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**Present Status and Future Prospects
of the Dairy Enterprise in the
System 'H' of Mahaweli Project**

By

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Abstract

There are 3,400 farmers who rear dairy cattle in the system 'H' of Mahaweli Development Programme. In Sri Lanka, there exists a high potential to expand the dairy enterprise as a supplementary source of farm income. As the System 'H' is an area with highly developed infrastructure promotion of dairy enterprise there would be relatively easy. However, it has not become popular as expected. Further more, the expansion in dairy enterprise would help to save foreign exchange through import substitution. It would also reduce the annual budget of the Department of Health Services due to possible improvements in health standards due to increased intake of protein. Therefore, this study attempts to identify factors that have contributed to the present level of performance of the dairy enterprise in the system 'H' and its future prospects.

A multi stage random sample of seventy four dairy farmers and fifty two non dairy farmers were interviewed using specially constructed, pre tested questionnaires to gather relevant information. Survey data was backed with secondary information where applicable. Simple analytical tools such as totals, averages, percentages and mean distribution were employed in data analysis. In order to analyze net annual income of four category of dairy farmers and dairy and non dairy farmers, analysis of variance and t-test were performed respectively.

For the convenience in analysis dairy farmers were divided into four groups based on the herd size i.e. 1-5, 6-10, 11-15 and >15. Results of the study indicate that farmers who rear six to ten and over ten cattle have earned a significant income from dairying ($P \geq 0.95$). But higher the herd size over 15 animals management become in efficient. Further it was found that the income of farmers of that category was sustainable in other words, their income was subjected to minor fluctuations. Farmers whose herd size was between five and ten cattle have earned high income from dairying. Though the farmers who were rearing more than 10 cattle have earned high total incomes, their profit margins were narrow due to high cost of production and sub standard levels of management that they have adopted. It is evident that dairy enterprise has not only supplemented the household income but also has enhanced the use of agricultural manure (farm yard manure). Further, it was surfaced that dairy enterprise has also enhanced the cultivation of high values cash crops during the off-season. This is an important point to be noted because dairying has complemented the other agricultural activities. When compare the net income of dairy and non dairy farmers, it is significant in dairy farmers ($P \geq 0.95$) and they are financially strong through out the year.

Matured grass and crop residues, which are abundantly available in the area could be used as feeding materials for cattle while cow dung could be used as an organic manure in agriculture. In other words, by products of crops could be used as a production input of the dairy enterprise while the byproducts of the dairy enterprise could be used as an input in crops production. So, the dairy enterprise and crops production are two enterprises, which are interdependent. Therefore it is advisable to promote enterprises of this nature because the development in one enterprise would impact positively on the performance of the other.

Cattle rearing are done by considerable numbers of farmers in the study area but, milking is not done systematically. Herd size varies from one to more than 60 animals. Both neat

cattle and buffaloes are found in the area. However, the numbers of farmers rearing buffaloes are relatively small.

In conclusion, it is possible to state those farmers who rear five to ten dairy cattle do manage their herds and their farming system well. So it is advisable to encourage farmers to manage an optimum number of dairy cattle based on their resource bases instead rearing too large as well as too small herds.

The majorities of the dairy farmers who are rearing six to ten dairy cattle are in the age of 35 to 50 years and had completed their secondary education. However they are having less experience in dairy management. When all these facts were considered, it is clear that the dairy enterprise could be promoted in the study area through a sound programme designed to motivate fairly educated, young dairy farmers, while providing them with financial facilities.

Table of Contents

Content	Page
Abstract	IV
Acknowledgement	VI
Table of Contents	VII
List of Tables	X
List of Figures	XII
List of Maps	XIII
CHAPTER ONE	
1.0 Introduction	01
1.1 Background of the Mahaweli Development Programme	01
1.2 Problem Statement	05
1.3 Objectives	07
1.4 Limitations & Delimitations	08
CHAPTER TWO	
2.0 Literature Review	09
2.1 Background of the Dairy Industry	09
2.2 Dairy Sector in Sri Lanka	12
2.2.1 Importance of the Dairy Sector in Sri Lanka	12
2.2.2 Systems of rearing Dairy Cattle and buffaloes in different Climatic Zones in Sri Lanka	14
2.2.3 Upgrading of cattle Enterprise	19
2.2.4 Milk Production & Marketing in Sri Lanka	22
2.2.5 Incentives from public sector	24
2.2.6. Incentives from private sector	29
2.3. Policies & Strategies for Dairy Development	33
2.3.1. Policy Framework	33
2.3.2. Policy for Animal Feeds	34
2.3.3. Pasture & Fodder	35
2.3.4. Trade Policies	37
2.4. Dairy Development Programme of Mahaweli Authority of the Sri Lanka	37
2.4.1. Dairy sector of the System 'H'	38
CHAPTER THREE	
3.0 Methodology	41
3.1 Background of the Study Area	42
3.2 Sampling Procedure	42
3.3 Data Collection	45
3.3.1 Secondary Data	45
3.3.2 Primary Data Collection	46
3.4 Method of Data Analysis	46

