

IMPACT OF MANGOES & DATE PRODUCTION ON FOREIGN EXCHANGE EARNINGS OF PAKISTAN: A CASE STUDY OF DISTRICT KHAIRPUR

Syed Qasim Ali Shah

*Associate Professor, Department of Commerce
Shah Abdul Latif University, Khairpur*

Dr. Hakim Ali Kanasro

Assistant Professor, Institute of Commerce, University of Sindh

Shafi Muhammad

Student of M.Com Final, Institute of Commerce, University of Sindh

Abstract

The main purpose of this research study is to analyze mango and date fruit production and their contribution in foreign exchange earnings. The study depends on the hypotheses of a structural model. It examines the competitive behavior of marketing firms and their performance in Pakistan. The income of growers also depends upon the local market price as well as demand in the international market. Foreign exchange earnings by exporting mango and date fruit during 1995-96 to 2001-2002: The foreign exchange earnings of mango rose from 4 million dollars to 14 million dollars, which indicates an average growth rate of 23 percent of foreign exchange earnings. The foreign exchange earnings of that date increased from 15.8 million dollars to 27.6 million dollars which points out the average growth rate of 12 percent of foreign exchange earnings of mango is more as compared to date, but the foreign exchange earnings of date is greater than the foreign exchange earnings of mango.

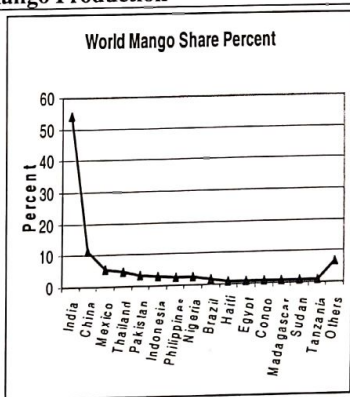
Introduction

Fruits are an important sub-sector in the agriculture sector of Pakistan. Horticultural crops constitute about 4.0% of GDP and 20% of national food production and annual fruit production is about 3.96 million tons. Only 4.77% of total cultivated land 21 million hectare is under these crops. They are estimated to be 127 million trees and 215000 orchards in Pakistan. Among the major fruits, mango occupies the second and date ranks the fourth most important position after citrus in terms of area and production 173000 hectares is under citrus, followed by mangoes, 86000, guava 47000 and date palm, 42000 hectares.¹ Both types of fruits are famous in the international market to fetch foreign exchange in

the country. An overview of the world mango production, table-1 shows the world mango production:

Table-1
World Mango Production

Country	Production (Metric Tons)	% share
India	15,642,000	54.22
China	3,306,919	11.46
Mexico	1,529,300	5.3
Thailand	1,350,000	4.68
Pakistan	937,700	3.25
Indonesia	827,700	2.87
Philippines	781,500	2.71
Nigeria	729,000	2.53
Brazil	500,000	1.73
Haiti	250,000	0.87
Egypt	232,000	0.80
Congo	206,000	0.71
Madagascar	204,000	0.71
Sudan	192,000	0.67
Tanzania	190,000	0.66
Others	1,970,000	6.83
Total	28,848,469	100



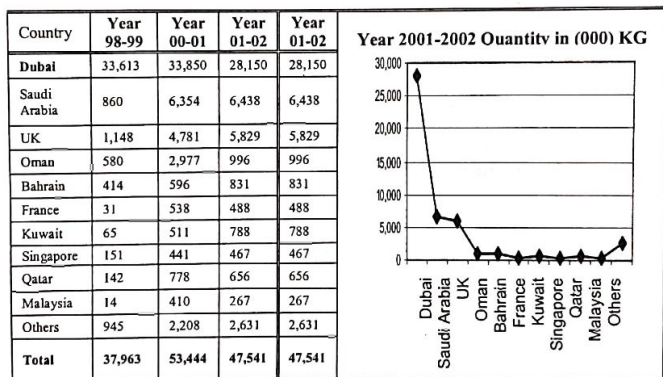
Source: World Fact Book (2003) sponsored by World Food Organization.

Above table-1, describes an overview of world mango production. Among the countries, India stands on the top and Pakistan acquires 5th position at world level. Pakistan's share of mango output stands 3.25% at world level. The export increased from 10,585 (000) kg. It shows that the export of mango has risen more than four times.

