor\_\_\_\_\_
23. Are you satisfied with the system? Y/N. If not, what improvements could be proposed?
- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
24. Market should be held daily/weekly/fortnightly/monthly
25. Opinion about access to market and its organization\_\_\_\_\_
26. Are there any illegal livestock markets without government control/management. If yes, what percentage? \_\_\_\_\_
27. Is there any illegal trade of livestock –if yes,  
(i) To what extent (Nos.)\_\_\_\_\_, (ii) Destination market (s)\_\_\_\_\_ (iii) Mechanism \_\_\_\_\_
28. Market information availability Y/N, If yes (i) Source\_\_\_\_\_ (ii) Type\_\_\_\_\_
29. Existence of any (formal) associations, for future market development, of:  
(i) Market managers Y/N (ii) Traders Y/N (iii) Producers Y/N
30. Animal welfare issues in the market and existence of animal welfare association  
\_\_\_\_\_
31. Current supply and demand situation for livestock in KPK – meeting local demand from:  
(i) Local supply\_\_\_\_\_% (ii) Other provinces/markets \_\_\_\_\_%
32. Whether annual demand for livestock in KPK is – (i) Increasing\_\_\_\_\_%  
(ii)Decreasing \_\_\_\_\_% (iii) Reasons \_\_\_\_\_

33. Recovery from the livestock losses due to floods in 2010 \_\_\_\_\_%.

**Information from Buyers in the Livestock Market**

1. Market – Name & address \_\_\_\_\_ Date of Visit \_\_\_\_\_

2. Name of buyer \_\_\_\_\_

3. Address \_\_\_\_\_ Contact No. \_\_\_\_\_

4. Category of buyer: \_\_\_\_\_ Farmer/Trader/Butcher/Buying  
Agent/Consumer/Processor/any other

5. Detail of livestock purchased:-

Sr. No.	Age	Type	Weight	Reserve Price
1.				
2.				
3.				
4.				

6. Purpose of purchase – (a) Rearing (b) Trading (c) Consumption (d). For onward sale to \_\_\_\_\_ (d) For processing/slaughtering (e) Other \_\_\_\_\_
7. If for trade then target market (s) \_\_\_\_\_
8. Usual expected margin between purchase & sale price \_\_\_\_\_ %
9. Other sources of purchase \_\_\_\_\_
10. Percent of total purchase (a) From Market (b). From other sources
11. Mode/cost of transport \_\_\_\_\_
12. Cheapest mode of transport \_\_\_\_\_
13. Views about collective transportation \_\_\_\_\_
14. Incidence of injury, mortality or theft during transportation \_\_\_\_\_
15. Facilities available in the market: (a) Shade (b) Ramps for loading/unloading (c) Water (d) Fodder (e) Fodder troughs (f) Weighing (g) Sanitation/drainage (h) Boundary wall (i) Disease checking \_\_\_\_\_
16. Charges to be paid (a) On transaction (b) On entry (c) On exit (d) Rate/amount \_\_\_\_\_ (e) Paid to whom \_\_\_\_\_ (f) Receipt obtained Y/N (g) Awareness about permissible charges Y/N
17. Behavior of contractor/its agent \_\_\_\_\_ Services provided \_\_\_\_\_
18. Awareness about rights and liabilities of contractor \_\_\_\_\_
19. Awareness about any law governing the market – if yes, views about it: \_\_\_\_\_
20. Are you satisfied with the system - Y/N What improvements could be proposed?
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_

21. Market should be held daily/weekly/fortnightly/monthly?
22. Opinion about access to market and its organization\_\_\_\_\_
23. Are there any illegal livestock markets without government control/management? If yes what %age \_\_\_\_\_
24. Is there any illegal trade of livestock –if yes, (i) To what extent (Nos.)\_\_\_\_\_ (ii) Destination market (s)\_\_\_\_\_ (iii) Mechanism \_\_\_\_\_
25. Availability of market information Y/N, If yes (i) Source\_\_\_\_\_ (ii) Type\_\_\_\_\_
26. Details of any (formal) associations, for future market development, of:-  
(i) Market managers Y/N, (ii) Traders Y/N (iii) Producers Y/N
27. Animal welfare issues in the market and existence of animal welfare association  
\_\_\_\_\_
28. Current supply and demand situation for livestock in KPK – meeting local demand from:  
(i) Local supply\_\_\_\_\_% (ii) Other provinces/markets \_\_\_\_\_%
29. Whether annual demand for livestock in KPK is – (i) Increasing\_\_\_\_\_%  
(ii)Decreasing \_\_\_\_\_% (iii) Reasons \_\_\_\_\_
30. Recovery from the livestock losses due to floods in 2010 \_\_\_\_\_%

### General Information Regarding Livestock Market

(One questionnaire to be filled from one market)

Date \_\_\_\_\_

1. Location/address \_\_\_\_\_
2. Area \_\_\_\_\_
3. Name of contractor \_\_\_\_\_
4. Value/period of contract for 2012-13 \_\_\_\_\_
5. Contract awarding authority \_\_\_\_\_
6. Law under which market is functioning \_\_\_\_\_
7. Facilities available \_\_\_\_\_

