Livestock and Dairy Farming Industry in Bangladesh

EMERGING
Credit Rating Ltd
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Md. Asaduzzaman[1]

Abstract

This study briefly discusses the present livestock and dairy farming status in Bangladesh using available secondary data. The study includes the status of the livestock population, the demand and supply scenario of milk and meat, and the contribution of livestock and dairy farming to GDP. This study found that livestock populations increased over the past years. The demand for milk increased to 156.68 lakh metric tonnes and meat to 75.20 lakh metric tonnes, whereas the production stood at 130.74 lakh metric tons of milk and 92.65 lakh metric tons of meat. Around 20 percent of the country's population is directly related to livestock and poultry farming, and this sector contributes 1.90 percent of the total GDP with 16.52 percent of the agricultural GDP. Finally, this study incorporates the opportunities and challenges of livestock and poultry farming.

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[1] Research Analyst, Research Department, Emerging Credit Rating Ltd.

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1. Introduction

Agriculture is the largest employment sector in Bangladesh, employing (modeled ILO estimate) about 37.75 percent of the workforce (Trading Economics, 2022a, 2022b). About 20 percent of Bangladesh's population earns their livelihood through work related to livestock (cattle, buffaloes, goats, and sheep) and poultry farming (Banglapedia, 2021). However, the contribution of livestock to GDP was 1.90 percent in FY 2022, whereas the share of livestock in agricultural GDP was 16.52 percent, and the growth rate in aggregate GDP was 3.10 percent (Department of Livestock Services, 2022).

The livestock population in Bangladesh has increased significantly due to augmented domestic demand and the cessation of cattle import from India. India's ban on cattle exports has helped Bangladesh achieve self-sufficiency. Many farmers and traders have become involved in cattle rearing, reducing their dependence on imported animals. In FY2022, the growth rate of cattle stood at 0.63 percent, buffalo at 0.53 percent, sheep at 1.98 percent, and goats at 0.64 percent, which is higher than the previous fiscal year (Department of Livestock Services, 2022).

In Bangladesh, the demand for meat and milk is increasing substantially due to increased per capita income and population growth. The current domestic demand for meat is 75.20 lakh metric tons, and milk is 156.68 lakh metric tons. The Department of Livestock Services (DLS) forecasted milk production to be 128.47 lakh metric tonnes and 85.23 lakh metric tonnes of meat in FY 2022 (Department of Livestock Services, 2022). Nevertheless, milk and meat production exceeded the prediction and stood at 130.74 lakh metric tons and 92.65 lakh metric tons, respectively, in FY 2022. Meat production met the total local demand, and milk production met only 83.45 percent of the total domestic demand. According to DLS, in FY2022, the daily per capita consumption of milk is 208.61 ml, and meat is 92.65 gm (Department of Livestock Services, 2022).

This industry analysis is organized in the following manner. The next section of this report discusses the livestock population. The demand and supply of milk and meat are explained in section three. Contributions to GDP are presented in section four. In the penultimate section, opportunities and challenges are discussed. Section six concludes the report with policy recommendations.

2. Livestock Population

Bangladesh has a considerable amount of livestock population. According to the Department of Livestock Services (2022), in FY 2022, there were 247 lakh cattle, 15.08 lakh buffalo, 37.52 lakh sheep, and 267.74 lakh goats in Bangladesh. However, Table 1 shows the yearly livestock population from FY 2013 to FY 2022. The population of each species (cow, buffalo, sheep, and goat) has been increasing since FY 2013. This significant increase in livestock population is mainly due to increased domestic demand for meat and milk and India's ban on cattle exports to Bangladesh.

Table 1. Number of the Livestock Population   *[Unit in Lakh]*

Species	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Cattle	233.41	234.88	236.36	237.85	239.35	240.86	242.38	243.91	245.45	247.00
Buffalo	14.50	14.57	14.64	14.71	14.78	14.79	14.86	14.93	15.00	15.08
Sheep	31.43	32.06	32.70	33.35	34.01	34.68	35.37	36.07	36.79	37.52
Goat	252.77	254.39	256.02	257.66	259.31	261.00	262.67	264.35	266.04	267.74
Total	**532.11**	**535.9**	**539.72**	**543.57**	**547.45**	**551.33**	**555.28**	**559.26**	**563.28**	**567.34**

Source: Department of Livestock Services

On the other hand, Figure 1 shows the growth rate of Bangladesh's livestock (cattle, buffalo, sheep, and goat) population. The overall livestock population growth follows the increasing train. The growth rate of cattle, sheep, and goats is relatively constant, but buffalo population growth significantly declined from FY 2017 and started to increase since FY 2018, which was subsequently stable.