Pakistan ranks fifth in the mango production. Mango one of the most delicious and nourishing fruits has a special place in the world fruit markets and an important source of foreign exchange earnings for Pakistan. It is considered to be the most popular fruit of the Subcontinent and enjoying a prime place in the list of exportable fruits. The climate of Pakistan is suitable for substantial mango production. The area and production of mango has increased significantly during the 1980's. According to Agricultural Statistics of Pakistan 2002, the mango area has increased from 57 to 99 thousand hectares during 1980 to 2002

Agricultural Statistics of Pakistan 2002, the mango area has increased from 57 to 99 thousand hectares during 1980 to 2002 and production increased from 547 to 1037 thousands tons during the same period.² Mango yields in Pakistan are relatively low at 9-10 tons/ha. The gap between potential and actual yields is very wide. This yield gap is due to poor management practices and post-harvest losses. It has been found that the majority of growers do not follow recommendations for proper use of fertilizer, sprays and timely irrigation. Post-harvest problems include improper handling, immature fruit harvesting, and inadequate transport and storage facilities. Post-harvest losses were estimated at about 20 to 40% of the total fruit production in Pakistan. The major export markets of Pakistani mango fruit, table-2 is as under:

Table-2
Major Export Markets of Pakistani Mango Fruit



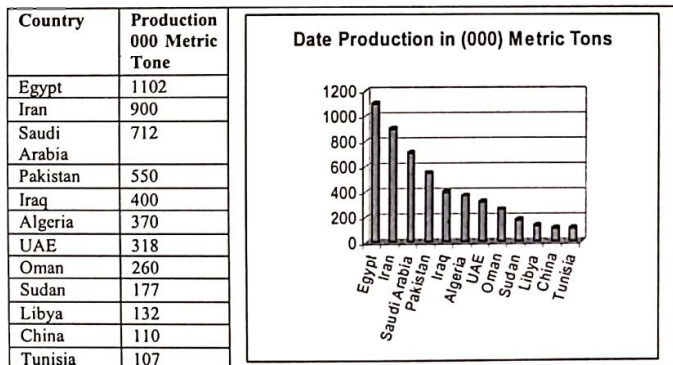
Source: Government of Pakistan, Export Promotion Bureau, Foreign Trade of Pakistan (June – July 2001-2002), Karachi , p.7.

It is clear from the above table-2 that the biggest Pakistani market of mangoes is Dubai³. Which takes 60 percent of the total export followed by 25 percent by UK, 10 percent by Singapore and the rest by other countries such as Germany, Sweden, the Netherlands and Hong Kong. In comparison, the UK and Singapore are regarded as the quality market, for Pakistani mangoes. UK also serves as a distribution point in Europe. Mango exports fetch the premium price in UK, a market that is more quality, than price conscious. A two-kilogram mango box fetches between 2.5-3 pound sterling and Rs: 185 to Rs: 222 at current exchange rate in Pakistan⁴. On the other hand, an eight kg box fetches dollar 8.50 in Singapore. During the year 2001-2002 Pakistani exports of mango recorded 53,400 tons, which brought about dollar 15 million. According to experts, the export of mango can easily reach at level of dollar 1000 million if the quality is improved.⁵

Date is one of the important fruits of Pakistan. Area wise, it is number fourth fruit of the country. Though it is generally considered poor man's fruit yet it is rich in vitamins. Dried date provide 284 calories per 100 grams and contain 72 mg of calcium, 60 mg of phosphorous and 750 mg of potassium. Dates are considered a good source of providing vitality to human body. They also provide minerals, vitamin "B" & "C". Man body immediately absorbs the invert sugar in dates without being subjected to digestion.⁶

Dates are cultivated mainly in warmer regions of Asia and Africa. The fruit is also grown in some parts of Europe and USA. Global production of this delicious fruit describe in the table-3 the top twelve date producing countries in the world and Pakistan stands the 4th among them.

Table-3
World Date Production



Source: Food Agriculture Organization, United Nations (F.A.O/UN), 2002

Rich soil, abundant sunshine and four district seasons make Pakistan an ideal place for cultivating a variety of agriculture crops. The above factors help in creating a very special taste in the farm processes, particularly in fruit mangoes, apples and dates, Makaran, Khairpur (Mirs) and D.I.Khan are major date growing regions in the country. The commercially important date varieties include Aseel, Karbala, Fasli and Kupro of Sindh, Muzawati, Begum Jangi, Jann Seore, Kehraba and Rabia of Balochistan, Dhakki and Gulistan of NWFP and seedless variety of Punjab⁷.

