

## Chapter 4

### PROBLEMS AND POTENTIAL OF CATTLE PRODUCTION

This chapter will provide information about the problems and potential of cattle production in Nam Dong district. This will give a good background to further analysis of profitability and adoption of crossbred cattle.

#### 4.1 Problems of cattle production

##### 4.1.1 Technical problems

Scientific technology plays an important part in production, improvement of capacity and quality of products. However, technical accession level of local people, especially the poor, in Nam Dong district has been limited. Most of the households have been kept to traditional raising and limited application of advanced technology. In the study area, the survey results show that about 59.0 % household have technical problems.

The main technical problem mentioned by the farmers was feed processing problem. Although the farmers were trained how to process feed using by-products by extension workers, the problem still exist in the study area. The trainings did not come to a suitable approved method; those training were organized in rooms with handed-out manuals, not being practiced with models. For this reason, the training did not reach satisfactory objectives. So, the survey results in the Table 4.1 show that 35.0 % and 27.5 % respectively for local cattle raisers and crossbred cattle raisers stated that they did not really know how to process high nutrient feeds from by-products.

The next problem was lack of veterinary knowledge. The cattle raisers stated that they did not know how to observe whether a cow was getting a disease or not

(25% of local cattle raiser and 20% of crossbred cattle raiser). Some times cattle were infected by a disease but farmers did not treat them correctly because they did not know how to do.

The last technical problem mentioned by the crossbred cattle raisers was the breeding problem. About 10.0 percent of crossbred cattle raisers did not know what time a crossbred cow should be bred or ready to breed. Sometime, the farmers called the AI technician to come to their farms without knowing that it was not the suitable time to breed by using AI technique. Without the knowledge, it may take a longer time for reproduction and consequently it will reduce the profitability of cattle raising.

Table 4.1 Technical problems of local and crossbred cattle raisers

Characteristics	Non-adopters (%)	Adopters (%)	All (%)
Lack of feed processing knowledge	35.0	27.5	31.2
Lack of veterinary knowledge	25.0	20.0	22.5
Lack of suitable breeding time knowledge	0.0	10.0	5.0
Not have problem with technical raising	40.0	42.5	41.3

Source: Survey, 2006

#### 4.1.2 Capital problems

Even though most of the households in this area had access to formal credit, they still reported that lack of capital was one of the problems. Table 4.2 shows that 82.5 % and 70% for non-adopters and adopters respectively had capital problems. 42.5 % of the local cattle raisers and 12.5 % of crossbred cattle raisers stated that the loan period for credit was too short whereas 40.0% of the local cattle raisers and 57.5% of the crossbred cattle raisers mentioned that the limited amount of credit was their capital problem. The Agricultural and Rural Development Bank usually will provide only the limited amount of 3,000,000 VND per household with three years loan period to the farmers. In addition, the formal credit of the bank was available only two times per year. First time was assumed to be available at the beginning of



the Winter-Spring rice season and second times was the Summer-Autumn rice season. If the farmers did not get loan in time, they have to wait until the next round will be offered. As a result, informal credit is an alternative for the farmers who need more credit and who can not wait for the next available time of formal credit from the bank. Informal credit from traders and neighbors had a higher interest rate ranged from 2 % to 3.5% per month compared to the formal credit with the interest rate of 0.6-0.8 % per month. The survey results show that 25% of local cattle raiser and 15% of crossbred cattle raiser borrowed money from neighbors and traders. From the group discussion, the farmers suggested that the loan period should be more than 3 years with lower interest rate.

Table 4.2 Capital problem of local and crossbred cattle raisers

Characteristics	Non-adopters (%)	Adopters (%)	All (%)
Short time of loan period	42.5	12.5	27.5
Limited amount of credit offered	40.0	57.5	48.8
No capital problem	17.5	30.0	23.8

Source: Survey, 2006

#### 4.1.3 Marketing problem of local breed cattle

Table 4.3 shows that 70% of the local cattle raisers had marketing problems whereas none of the crossbred cattle raisers had the problem. All of cattle raisers usually sold their cattle at their farm. They would ask a trader to come to their farm when they wanted to sell their cattle. Some of the local cattle raisers (25 %) found that it was difficult to find a trader who wanted to buy local cattle. This is due to its small body weight and lower carcass percentage. Most traders preferred to buy crossbred cattle. The price was also another problem. Almost a half of the local cattle raisers stated that they got a low price and also lack of bargaining power. Market of local cattle was smaller because the local cattle were mainly used for beef and only for local supply, while crossbred cattle were used for beef and also for breeding. A Hunger Alleviation and Poverty Reduction Project funded by World Bank Program

have been carrying out in the south of Vietnam and have a high demand for crossbred cattle to providing to the poor farmers. This project increased the market price of crossbred cattle in the study area.

