

Dairy Industry trends in Sri Lanka

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Abstract

Milk is inherited by the nature as a much tasted drink as well as high nutritious liquid food. Milk is consumed the every man at least one time in their duration of life. As an agricultural country, the dairy industry of Sri Lanka has survived in thousands of years. Prior to adopt the open economic policies in 1977, Sri Lanka had become self sufficient in milk. After adopting the open economic policies, imported milk products were attracted to consume exceedingly since they had very lower prices. Therefore, the demand for domestic dairy products had fallen and the dairy farmers were discouraged. Then dairy industry in Sri Lanka was subject to recession and it had made many harmful effects to the economy. Hence, this article is focused on understanding the current situation of the dairy industry, identifying the problems and prospects of this sector and adduce the suitable policies and programmes for develop the dairy industry in Sri Lanka.

Key words: Dairy Industry, Sri Lanka, Domestic production, imported milk products

Introduction

The dairy industry is one of the most important industries in Sri Lanka that is potential to develop the economy. Milk is known to be high nutritious liquid food and much tasted drink. it is played an important role to reduce the malnutrition and improve the nutrition level. Milk has included nine nutritious with high protein and calcium mainly that is needed to human body. Recent medical researchers have found out that there are positive correlations between fresh milk consumption and the reduction of risk for coronary heart diseases and strokes. Fresh milk can also provide benefits in weight management. (Alwis et al, 2009) In addition, milk is the major source of calcium and adequate calcium consumption is essential for optimal bone density and prevents osteoporosis (Bus and Worsley, 2003). The man is the

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only one who is consumed milk from birth to death. Normally it is said that drinking 200ml of Milk one person per day is best.

In Sri Lanka the dairy industry has survived in thousands of years. Prior to adopt the open economic policies, the domestic sources of milk provided about 80% of consumption needs of the country. When the Government adopted the open economic policies since the 1977, the consumption of dairy products has increased dramatically. At present Sri Lanka is self sufficient about 40% with domestic Source of milk products and it is needed to import about 60% of milk products to fulfill the domestic requirements.

Milk as a drink, both in and out of the home, has endured ruthless competition from soft drinks. Their range of products, packaging and availability has increased and their low material costs enable them to be extensively promoted (Wham and Worsley, 2002). Also, In Sri Lanka, current fresh milk consumption is not much significant and there is a higher demand for powdered milk since fresh milk is more expensive than the powdered milk and there are huge campaigns to promote the imported milk powder in different brand names. Therefore majority of the consumers are depended on the imported milk products and it is caused to leak the much-needed foreign exchange from the country. Whence it is essential to promote the domestic milk and milk products to improve the dairy industry in Sri Lanka towards develop the economy. By developing the dairy industry, it is created employment opportunities extensively and helps to reduce the rural poverty and nutritional problems. Therefore, development of the dairy industry is an appropriate necessity.

Current Position of the Dairy Industry in Sri Lanka

In Sri Lanka, most of the dairy farmers are engaged in dairy industry as an extra income source and it is happened in small scale. As a result, the domestic milk production has increased by very small proportion. Total milk production in 2015 was an estimated 374.4 million liters, up 12.1 percent from the previous year, with approximately 305.4 million liters supplied by dairy cows. Around 56% of the total milk produced in Sri Lanka is collected by processors and entered the formal milk market together with the imports. The balance of the domestic milk production about 44% is owned by informal sector and it is retained the dairy farmers for their own consumption needs and sell to their neighbors.

However, total milk production is provided only about 40% of the domestic requirements of milk. Approximately other 60% is imported to fulfill the domestic consumption needs.

Table 1 : Milk Production in Sri Lanka

Year	Annual Milk Production (Liters Million)		Total Annual Milk Production
	Cow Milk	Buffalo Milk	(Liters Million)
2010	191.9	55.6	247.55
2011	203.45	54.8	258.3
2012	237.6	61.6	299.25
2013	265.16	64	329.16
2014	272.9	60.99	333.9
2015	305.39	69.05	374.44

Source: Department of Census and Statistics, Sri Lanka

Table 2: Imported Milk Production in Sri Lanka

Year	Quantity of imported Milk and Milk products (Metric ton)	Value (Rs Million)
2009	63,873.5	18,608.7
2010	75,482.6	29,029.4
2011	87,381.6	37,882.9
2012	83,817.7	39,023.0
2013	69,452.4	37,572.1

Source: Department of Census and Statistics, Sri Lanka

Although milk production is increased year by year, it is also needed to import the milk products to fulfill the consumption necessities. Hence, considerable part of the foreign exchange is leaked from the country. However In 2013, the imported milk products are decreased than the before year. It can be concerned that importation of milk products is possible to reduce moreover by developing the milk production in Sri Lanka.

Although, few countries such as Australia and New Zealand produce milk products for exports, developed countries such as USA, France and Germany are produced milk for their own consumption. As a result, only around 5% of the milk production in the world is actually available for international trade (Ranawana, 2008). Therefore, most countries including Sri Lanka are impossible to cover their consumption needs from own dairy production and they are inclined to import the milk products. Powdered milk is the main product that is imported to Sri Lanka.

