



প্রথম আলো

Bangladesh Dairy: Challenges and Opportunities



Prothom Alo and CARE Bangladesh organized a roundtable titled "Bangladesh Dairy: Challenges and Opportunities" on December 4, 2016. Here we publish a summary of the discussions.

-Editor



Narayan Chandra Chanda, State Minister for Fisheries and Livestock, Government of Bangladesh

The dairy industry of Bangladesh holds great potential for sustainable development of the country. The government alone cannot ensure growth of this industry. We need support from all the operators (farmers, collectors, milk traders, dairy processors)

and supporters (livestock health workers, input suppliers, and government and non-government institutions) of the dairy value chain. We have to create an ecosystem where all the stakeholders can smoothly interact and support each other. I believe that the Strengthening the Dairy Value Chains (SDVC) project of CARE Bangladesh is a valuable initiative in this regard. This type of project should be expanded all over the country.



Jamie Terzi, Country Director, CARE Bangladesh

SDVC is one of the most successful projects of CARE Bangladesh. It has been operating since 2007 with the support from Bill and Melinda Gates foundation. We have provided support to more than 52,000 households who have direct contribution in the dairy industry. We have operated the project in nine districts in north and

north-west of Bangladesh. In this project, we have focused on improving milk consumption, ensuring better market access, improved and increased access to higher quality livestock input and services and access to updated information. Private sector and market based solutions are key parts of this process. This project has worked very closely with Aarong Dairy of BRAC which is the second largest dairy processing company in Bangladesh. Under this project we have installed 111 digital fat testing machines in different areas of northern Bangladesh to ensure better quality, better services and higher income for families involved in producing milk. We need to think beyond that families having one or two cows will be able exit poverty. Rather we should focus on how we can strengthen the total value chain of dairy sector so that we can support people across the board.

The SDVC project is really making a great impact. It actually has massive impact on the way BRAC's business is being operated leading to decreased operational cost and increased quality of their products. The producers involved in this project actually supply 55% of BRAC's total milk collection. Those households have also seen 164% increase in their income and produced 2.3 times more milk than households not involved in this project. These are big changes that we would like to draw your attention. We want to share this learning with others so that more families can benefit from this knowledge.

One of the core objectives of the project was also to empower women both economically and socially. They definitely benefited from this project with 116% increase in cow ownership. This is indeed a significant change. We want to work with the government and other organizations to scale up various positive interventions in the dairy sector. We want to assist the government in formulating an effective dairy development policy. We need to bring a systematic change to the dairy value chain and the entire dairy sector of Bangladesh.



Mohammad Anisur Rahman, Director General of BRAC Dairy and Food Project

I want to focus on the need for proper knowledge management in dairy sector. We are lacking far behind in this regard. Our farmers do not have much knowledge about various veterinary supports, particularly breeding and cross breeding, quality of milk, feed and financial services. The existing government support only cover 50-60% of the sector due to resource constraints. We do not have efficient service management system. Dairy farmers have very limited access to financial services. They hardly get loans from commercial banks.

Every day around 18 million litres of milk are produced all over the country, but only 7 percent of it is sold to milk processing companies and the rest at local markets. Every year, Bangladesh import 65-70 thousand metric tonne powder milk, equal to 17 lakh litres of liquid

milk, worth 2 to 2.5 thousand crore taka. So there is a good opportunity for the local dairy industries to contribute to this gap. Even if the local processing industries triple their output it would only offset the import. The National Dairy Policy is waiting for final vetting. It needs to be finalized soon. We do not have any single contact point for processing and commercialization which is critical for ensuring proper coordination among various operators of the dairy value chain. There is also confusion in setting standard for dairy products. Currently we follow BSTI. But the Safe Food Act requires a different standard. It often creates confusion and hassles for the processing industry. There should be a single standard testing mechanism for dairy products.



