

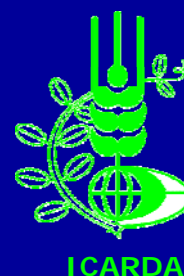
Community Action in Integrated and Market Oriented Feed-Livestock Production in Central and South Asia

Economics of small scale production of balanced feed: the case of an community action project in Pakistan

Hussnain Shah
Dr. Muhammad Sharif
Abdul Majid

Wrap Up Meeting, Tashkent December 10-11, 2008

PARC, Pakistan



Introduction

- ❖ **Important forage feeds are natural fodders and crop residues**
- ❖ **Fodder Shortage**
(high in rainfed areas as compared to irrigated areas)
- ❖ **Poor quality forage feed**
(deficient in protein and minerals)
- ❖ **Production possibility of feed supplements**
by using locally available ingredients and agro-industrial by- products



Two feed producing units were provided under Community Action for Livestock Development; one at rainfed site in August, 2008 and other at irrigated site in September, 2008.

Main objective was to provide quality feed at cheaper prices at doorsteps of the farmers.

Total cost of machinery was about Rupees 80,000 which was borne by the project while other costs, such as installation and electricity connection were paid by the entrepreneurs.

Entrepreneurs are selling the feed mix at prices that cover the variable costs (inputs, labour and power etc).

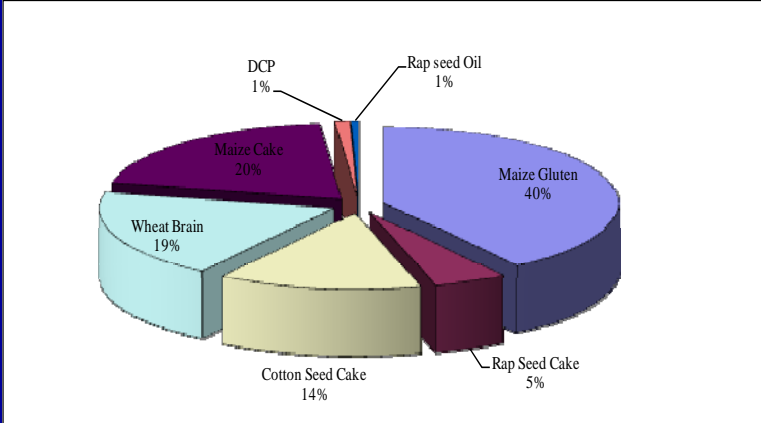


Investment Appraisal of these feed producing units has been carried out to enable the entrepreneurs and planners with the cost and revenue implications of their venture decisions.

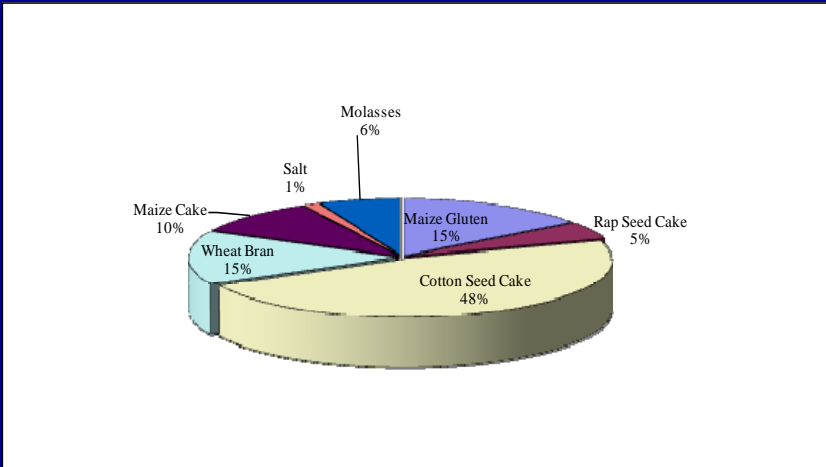
Moreover, financial viability of these small enterprises was analyzed, economic production levels were estimated & policy recommendations were suggested for sustainability of the enterprises.