Milk is most popular drink in Europe, North America, Australia and South Asia. The annual per capita consumption of milk in the developed countries is 200 kg or more and it is much higher than the developing countries. The annual per capita consumption of milk in the developing countries is about 40kg (Ranawana, 2008). According to the medical opinion, the annual per capita consumption of milk is 41.6kg. That quantity has become 36kg for Sri Lanka and it is lower than the medical recommendation (Balasooriya, 2014). Although, In Sri Lanka, per capita consumption of milk is lower, it is unable to fulfill by domestic source of production because of increase the demand for milk by higher ratio than the production of milk increase.

The problems of the Dairy industry in Sri Lanka

In Sri Lanka, A higher proportion of the dairy requirements are imported from other countries such as Australia and New Zealand since the domestic milk production has not sufficient. The main constraint that affect to the dairy industry development is lack of the fodder and low milk prices. The farmers have not enough spaces for feed the cattle because there are not allocated lands for cattle farming. Hence, fodder such as grass is not ample for cattle and the farmers have to buy fodder in the market. In this case, cost of milk production is very high and price of milk is very low. Then dairy farmers can not earn considerable profit in dairy industry and they are not carried away to raise the milk production.

There are five agro climatic Zones in dairy farming such as Dry zone, Wet low country, and Hill country, mid country and Coconut triangle. The best animals are found in the Hill country due to the milder climate and milk production is mostly from animals of pure European breeds with a potential yield of 20 liters per day. The majority of these animals are found on tea plantations maintained by the workers for an additional income. There is constraint that lack of good quality fodder and their financial resources only allows limited supplementation. There are not available grasses on the tea plantation. Therefore milk production is able to yield of 9 liters only per day (Ranawana, 2008). Due to the poor feeding of stock and low level of the farmer knowledge, the productivity of the animals has been deficient.

The government is supplied services to the dairy farming through the providing information, supplying calves, helping to construct sheds and involving to control the epidemic diseases. The next problem of this industry is dairy farmers cannot obtain the services on time because of the conventional inefficiencies of the government. And also there has not facilitated for the investment of the livestock sector due to the lack of financial services and poor support of the state. Therefore farmers have been incapable to raise the milk production.

At present, most part of the living expenditure is belonged to expenses of the powdered milk. The majority of the consumers are used to consume milk powder instead of fresh milk and they are incapable to appreciate the value of fresh milk. Because, when the fresh milk heat for attain the powdered milk, some nutritive values are escaped by that heat. Although, fresh milk is the best as a raw form, there is higher demand for full cream powdered milk. The domestic supply of powdered milk is not sufficient for that demand and importation of the powdered milk has been very essential.

Furthermore, the cost of the imported milk powder is lower than the fresh milk because of the powdered milk import due to the low tariff. According to Glanz (1998), after taste, cost was the most important influence on food choice. Elbon showed that participants in a community wellness programme in the USA said they would drink more milk if it were less expensive (Bus and Worsley, 2003). Although it has been higher prices for fresh milk, the farmers have very low price for their milk.

In this case, it is difficult to raise the domestic production of milk and undesirable effects are made to the balance of payment in Sri Lanka through the cost of imports raised.

The Policies for develop the dairy industry in Sri Lanka

At imposing the policies in a country, it is must considered about the Socio-economic situation, Availability of resources, Organization and institutes and Availability of techniques in that country. Facilitate to the dairy farmers, fortify the production institutes, creating a competitive industry structure for all related activities, and forbid the killing cattle and Relevant fiscal policies are key concepts of raising the dairy production.

The major problem is that farmers are faced in the dairying, the lack of the fodder because of the deficit in pasture. Therefore, state has to allocate some lands for pasture and cultivate the high nutritious grass. As well as the government has to help farmers to create sheds and control the diseases. Similarly, Introduce the new technology to the dairy industry may help to increase the productivity and profitability of the dairy production.

The state has to raise the tariff on imported milk products in order to discourage the consumption of them. As a result, the reduced cost of imported powdered milk can be referred to develop the domestic dairy industry. Milk consumption are always influenced the Positive perceptions of milk. Hence, promote the domestic dairy products and create a fresh milk consumption culture is necessary condition since the powdered milk is the most popular dairy product that is imported.

Furthermore, the government should be assessed the equitable price for milk got by the farmers. In this case, dairy farmers are trended to compete for raise their production. As a result, consumers will be got an opportunity to consume milk products in reasonable prices and it is affected to increase the demand for domestic dairy products as well as dairy industry development.

Summery

The dairy industry is one of the most important industries in Sri Lanka that is potential to develop the economy. Since 1977, consumption of the dairy products is increased rapidly and domestic requirement of milk is unable to fulfill by domestic production.

In this case, imported milk products are being the necessary goods although the dairy industry of Sri Lanka is possible to develop. Hence, it is required to pay attention among the suitable policies and strategies in order to develop the Sri Lanka's dairy industry.

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