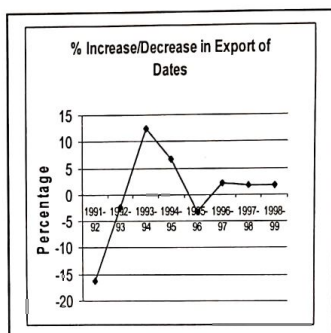
The total cultivated area under date fruit increased from 42,000 hectares to 79000 hectares during the study period from 1990-91 to 2001-2002 and the share Sindh province stood about 30% in the year 2001-2002. The output of this fruit rose from 287000 tons to 630,000 tons at the average growth rate 10%. The average export of date stood 42,039 metric tones and increased at an average growth rate 3% during the study period 2001/2002. The price of Pakistani date in international market before 1995 was \$ 0.35 per kg. But situation improved slightly from 1995 to 2001-2002. During this period an average price received \$0.42 per kg⁸. This price was lower as compared with the other countries.

Exports Date from Pakistan

Pakistan appeared on the map of date exporting countries in the beginning of 80s in that last century. Today, our country is the second largest exporter of this fruit in the world. Major buyers of this fruit include Canada, the USA, Germany, the UK, Denmark, Australia, India Bangladesh, Nepal Srilanka South Africa, Dubai, Japan, China, South Korea and North etc. Table-4 indicates the export of dates during 1990-91 to 1998-99.

Table-4
Export of Dates from 1990-91 – 1998-99.

Year	Quantity in Metric Tons	% Increase or Decrease
1990-91	49,000	-
1991-92	41,000	-16.33
1992-93	40,000	-02.44
1993-94	45,000	+12.50
1994-95	48,000	+06.67
1995-96	46,000	-03.13
1996-97	47,000	+02.15
1997-98	47,000	+01.72
1998-99	48,000	+01.70
Total	4,13,112	2.84
Average	45,901.33	0.316



Source: Government of Pakistan, Export Promotion Bureau.

Table describes that average export of date fruit stood 60,732.9 metric tons and increased at average growth rate 3.49 during the period 1990-91 to 1998-99. The price of Pakistan date fruit in international market before 1995, received \$0.35 per kg. But situation improved slightly between 1995 to 1999. During this period an average price received \$0.42 per kg. This price is less as compared with the other countries⁹.

Table- 5
Foreign Exchange Earning of Mango and
Date Fruit From 1990-91 to 2001-2002

Year	Foreign Exchange Earnings of Mango Mln. US\$	%(+)(-)	Foreign Exchange Earnings of Date Mln. US\$	%(+)(-)
1995-96	4.00	-	15.8	-
1996-97	5.80	+45	25.0	+58
1997-98	6.60	+14	27.0	+08
1998-99	6.80	+03	21.0	-22
1999-00	11.60	+71	24.0	+14
2000-01	17.00	+47	26.0	+08
2001-02	14.00	-18	27.6	+06
Total	68.8	162	166.4	81
Average	9.83	23%	23.77	12%

Source: Government of Pakistan, Foreign Trade of Pakistan 1999-2000, Export Promotion Bureau and Karachi P. 27

After analyzing both fruits, it is pointed out that the foreign exchange earnings by exporting mango and date fruit during 1995-96 to 2001-2002. The foreign exchange earnings of mango rose from 4 million dollars to 14 million dollars, which indicates an average growth rate 23 percent of foreign exchange earnings. The foreign exchange earnings of date increased from 15.8 million dollars to 27.6 million dollars which points out the average growth rate 12 percent of foreign exchange earnings of mango is more as compared to date, but the foreign exchange earnings of date is greater than the foreign exchange earnings of mango¹⁰.

Conclusions

After analyzing both fruits, it is pointed that there is some thing very wrong with our production, processing and marketing. Both fruit can increase the foreign exchange earnings, if production, processing and marketing are improved. In the same way the growers can increase their income by improving the quality as well as output of the both fruits.

The export of date fruit rose from 49,000 metric tons to 62,725 metric tons, which shows an average growth rate 3 percent. Similarly, the export of mango increased form 101 million kg to 408 million kg, which indicates an average growth rate 16 percent during the study period.

The foreign exchange earnings of date fruit increased from 15.8 million dollars to 27.6 million dollars, which indicates an average growth rate 12 percent. In the same way, the foreign exchange earning of mango went up from 4 million dollars to 14 million dollars, which shows an average growth rate 23%. The foreign exchange earnings have been enhanced due to increase in both fruit.

