

CLUSTER PROFILE

HONEY, TARNAB



Turn Potential into Profit

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Table of Contents

1	Description of the Cluster	1
1.1	History and Background of the Cluster.....	1
1.2	Description of Products.....	1
1.2.1	Honey Combs.....	1
1.2.2	Liquid Honey	1
1.3	Core Cluster Actors.....	2
1.3.1	Small Scale Organizations	2
1.3.2	Medium Scale Organizations.....	2
1.3.3	Large Scale Organizations	2
1.3.4	Total Sales Turnover.....	2
1.3.5	Total Employment Generation.....	2
1.4	Geographical Location	3
1.5	Current Cluster Scenario	3
2	Analysis of Business Operation	4
2.1	Production Operation- Process Flow.....	4
2.2	Raw Materials Availability	4
2.3	Technology Status	4
2.4	Quality Assurance	5
2.5	Marketing and Sales	5
2.6	Financing.....	5
2.7	Human Resources.....	6
3	Institutional Setup.....	6
3.1	Entrepreneurs Associations	6
3.2	Government & Semi-government Organizations.....	6
4	SWOT Analysis	6
4.1	Strengths.....	6
4.2	Weaknesses	7
4.3	Opportunities.....	7
4.4	Threats.....	7
5	Investment Opportunities	7

1 Description of the Cluster

1.1 History and Background of the Cluster

Honey has been used in Peshawar for a long time but it was produced only for home use. People have been using honey for healing purposes and as a sweet dish for table. Afghan people migrated to Peshawar and they were jobless so in order to provide jobs to them Honey beekeeping was first started on commercial bases in 1982 by UNICEF. They took keen interest and developed this business. With the passage of time local people also got motivated in this sector and now there are about 80% Afghani and 20% Pakistani people engaged in honey business.

Cluster of honey is spread over the city but major hubs are near Tarnab farm whereas the market for finished products is International Honey Market which is situated on G.T Road at a distance of approximately 10Km from Peshawar. This market was established in 2009 and is the largest honey market in Pakistan. Honey is distributed from here to all parts of the country and abroad. There are round about 300 shops on two major locations at a distance of 5 KM in-between. About 23 shops deal in honey exports and remaining of the shops deal locally and nationally. Almost all of the honey shops of International honey centre also sale the honey bee farming equipment.

1.2 Description of Products

The honey varieties are available at Tarnab in shape of honey combs and liquid honey.

1.2.1 Honey Combs

The Iranian honey combs are sold in plastic boxes whereas the local honey combs are traded in plastic bottles.

1.2.2 Liquid Honey

Raw honey is brought to the Tarnab market in liquid form and except Bair honey all other varieties are processed by conventional methods and filtered. These include:

- Ajwain: Swat
- Bair (Jujube): From Attock, Domail, Fateh Jhang, Karak, Kohat, Lucky Marwat, Mianwali, Nowshehra, and Talagung.
- Bhekar: Azad Kashmir, Fateh Jhang, Kharian

- Palosa (Acacia Modesta): Attock, Azad Kashmir, Fateh Jhang, and Kharian
- Malta (Orange): Bhalwal and Sarghoda

1.3 Core Cluster Actors

1.3.1 Small Scale Organizations

These are about 50 small businesses engaged in retailing of honey. These include the general and grocery stores, bakeries, and the small shops within plant nurseries. With an initial investment of Rs. 0.3 to 0.5 Million their annual sales turnover is estimated to be about Rs. 1 Million.

1.3.2 Medium Scale Organizations

Over 300 honey wholesale businesses are concentrated at two places of Tarnab on GT Road, that is, the wholesale cluster at Jhagra, and the Tarnab Chowk. Though their main business is the wholesale of the honey and apiaries' equipments but they also retail the honey. Average investment for this category is around Rs. 5 Million.

1.3.3 Large Scale Organizations

There are around 23 large scale exporters supplying Jujube Honey to the Middle East. The required minimum investment for such type of business is Rs. 60 Million.

1.3.4 Total Sales Turnover

The Total annual turnover of the cluster is about 18,000 Tons, of which the Jujube (Bair) honey export to Middle East is around 10,000 Tons.