Composition of Feed for Unit at Rainfed Site

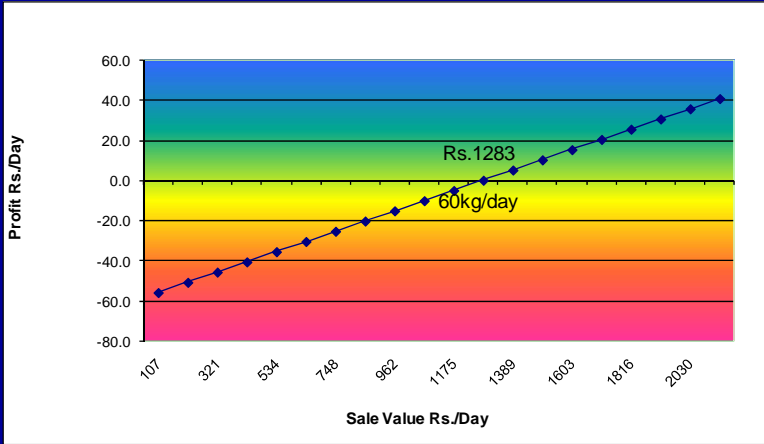


Composition of Feed for Unit at Irrigated Site

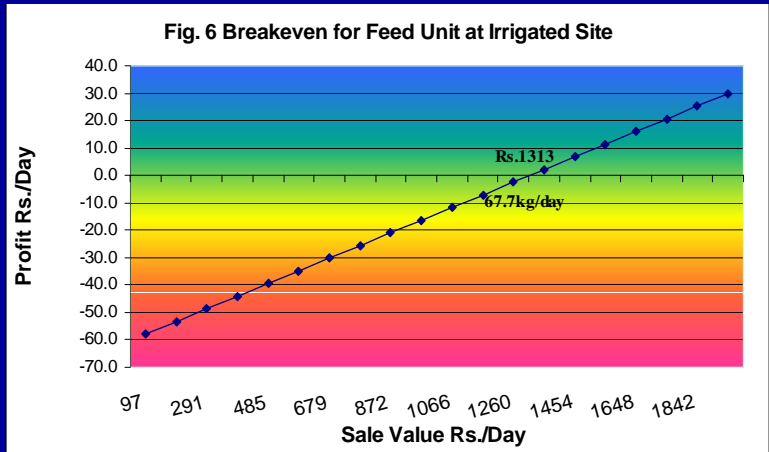




Breakeven for Feed at rainfed Site



Breakeven for Feed at Irrigated Site





Breakeven Sales Volume / month

Rainfed Site	Irrigated Site
1.80 tons	2.04 tons



Investment Appraisal

	Rainfed Site	Irrigated Site
Variable Cost (Rs./kg)	20.35	18.46
Sale Price (Rs./kg)	21.37	19.39
Fixed Cost (Rs./Day)	61.08	62.50
NPV*	5,885.16	5,968.22
IRR*	225%	205%

* @ 0.6 tons/day i.e. below 50% capacity



Sales Level / month (tons)

Months	Rainfed Site	Irrigated Site
January, 2009	1.5	1.5
October, 2009	17.76*	4.18

* Marketing out side the village and also supplying at the feed stores in nearby town market



Economic Production Levels

Kg/Day	Rainfed Site	Irrigated Site
	Profit Rs./Day	Profit Rs./Day
0	-61.08	-62.5
40	-20.4	-25.6
80	20.3	11.4
200	142.4	122.1
400	345.9	306.8
600	549.5	491.4
800	753.0	676.1
1000	956.5	860.7
1200	1160.0	1045.4
1400	1363.5	1230.0
1600	1567.0	1414.6



Farmers, Perception & Conclusion

- Significant improvement in milk yield and level of cash benefits through the sale of additional milk.
- They reported 0.5 to 2 liter per day increase in milk yield with the use of balanced feed.
- Cost effectiveness over the conventionally used cotton seed cake.
- Saving in terms of time (1-2 hours per market visit) and transportation cost (Rs. 10-15 per bag).
- The intervention resulted in better accessibility of quality feed to small holders and scalability option for the entrepreneurs.



Thank You