The survey was conducted in district Khairpur for date fruit and for mango fruit in district Mirpur Khas. Various questions were asked from the growers regarding improvement in production, quality, marketing, input facilities, technical know how facility, credit facility etc. Mostly all were complaining that due to non-cooperation of government institutions there per hectare yield is low as compared to other countries.

This farm industry provides seasonal jobs to about 0.2 millions people for about 2 months in district Khairpur and Mirpur Khas.

The method of selling and exporting is built in many years, mostly, a grower sells the standing crop to pre-harvest contractor who arrange its harvesting and marketing. A small percentage of fruit is packed for export at production points. Generally, exporters buy fruit from the wholesale market and then place it for export. Unfortunately, our fruit reaches there in poor condition due to the lack of knowledge. Variations in temperatures at dock, and at storage and transportation stages result in damaging the fruit. In reference to trade volume Pakistan stands at the bottom due to poor export consignments, both quality and packaging wise.

Problems

a. **Perishable Product.**

The exporters have very limited time to ship the produce and are forced to export whatever the quality available in the local markets. It is also important to note that due to absence of basic infrastructure large supply orders cannot be entertained.

b. **Lack of quality processing and packing.**

The exporters are being not provided at all such facilities or if provided at un-economical rates to meet international specification standards.

c. **Weak marketing and standardization.**

Marketing of manages on international level and export is being done without any established brand name.

d. **Mismanagement of flight and demand schedule.**

As the international flights have very low capacity to load the export material and there is any capacity than the delivery is not on the time. Because of this the orders get cancelled.

e. **Heavy shipment cost.**

The charges from the commercial flights on are very high, so it increases the price of the mango abroad. The sea route is very cheap but the mango from Pakistan is not much strong that it can export through sea.

f. **Mostly the date exporters are also facing the same problems.**

From the results three categories of problems are noted. No.1 and 2 are related to growers that deteriorated the output of orchards and the third is related to exporters.

1. Pre-harvesting Operation:

- a) It relates to cultivation.
- b) Selection of variety.
- c) Research.
- d) Fertilizers.
- e) Pesticides etc.

2. Post-harvesting Operation

- a) It relates to picking.
- b) Handling.
- c) Grading.
- d) Storage.
- e) Marketing.
- f) No guidance is available from the government side.

3. Exporters Problems:

- a) Lack of transport facilities.
- b) Improper policy for export of fruit.
- c) Difficulties in getting visa to visit the import market.

Recommendation

Position of Date and Mango Fruit at world level: Pakistan has achieved 4th position in date production and the 5th position in mango production at world level:

1. Increase in cultivated area of date and mango fruit.

The cultivated area under date fruit rose from 42000 hectares to 79,000 hectares and the cultivated area under mango fruit increased from 85000 hectares to 99000 hectares during the study period.

2. Increase in production and yield per hectare.

The total production of date increased from 2, 87, 000 tons to 6, 30,000 tons. It shows an increase of more than double output. Similarly, the per hectare yield rose from 07 tons to 08 tons which indicates a negligible increase in per hectare yield. The total output of mango fruit rose from 7,76,000 tons which indicates an increase at the average growth rate 2.5 percent. In the same way, the per hectare yield increased from 09 tons to 10 tons which shows an average growth rate about one percent. During the study period, it is pointed out that an increase in both fruit achieved due to expansion of cultivated land and not an increase in the per hectare yield. The export of date fruit rose from 49,000 metric tons to 62,725 metric tons, which shows an average growth rate 3 percent. Similarly, the export of mango increased from 101 million kg to 408 million kg, which indicates an average growth rate 16 percent during the study period.

The foreign exchange earnings of date fruit increased from 15.8 million dollars to 27.6 million dollars, which indicates an average growth rate 12 percent. In the same way, the foreign exchange earnings of mango went up from 4 million dollars to 14 million dollars, which shows an average growth rate 23%. The foreign exchange earnings have been enhanced due to increase in both fruit.

3. Improving export.
 - a) High Quality Product.
 - b) Infrastructure Facility.
(Like Transport, Grading, Cold Storage Facility etc. Air Transpiration near the Production Area)
4. Technical Know – How and information.
5. Visa Facility to exporters.
6. To set up palm development institute.
7. To establish tissue culture laboratories.
8. To Encourage date exhibitions.
9. To form date exporting consortium.
10. To provide facility of dry port at Khairpur.

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