1.3.5 Total Employment Generation

Business	Number Operational	Average Employment	Total Employment
Small Scale Organizations	50	01	50
Wholesalers	300	03	900
Exporters	23	06	138
Total Employment in Cluster			1,088

1.4 Geographical Location

Though the honey sales is spread throughout the GT Road, but there are two main spots where the honey shops and offices are concentrated, namely the Jhagra and Tarnab Stop. These are located at East of the Peshawar city at a distance of 10 Km.

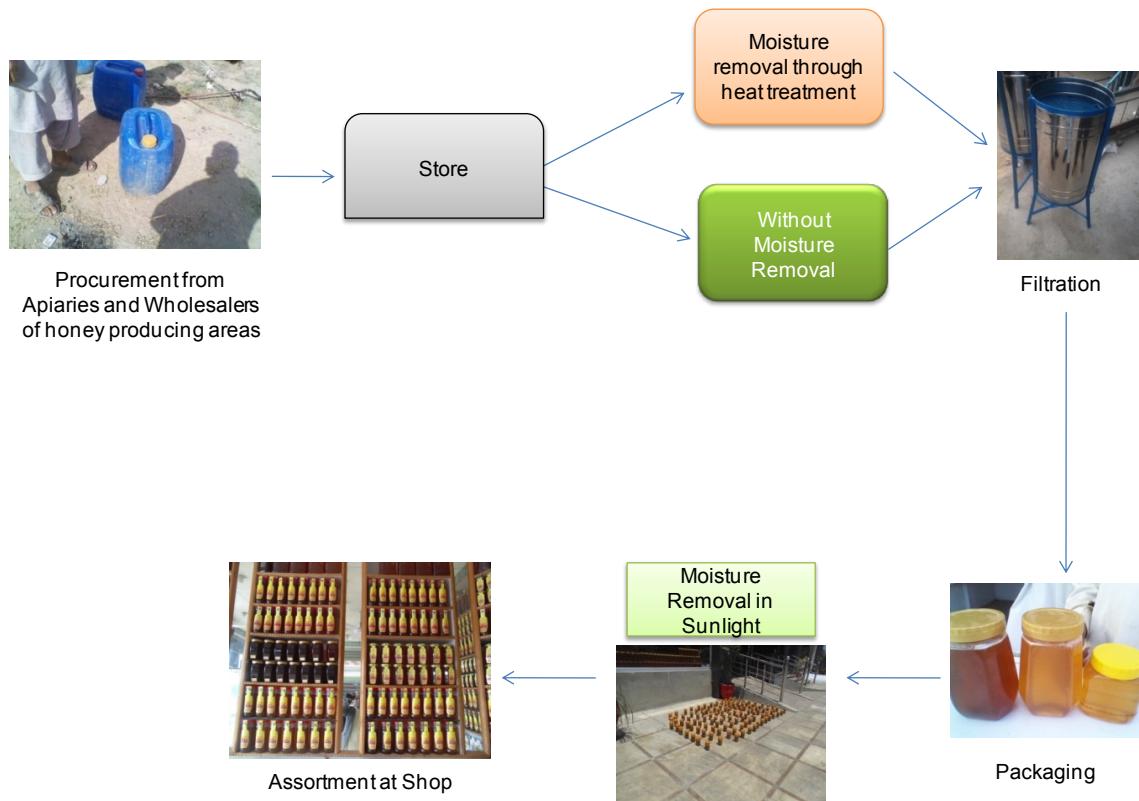
1.5 Current Cluster Scenario

The honey cluster is growing in terms of number of apiaries and hence the honey production and exports. The Bair honey is supplied throughout the country but major export market is the Middle East. Due to the concentration of apiaries in the Bair flora season in the district, the honey from Punjab is also brought and sold to the exporters. Road side honey kiosks on Indus Highway are also increasing in number.

The exploration of oil and gas within the district has resulted in the availability of gas for the cooking purpose. This has reduced the deforestation of the Bair groves, but still there are villages without gas, so the process could not be eliminated. In addition to this, the cutting of trees for land fencing purpose and leaves for the ruminants' feed poses a danger to the Bair trees population.

2 Analysis of Business Operation

2.1 Production Operation- Process Flow



2.2 Raw Materials Availability

The honey production raw material is totally indigenous, procured from Apiarists during different flora seasons. All of the wholesalers purchase the plastic bottles and food grade cans in bulk from the markets of Multan and Lahore. Recently the trend of glass bottles started with few suppliers importing containers from China.

