Background: The Bangladesh dairy market

Smallholder dairy farmers in Bangladesh are engaged in milk production and collection, providing essential proteins and income to rural households. However, they face challenges in selling their milk at formal dairy markets due to low-quality standards and lack of reliable payment systems. CARE Bangladesh, in collaboration with BRAC Dairy, introduced the Digital Fat Testing (DFT) Initiative to address these issues.

Digital Fat Testing Initiative (DFT)

The DFT Initiative is a joint intervention of CARE and BRAC Dairy to improve milk collection and marketing in remote villages. The initiative promotes fair and transparent practices in the dairy market by using digital fat testing machines (DFT) to objectively determine milk quality.

Objectives of DFT:

• Reduce corruption and collusion that occurs between milk collectors and chilling plant milk receivers
• Uptake of improved cow nutrition and management practices
• Increase milk selling income of dairy producer through fair and transparent practices
• Promote fairness and transparency within the dairy market of Bangladesh

Digital Fat Testing (DFT) machine

A Digital Fat Testing (DFT) machine is a technology used in the milk collection process to determine the fat content of milk. This information is used to calculate the price paid to the dairy producer.

Operation of DFT:

1. A farmer brings his batch of milk to a DFT collection point, where the machine automatically collects the sample.
2. The machine prints out a receipt that is given to the farmer, which includes the fat content of the milk.
3. Fat content rates are displayed at each collection point, allowing farmers to understand the quality of their milk.

Business impact of DFT to BRAC Dairy

The DFT Initiative has had a significant impact on BRAC Dairy, resulting in increased milk supply, improved milk quality, and enhanced farmer engagement.

Key Outcomes:

• 71% increase of collection point manager's income
• 114% increase in DFT milk supply
• Total 84 employments created
• Digital Fat Testing points installed

The installation of DFT machines provided economic opportunities for both male and female milk collectors, leading to increased income and improved livelihoods.

What are challenges faced by DFT implementation?

While the DFT Initiative has had positive impacts, there are challenges that need to be addressed to ensure its successful implementation. These include: 

1. Technical Issues: Ensuring the DFT machines are reliable and maintain high accuracy in testing.
2. Farmer Engagement: Encouraging farmers to participate in the DFT initiative and improve their dairy practices.
3. Market Integration: Facilitating the integration of smallholder dairy farmers into the formal market.
4. Training: Providing adequate training to farmers and collection point operators on the use and benefits of DFT.

Business Case for Digital Fat Testing Machine

The introduction of the DFT Initiative has created ample opportunities for BRAC Dairy to work with smaller milk producer groups that produce high-quality milk, evidenced by the increase in milk supply and income for farmers.

For more details please contact:

Md Akram Ali
Technical Coordinator M&E- SDVC II
Email: akram.ali@care.org
Phone: 88-02-9112315
20-21 Kawran Bazar, Dhaka-1215
(9th to 13th Floor)
Pragati Insurance Bhaban
CARE BANGLADESH

Email: bgdinfo@care.org
Phone: 88-02-9112315

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