Weighing – Y/N, Loading/unloading ramp – Y/N, Water – for humans – Y/N, for animals – Y/N,  
 Fodder/feed – Y/N, Its prices as compared to market prices \_\_\_\_\_  
 Fodder Troughs Y/N, Shade – Y/N, Health certification/disease treatment – Y/N,  
 Boundary wall – Y/N

8. Schedule of charges displayed – Y/N
9. Mode of collection of charges (a) From sellers \_\_\_\_\_ (b) From buyers \_\_\_\_\_
10. Transport availability \_\_\_\_\_
11. Animal welfare issues observed in the market \_\_\_\_\_
12. The role of any government officers in:
  - a. Market management or function \_\_\_\_\_
  - b. Veterinary inspection or treatment \_\_\_\_\_
  - c. Data collection \_\_\_\_\_
  - d. Other market support or regulatory activities \_\_\_\_\_
13. Timings and day(s) of market \_\_\_\_\_
14. Can individual animals be identified after purchase? \_\_\_\_\_
15. In the whole transport-market-transport process what are possible time periods when animals do not have feed and water access? \_\_\_\_\_
16. What percentage of markets consist of very young buffaloes/cattle calves? \_\_\_\_\_

**Key Questions – Slaughter Houses/Abattoirs in KPK**

Date: \_\_\_\_\_

1. Name of Slaughter House/Processing Industry \_\_\_\_\_
2. Address \_\_\_\_\_
3. Name of person interviewed \_\_\_\_\_ Designation \_\_\_\_\_ Tele. No. \_\_\_\_\_
4. Ownership (a) Public (b) Private. If Public, controlling agency \_\_\_\_\_
5. Area – (i) Total \_\_\_\_\_ (ii) Covered \_\_\_\_\_
6. Operating staff
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
  - d. \_\_\_\_\_
  - e. \_\_\_\_\_
7. Operational facilities
 

<b>Facility</b>	<b>Type/Capacity</b>	<b>Average utilization (%)</b>
a. Slaughtering	_____	_____
b. Processing	_____	_____
c. Cold store	_____	_____

- d. Any other \_\_\_\_\_
- e. Infrastructure status (i) Modern (ii) Average (iii) Obsolete
- f. Efficiency of operational facilities (i) Efficient (ii) Average (iii) Poor
- g. Time to complete the operation (i) In \_\_\_\_\_ (ii) Out \_\_\_\_\_

8. Detail of sources of revenue/charges at slaughter house:-

Type	Amount
a. _____	_____
b. _____	_____
c. _____	_____
d. _____	_____
e. _____	_____
f. _____	_____

9. Five year detail of resources and their utilization

Year	Amount of resources	Utilization in Slaughter house
a. 2007-08	_____	_____
b. 2008-09	_____	_____
c. 2009-10	_____	_____
d. 2010-11	_____	_____
e. 2011-12	_____	_____

- 10. Other facilities available (a) Weighing (b) Water (c) Disease Inspection (d) Quality check (e) Record keeping (f) Other \_\_\_\_\_

11. Current policy w. r. t operation of facility and its impact

12. Livestock sources of supply (markets)

Source	Share (%)
a. _____	_____
b. _____	_____
c. _____	_____
d. _____	_____

13. Seasonal variation in:

Availability \_\_\_\_\_  
 Prices \_\_\_\_\_  
 Influence of Eid on normal operations and prices. \_\_\_\_\_

14. Destination of products: % share

- a. Local markets \_\_\_\_\_
- b. High price supermarkets \_\_\_\_\_
- c. Export \_\_\_\_\_
- d. FATA \_\_\_\_\_
- e. Any other \_\_\_\_\_

15. Quality control & export issues:-

- a. Food safety management and assurance systems \_\_\_\_\_
- b. Animal identification or traceability systems \_\_\_\_\_
- c. Halal assurance procedures \_\_\_\_\_

16. Employment and staff issues:-

- a. Training of staff (i) No. of trainings/year \_\_\_\_\_ (ii) Areas of training \_\_\_\_\_
- b. Impact of government policies \_\_\_\_\_

17. Workplace health and safety (measures adopted to check occurrence of communicable disease like zoonoses)

\_\_\_\_\_

\_\_\_\_\_

18. Environmental issues including impact of government policies on operational procedures such as waste disposal: \_\_\_\_\_

19. Cost structures and effects of government policy on profitability

<u>Item of cost</u>	<u>Amount</u>
a.	
b.	
c.	
d.	
e.	
f. Effects of government policy on profitability	

20. Operation and cost structure of small-scale, informal or illegal slaughter operations.

Item of cost	Amount
a.	
b.	
c.	
d.	
e.	

22. Views of customers/users regarding working of slaughter house (i) Satisfactory (ii) Average (iii) Poor

23. Suggestions/improvements proposed

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

24. Any other observations

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

d) \_\_\_\_\_

e) \_\_\_\_\_



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#### <sup>i</sup>End notes

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