2.3 Technology Status

Honey is either treated for moisture removal through conventional heating methods or left unprocessed. However, the filtration is done in all cases in inferior quality steel drums purchased from a local vendor at Tarnab.

2.4 Quality Assurance

Almost 95% of the local sales is without any certification backup. Only the exporters and in some cases the suppliers of superstores get their product tested from the PCSIR Laboratory.

2.5 Marketing and Sales

Marketing and Sales				
Product	Quality	Target Market	Packaging	Price/Unit (Rs.)
Bair (Jujube)	1 st Cut	Domestic Retail, Hakeem	Non Food Grad Plastic Bottles (1/2 Kg and 1 Kg)	900-1,000/Kg
	2 nd Cut & Low Quality 3 rd Cut	Domestic Wholesale, Retail	Non Food Grad Plastic Bottles (1/2 Kg and 1 Kg)	1,200-1,500/Kg
	High Quality 3 rd Cut	Middle East	Food Grade Cans (7, 9, & 30 Kg)	2,300/Kg
Palosa (Acacia Modesta)	-	Domestic Retail, Honey Processing Companies	Plastic Bottles (1/2 Kg and 1 Kg)	250-700/Kg
Shawtal (Berseem)	-	Domestic	Plastic Bottles (1/2 Kg and 1 Kg)	250-700/Kg
Ajwain (Lovage)	-	Domestic	Plastic Bottles (1/2 Kg and 1 Kg)	600- 800/Kg
Malta (Citrus)	-	Domestic	Plastic Bottles (1/2 Kg and 1 Kg)	250-600/Kg

2.6 Financing

Normally the financing is the equity of the sole proprietor or partners. With the PM Youth Business Loan Scheme has made the availability of low cost loans possible for investors, but due to the interest concept the sector is not availing the option.

2.7 Human Resources

The majority of wholesalers and retailers perform the counter selling on their own and unskilled labor is used mainly for handling, and loading unloading purpose. The trend of employing managers or accountants is absent.

3 Institutional Setup

3.1 Entrepreneurs Associations

The honey wholesalers and retailers of this cluster are registered with the “All Pakistan Honey Bee Keepers and Shahd Traders Association” having its office at Pak International Honey Trade Centre of G.T. Road, Peshawar.

3.2 Government & Semi-government Organizations

The SMEDA mainly acts as a facilitator and stimulating agent for the capacity building through individual and group interactions. Recently, it has mobilized investment from the cluster for establishment of a state of art honey processing centre at Tarnab under the matching grant of MDTF-ERKF. For honey quality testing, the PCSIR laboratory is available on certain official fees. The export market access services of the TDAP can also be considered by the investors.

4 SWOT Analysis

4.1 Strengths

- Honey of different varieties available from domestic apiaries. Jujube honey for quality conscious customers fetch higher profit margins and those of other 05 varieties for price conscious consumers ensures high sales turnover throughout the year.
- Jujube honey recognized and demanded in the Middle East due to its quality.
- Location on main GT road assures visibility and increased sales.

4.2 Weaknesses

- Reliance upon conventional substandard moisture removal process.
- Substandard filtration drums.
- Poor packaging in shape of non food grade plastic bottles resulting in quality issues.
- Consumer awareness is a problem. The crystallization of honey on low temperatures is considered to be an adulterated one rather than realizing the value of raw honey.
- Absence of proper marketing campaign and only focus upon point of sale trading.

4.3 Opportunities

- The lucrative markets of the European Union are still not approached by the Pakistani exporters.
- The manufacturing of food grade cans is the need of wholesalers.

4.4 Threats

- ✱ Frauds by few exporters deteriorating the Pakistani honey image in existing markets of Middle East.
- ✱ The uncertain situation at Saudi Arabia with reference to Yemen may remain to be a threat for exporters until this is converted into opportunity by increased brand awareness about Pakistani product.
- ✱ Increased number of imported honey brands.
- ✱ Unavailability of qualified entomologists for apiaries limiting the average honey production and hence supply to the wholesalers.

5 Investment Opportunities

- Investment in Medium scale unit of food grade cans and bottles production.
- Bees wax combs manufacturing unit
- Modern honey extraction units with strong backward linkages and modern machinery and HACCP certification.