Figure 1. Growth Rate of Livestock Population
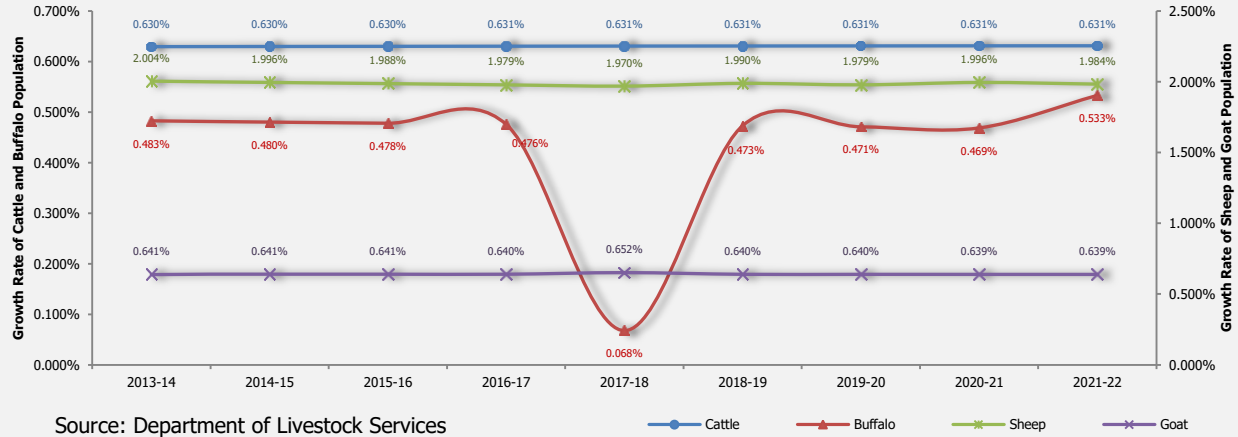
Source: Department of Livestock Services

3. Demand and Supply of Meat and Milk

Bangladesh requires adequate protein for its large population (169.4 million). A significant source of this protein comes from livestock. According to the DLS, Bangladesh's annual demand was 156.68 lakh metric tons of milk and 75.20 lakh metric tons of meat in FY 2022 (Table 2). The milk and meat production was 119.85 lakh metric tons and 84.40 lakh metric tons in Bangladesh in FY 2021. The expected production in FY 2022 had been 128.47 lakh metric tons and 85.23 lakh metric tons for milk and meat, respectively, and Bangladesh successfully exceeded the prediction with actual production standing at 130.74 lakh metric tons of milk and 92.65 lakh metric tons of meat in FY 2022. Meat production allows Bangladesh to receive raw hides as by-products which again is advantageous for the Leather industry.

Table 2. Deman and Supply of Meat and Milk   [Metric Ton in Lakh]

Particular	Demand	Expected Production	Actual Production (FY2021-22)	Actual Production (FY2020-21)
Milk	156.68	128.47	130.74	119.85
Meat	75.2	85.23	92.65	84.4

Source: Department of Livestock Services

The milk production rate was 101.76% higher than expected and met 83.45% of local demand (Table 3). On the other hand, the meat production rate was 108.70% more than expected and fulfills 100% of local demand. According to the Department of Livestock Services (2022), 208.61 ml of milk and 92.65 gm of meat are available daily for each person.

Table 3. Percent Difference Between Actual and Expected Production, and Percent Fulfilled of Total Demand.

Particular	Difference Between Actual and Expected Production	% of Total Demand Met
Milk	101.76%	83.45%
Meat	108.70%	100%

Source: Department of Livestock Services

4. Contribution to GDP

The role of livestock in GDP is not significant, but still, it has a substantial role in our economy. In Bangladesh, 83.90 percent of families own livestock, of which 45.90 percent possess livestock and 76.3 percent possess poultry. On average, each family owns 1.52 domestic animals, 0.9 goats & sheep, and 6.8 chickens & ducks (Banglapedia, 2022). However, Figure 3 shows the contribution of livestock to GDP. In FY 2022, the contribution of livestock to total GDP was 1.90 percent (BDT 67,189 crores) which was 0.08 percent less than the previous fiscal year (Department of Livestock Services, 2022). The contribution to GDP increased by 3.10 percent in FY2022, which was 2.94 percent in the previous year. On the other hand, the share of livestock in agricultural GDP was 16.52 percent in FY2022, which was only 1.40 percent in the previous fiscal year due to the COVID-19 impact.

