

Higher Cost of Milk Production in Nepal than in China and India

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ABSTRACT

The dairy sector in Nepal is largely dominated by smallholding farmers that are located in the remote areas characterized by valleys, hills and higher mountains that are away from road heads, and difficult terrains and not organized in nature. The unorganized mixed farming accounts for over 90% of total milk production. By tradition, majorities of farmers are keeping an average of 2-3 animals with

Introduction

Nepal is situated in the lap of greater Himalayas and tends to be cooler climate as we move towards north from south of Nepal. Likewise, the cost of producing livestock products becomes higher and expensive as we move from south to north. Producing a liter of milk in Sallery, the head-quarter of Solukhumbu district, will be cheaper compared to producing a liter of milk in Syanboche in Government's Yak Farm which is located at an altitude of 5000 meter above mean sea level and near by the world's highest Mt Everest. Main aim of the review is to spread knowledge about the fact of higher cost of livestock product that will be costlier in Nepal, and they will be costlier as we produce them closer to Mt Everest or higher areas away from road heads.

Milk Production Cost (COP)

Website review and various scientific articles suggest that the cost of producing a liter of milk in Nepal is higher than China and India (Graph 1). As livestock feed production is expensive in Nepal, naturally milk and meat production will be expensive too. In reality, only farmers producing the milk understand the problems. Current situation in Nepal is that Dairy Development Corporation (DDC) of Nepal is not able to buy milk from farmers paying at least, cost of milk production. Milk farmers are not happy with DDC's price of milk and threatening to observe milk holiday again by not selling milk to DDC. It is important for DDC

them, either cows or buffalo or mixed of them. Small farmers in the hills are producing an average of 2 liters of milk for sale. Transporting 2 liters of milk from remote farmers to collection center and to processing facilities and finally to consumers is a cumbersome process which is not viable commercially.

to understand farmers' problems and fix the price of milk. To realize the cost of milk production, DDC themselves have to establish a dairy farm and produce at least 10% of milk they sell and only then, they could realize the COP of milk. Because of higher cost of production of livestock products, there is always a chance of importing livestock product from China and India. Substance system of producing farm product in Nepal is the oldest practice in Nepal; this system is being practiced today and will be practical, at least for a foreseeable future. Despite it is cheaper to buy agriculture products from neighboring country, Nepalese farmers will keep on producing it, until efficient alternatives are not found.

The costs of production in China are approximately 25 cent per litre in the large scale units, with milk (<http://www.farmersjournal.ie/site/farming.php?newsid=12420> = 15 January 2012) selling for 40 cent. "China's raw milk price is now very high and farmers are making money. This is attracting investment to the dairy farms," he said.

Conclusion

Livestock keeping is intertwined with agriculture providing income, employment and nutrition to farmers, mainly vegetarian. Dairying in Nepal is considerably diverse and varies greatly by farmer to farmer. Therefore, it is extremely difficult to conclude any uniform pattern for Nepal.

If dairy farming is to be sustainable in Nepal, it is essential that it should be able to compete for labour on the local labour market. The indicator 'return to labour' quantifies the 'value-added' per hour of labour put into dairy farming. If this return is higher than the average local wage rate, then the farming system can afford to pay competitive wages and should be sustainable from the labour standpoint(<http://www.thedairysite.com/articles/2524/international-competitiveness-of-typical-dairy-farms>) Rising feed prices and difficult transportation increase the cost of milk production in the developing countries. However, prevailing weather condition in Nepal will have an adverse effect on milk production making COP higher than that of China and India. If there is any means and ways to reduce the cost of producing a liter of milk and make it equal to COP in China and India, Government of Nepal, DDC and private dairies should be able to demonstrate it and make the technologies available to remotely located small farmers in Nepal.