CHAPTER FOUR

4.0	Results & Discussions	47
4.1	General Management	47
4.1.1.	Herd Sizes and Age Distribution of Farmers	47
4.1.2.	Level of Education of Dairy Farmers	49
4.1.3.	Experience in Dairy Management	51
4.1.4.	Numbers of Farmers Rearing Different Type of dairy Cattle	52
4.1.5.	Vaccination of Animals	52
4.1.6.	Age of Heifers at Maturity and Carving Intervals	53
4.1.7.	Methods of Insemination	55
4.1.8.	Training Received by Dairy Farmers	56
4.1.9.	Feeding of Dairy Cattle	58
4.1.10.	Availability of Cattle Sheds	58
4.1.11.	Mutual Benefits of Dairy Enterprise	59
4.1.12	Farm records	60
4.1.13	Farmer Evaluation of the contribution of Made by the Public Sector	60
4.1.14.	Monthly Expenditure of Herd Management	61
4.2.	Milk Production and Marketing	62
4.2.1	Total Milk production	62
4.2.2	Different Use of Milk	63
4.2.3.	Milk Producers Societies and Milk collection Network	64
4.2.4	Efficiency of Milk Production	66
4.3.	Average Annual Net Income of Dairy Farmers	69
4.4.	Agricultural Activities	70
4.5.	Comparison of Performances of Dairy and Non-Dairy Farmers	72
4.5.1.	Performances of Dairy and Non-dairy Farmers	72
4.5.2	Farmers Response to Institutional Support	73
4.5.3.	Income Levels of Dairy and Non-dairy Farmers	74
4.5.4.	Per Acre Cost and Returns of Selected Agricultural Crops	75
4.6	Reasons for Not to Rear Dairy Cattle	76
4.7	Potential Available for Value Addition	77

CHAPTER FIVE

5.0	Conclusion	78
5.1.	Dairy Cattle Management	78
5.2.	Milk production and Marketing	82
5.3	Dairy and Crop production	83
5.4.	Performance of dairy and Non-dairy farmers	84
5.5.	Constraints and potentials	84

CHAPTER SIX

6.0	Recommendations & Suggestions	86
6.1	Recommendations	86

List of Tables

REFERENCES	90	Page
Number of Families Settled in the System 'H' of Mahaweli Development		03
ANNEXES	94	
Annex 1 - Map of the Mahaweli development programme	94	06
Annex 2 - Layout of Administrative Setup of Mahaweli	95	06
Annex 3 - Layout of Administrative Setup of the System 'H'	96	07
Annex 4 - Questionnaire for Evaluation of the Dairy Farmers	97	10
Annex 5 - Questionnaire for Evaluation of the Non Dairy Farmers	106	11
Annex 6 - Questionnaire for the Extension Officers	110	13
Annex 7 - Analyzing Sheet of Data	113	14
2.3. Cattle & Buffalo Rearing systems Based on Topography & Climatic Zones		16
2.4. Land Availability for Grazing in Sri Lanka		19
2.7. Number of Artificial Insemination (AI) Completed, Pregnancy Diagnosed (PD), AI Calves Born in Sri Lanka 1956 - 1998		29
2.8. Importation of Cattle from 1969 - 1999		21
2.9. Potential Milk Production (1000 litres) from 1985 - 1999		23
3.10. Cattle Distribution of System 'H' of Mahaweli in Year 2001		39
3.11. Comparison of Distribution of Neat Cattle & Buffaloes in System 'H' of Year 2001		40
3.12. Milk Collected from Buffaloes and Neat Cattle in 2001		40
4.1. List of sampled Blocks, Units and Villages		45
4.1. Distribution of Dairy Farmers		47
4.2. Age Distribution of Dairy Farmers		49
4.3. Level of Education of Dairy Farmers		50
4.4. Experience of Dairy Farmers (years)		51
4.5. Number of Farmers Rearing Different Type of Dairy Animals		52
4.6. Vaccination of Animals Against Infectious Diseases		52
4.7. Age of Heifers at Maturity Their Reported by Farmers		54
4.8. Numbers of Farmers Reporting Caring Interval of Cows		55
4.9. Reproduction Methods Adopted by Dairy Farmers		55
4.10. Training Undergone by Dairy Farmers		57
4.11. Feeding of Dairy Cattle		58
4.12. Availability of Cattle Sheds		59
4.13. Farmer Evaluation of Governmental Involvement		61
4.15. Monthly Expenditure Incurred on Fertil Management		62
4.16. Membership of Milk Producers Co-operatives		64
4.17. Average Annual Net Family Income		68
4.18. Percentage of Total Land Cultivated in Two Seasons		70
4.19. Relationship between Per Acre Cost of Production of Paddy, Net Profit and Net Income per Family in Matale		71
4.20. Use of Farmyard Manure		72
4.21. Farmers' Response Opinion about the Institutional Support		72
4.22. Comparison of Net Annual Income of Dairy and Non-dairy Farmers		73
4.23. Cost and Return of Selected Crops Cultivated by Dairy and Non-dairy Farmers		74
4.24. Per Acre Cost and Returns of Selected Crops Cultivated by Dairy and Non dairy Farmers		75