Figure 3. GDP Contribution in Livestock
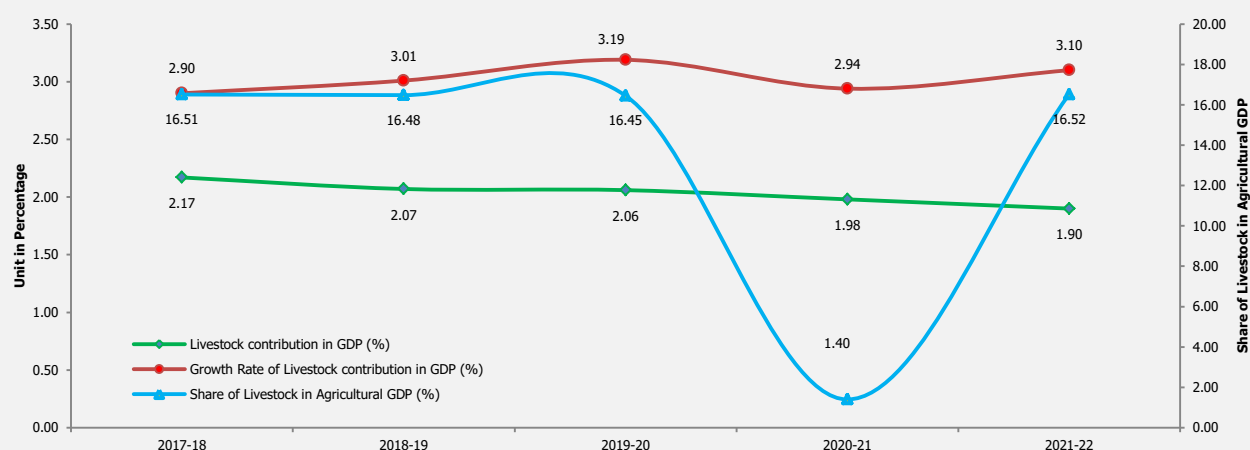
Source: Department of Livestock Services

5. Opportunities and Challenges

After looking at several studies and interviewing firm owners, we found the following challenges and opportunities (Islam et al., 2016; Rahman et al., 2015; Shamsuddin et al., 2006):

Challenges:

- o Lack of farming and grassland
- o Climate change
- o High feed cost
- o Imbalance use of medicine

- Lack of drugs
- Lack of vaccination workers
- Lack of skilled labors
- Financial problem of entrepreneurs
- Low-quality final product
- Inadequate and easy access to bank loan
- Lack of capital
- Lack of local supply of feed and high cost of feed
- Absence of market price at farm level
- Lack of technology
- Higher production cost
- Lack of power supply
- Lack of coordination between government and private stakeholders
- Lack of investment in research

Opportunities:

- Low labor cost
- Small initial capital
- New employment generation
- High demand for meat and milk
- Self-employment opportunity
- High-profit margin
- Significant demand in the domestic and international market

6. Conclusion

This industry analysis briefly discussed the livestock and dairy farming status in Bangladesh. The livestock population, demand and supply scenario of milk and meat, contribution to GDP, and opportunities and challenges of this sector are briefly presented. This sector contributes 1.90 percent of the total GDP, 16.52 percent of the agricultural GDP, and 20 percent of the country's population directly related to livestock and poultry farming. The livestock population in Bangladesh has increased significantly due to augmented domestic demand and the cessation of cattle import from India. Present domestic demand is 75.20 lakh metric tonnes of meat and 156.68 lakh metric tonnes of milk. Bangladesh produced 130.74 lakh metric tons of milk and 92.65 lakh metric tons of meat and received raw hides as a by-product of meat production. This sector is suffering various problems, especially medicine, doctor, skilled labor, investment fund, quality feed, high production costs, quality of final product, and so on. The government must acknowledge the issues and provide support to the entrepreneurs. Besides, the government has to solve all the issues based on the importance of the problem.

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Emerging Credit Rating Limited (hereinafter referred to as ECRL) began its journey in the year 2009 with the motive to deliver credible superior & quality credit rating opinion in various industry segments around Bangladesh. ECRL obtained credit rating license from Bangladesh Securities and Exchange Commission (BSEC) in June 2010 as per Credit Rating Companies Rules 1996 and also received Bangladesh Bank Recognition as an External Credit Assessment Institutions (ECAI) in October 2010 to do the rating of Banks, Financial Institutions and their borrowers and also from Insurance Development & Regulatory Authority (IDRA) in 2015 to do the rating of Insurance Companies & affiliated with Malaysian Rating Corporation Berhard.

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Dhaka Office
Shams Rangs, House 104, Park Road
Level-A1, A2 & A5
Baridhara, Dhaka-1212
Tel: +880 2222260911,
          +880 2222260897
Fax: +880 2222260828
Email: info@emergingrating.com

Chattogram Office
Al Madina Tower, 6th Floor
88-89, Agrabad C/A, Chittagong
Tel: +880 1833 330059,
          +880 1833 330061

Bogura Office
MA Complex, 3rd Floor, East Side. Tin Matha Railgate.
Bogra- 5800

Khulna Office
Mollick Shopping Complex
99 Khan –a- Sabur Road, Khulna-9100
Tel: +880 1833 330060