Md Ainul Haque, Director General, Department of Livestock Services

People need to be encouraged to have more milk. At present per capital milk intake is only 150ml while the required amount is 250 ml. (reference: FAO)

Considering the importance of knowledge management, the government has taken various initiatives to provide training to dairy farmers at the grassroots

level. We have already trained 12 lakh farmers on various aspects of dairy production such as semen, feed, and vaccines. With the support of Bangladesh Bank the farmers are getting low interest loan for cow rearing.

Our farmers mostly suffer from lack of proper marketing facility. We want to build an organized milk marketing system to address this problem. Private sector has a big role to play in this regard. Currently, we are planning a project with the World Bank on strengthening the value chain system in the dairy sector. Soon we will finalize the dairy policy. A dairy board is going to be established where representatives of milk producers and processing industry will be included.



Ambia Khatun, A dairy farmer from Pabna

With the support of CARE and BRAC we are doing very well. Now we have better knowledge about cow rearing, veterinary services and quality of milk. I have bought extra four cows with the increased income and support from SDVC project. Still we face problems in getting loans from banks. The dairy inputs market is very volatile. We

need more support from government veterinary institutions.

Because of being women, we face difficulty in getting loans from banks. It requires 4-5 cows for getting loans and they also ask for land registration documents which we do not have. Women should be given priority in loan schemes as they play a major role in this sector. The concerned authorities should also provide better veterinary facilities and reduce prices of feed.



Mostafa Nurul Islam, Team Leader, SDVC Project, CARE Bangladesh:

Quality breed of cow is among the vital issues in the dairy sector, rearing the local variety costs comparatively more due to different complications. On the other hand, the scarcity of workforce at livestock health sector is severely noticed; literally the ratio is 1: 10000 for livestock health workers (LHW) and cattle respectively. This force of LHW is also responsible for attending the buffalo, sheep and other domestic animal as well. Hence, it is now an important factor to enhance the services and service providers to meet the full demand of milk which is now fulfilled in 50% of the necessity.

Government can bring attention of the youth through training them on livestock healthcare which can be a dual initiative to eradicating unemployment and fulfill the necessity of skilled workforce at livestock healthcare.

At our end we are providing 10-day basic training to farmers. Pran has also established a dairy academy to develop the capacity of dairy farmers. We also want to draw your attention at the point that these trainees are now successfully providing services which brought them an average income of BDT 25000. Still we need a lot more investment and government's concern in this sector to reduce this staggering gap.



Golam Mostafa Nantu, Director, Milk Vita

Dairy should be considered as a thrust sector. The government needs to allocate more funds for strengthening the dairy industry. At present, we provide Tk 11 lakh for establishing a model farm and Tk. 120,000 for buying a cow. Still it is inadequate. That's why banking institutions should come forward to provide loan at a low interest rate. The

government should expedite the cow registration process so that farmers can get cow insurance benefits. Farmers also suffer from the scarcity of grazing land. The government can lease them khaslands for this purpose.



Hasan Imam, Chairman, STEP.org

Our organisation provides four cows and a bio-digester to a family. It significantly increases their income. It reduces their fuel expenditure. It also contributes in reducing lungs-related problems of children as burning coal and wood seriously affects them. If we take a holistic approach in all our interventions we will be able to create

more impact. If the government creates a special fund for dairy industry, the distribution cost of loan will decrease significantly. We also need to introduce modern technologies in dairy sector to ease pressure on women because in most families women are burdened with the task of rearing cows in addition to their daily household works.



Rakibur Rahman, Chief (Extension), Pran Dairy

Pran Dairy has established dairy hubs in various districts to collect and preserve milk. It is playing a significant role in strengthening our marketing channel. We have a plan to expand it to other areas. The government support is critical for sustaining these initiatives. Gas and electricity connections need to be made available and affordable. At present we are paying

the utility bill of chilling plants as a commercial business unit rather than SME where as we are running those as small enterprises. We also urge the government to reduce duty on imported raw materials for dairy sector.

Pran has established a dairy academy for creating human resources. There should be more such institutions to train dairy farmers.

The existing import duty on dairy products is very low. It is a barrier for the robust growth of local industry. The importers are not interested in investing in local dairy industry. There must be a link between importers and local producers.



Dr. FH Ansarey, Executive Director, ACI Agribusiness, ACI Ltd.

The government should take strong initiative to prevent livestock illness, such as foot and mouth diseases and worm, as the milk production significantly decreases when cattle are attacked by such diseases. Farmers need to be made aware about the hygienic practices of cattle rearing.

It is also important to involve private sector in breeding technology. A mixed breed gives 6.5 litres of milk every while for a local breed it is only 1.5 litre. Private sector is leading the innovations in poultry and fishery sector. Similar improvement can be expected if private entrepreneurs are entrusted with the lead in dairy sector. It will also attract more companies to invest in dairy.



Maruf Azam, General Manager, KrishiUtsho

Our farmers are not interested in good breeds as they do not see much business in it. They often do not get good prices for their products. We have to increase the capacity of our supply chain so that farmers can get better access to market and get better price countrywide. We also need to care

about how the farmers are spending their incomes from

selling milk. They are not aware about formal banking channel. We have to connect them with financial institutions so that they can take cow rearing as a business enterprise. There is an urgent need for creating a national database for milk producers. It will help us take informed decisions about this sector.



Anowarul Haq, Director, Extreme Rural Poverty Programme, CARE Bangladesh

In the national dairy policy the government has incorporated fat based value assessment system. It can enhance quality of milk as well as accountability of milk procurement by processors in the dairy sector. We have

piloted the digital fat testing system with BRAC's Aarong Dairy. The price of milk is determined based on the percentage of fat content in milk. Producers are now selling milk even at a rate of TK 54 per litre. As a result, they are inspired to increase both quality and quantity of their milk. For the interest of dairy sector, this fat based milk procurement system should be scaled up all over Bangladesh. We are happy to share this technology and required technical support if any processor is interested.

Dairy should be declared as a "thrust sector". This sector can contribute to achieve a number of sustainable development goals. It is positively contributing in poverty reduction, creating new livelihood opportunities, securing food and nutrition and enhancing gender equality. These contributions have been recognized in various learning documents of CARE.

We need to reduce our dependency on imported powder milk. We need to develop a longer term plan for this. We have to strengthen our local dairy industry to increase production. The government should set a target for achieving self sufficiency in dairy production. The import duty should be set in a way so that local producers can grow whilst general consumers do not suffer and we can gradually reduce dependency on imported powder milk. At the same time, required infrastructure for milk marketing and market-led investment should be inspired. We should remember that we had 200,000 metric ton yearly production of milk in the year 2000. Now it has increased to 720,000 metric ton. That means, thousands of households are now engaged with the dairy sector. Government should be proactive to protect the interest of these households. The national dairy board is almost dysfunctional. It needs to be made effective. It can play a critical role in ensuring coordination among different stakeholders of dairy industry. If, for any reason, it cannot be activated, a national coordination committee should be formed comprising of representatives from Government and Non-Government Institutions, social and commercial enterprise and producers. This committee can regularly recommend how to address emerging challenges of the sector and monitor progresses on a regular basis.

Narayan Chandra Chanda

We are establishing more veterinary institutions to create human resources in dairy sector. More training programmes need to be launched.

At the policy level, we will make guidelines for ensuring quality of medicine and feed for cattle. We will seriously consider your proposal for using khasland for grazing. New charlands can also be leased for this purpose. I have to consult with different ministries before taking any decision on import duty. Other than Child feed, we can increase duty on dairy products. Other ministry involvement is also needed for dealing the utility services as well. You can submit your recommendations to my ministry I will try to raise the issue in our ministry level meeting.



Abdul Quaiumm, Associate Editor, Prothom Alo

It is clear from today's discussion that there needs to be a strong partnership between public and private sector to boost the growth in dairy sector. We have got valuable recommendations from the sector specialists and the government. As a media we will follow up implementation of these recommendations. We will do more reports on the prospect and challenges of dairy industry