Table 4.3 Marketing problem of local and crossbred cattle raisers

Characteristics	Non-adopters (%)	Adopters (%)
Less marketing demand from trader for local breed cattle	25.0	0.0
Low price and lack of bargaining power	45.0	0.0
Not having market problem	30.0	100.0

Source: Survey, 2006

#### 4.1.4 Feed problem

When the cattle raisers were asked about the feed problem, all of them mentioned only about grass as feed problem. All of the sample cattle raisers faced the pasture and grass planting problems. Almost a half of the local cattle raiser mentioned that they did not know well how to plant the elephant grass which is usually used for feeding cattle whereas 12.5% of the crossbred cattle raiser also mentioned the same problem (Table 4.4). Most of the crossbred cattle raisers (60%) faced the problem of grass shortage during winter season whereas only 10% of the local cattle raisers have this problem. About one fourth of the both groups stated that they planted the elephant grass in their pasture but it could not grow well during winter. Even though 27.5% of the local cattle raisers and 60% of the crossbred cattle raisers did not have their own pasture but only 10 % of the local cattle raisers stated the problem of no private pasture area for feeding cattle. Since most of them could use the grass which grow under their rubber tree plantation for feeding cattle.

Natural grass usually can be found in fallow land. The cattle raisers will cut the grass in the fallow land and carry back home to feed their cattle. Statistic shows that the fallow land in Nam Dong district decreased from 19,370 ha in 2000 to 16,747



ha in 2005 (Nam Dong Statistic book, 2005). With the increasing in population growth and establishment of new economical zone, existing natural pasture land is being converted into crop farming and building construction.

Solving these problems some farmers have preferred to grow grasses, especially during feed shortage in winter season. Elephant and Guinea grasses were planted and used for feeding cattle. Besides, some farmers reserved dry straw for cattle in rainy season whereas some farmers reserved cassava chip that was mixed with banana stalks for feeding cattle in rainy season.

Table 4.4 Feed problem of local and crossbred cattle raisers

Characteristics	Non-adopters (%)	Adopters (%)	All (%)
Lack of grass planting knowledge	47.5	12.5	30.0
Lack of natural grass for winter season	10.0	60.0	35.0
Elephant grass can not grow well in winter season	27.5	27.7	27.7
No private pasture area	15.0	0.0	7.5

Source: Survey, 2006

In summary, lack of feed processing and veterinary knowledge were the main technical problems of both adopters and non-adopters. Whereas only few crossbred cattle raisers lacked suitable breeding time knowledge which was not found in local breed cattle raisers. Regarding capital problems, short time of loan period and limited amount of credit offered were the capital problems of cattle production, especially for non-adopters. Problem about natural grass shortage during winter seems to be the main feed problem of adopters whereas non-adopters concerned more about lack of grass planting knowledge. Additionally, local bred cattle raisers had a marketing problem as there was less demand for local bred cattle from trader which affected the price and bargaining power of local bred cattle raisers. Crossbred cattle seem to have better marketing opportunity which is discussed more in chapter 4.2

## **4.2 Potential of cattle production**

### **4.2.1 Available of family labor**

Labor is the important input of the cattle raising and only family labor was used for cattle raising in the study area. In general, Nam Dong district has young people which are available for being labor source in the agricultural sector. On average, there were two to three persons available in a household. The survey result showed that only 9.2 per cent of all samples lack labor for cattle raising. Those households had only one or two labors available for cattle raising and their children were not available since they have gone to school.

### **4.2.2 Supporting by non-government organization**

Some projects such as Center for Rural Development in Central Vietnam (CRD), World Bank Program, Hunger Alleviation and Poverty Reduction Project funded by FAO have conducted some training to provide local people new technologies for raising crossbred cattle. Besides, those organizations have also helped the farmers to set up some semi-intensive crossbred cattle models in the district. In this model, the farmers were trained how to plant elephant grass and guiding how to make the cattle-shed with manger and how to make water trough for supply feed and water during the night. Also, the farmers were trained to process high nutrient feed from by-products. Those projects have provided farmers the improved breeds and varieties of forages for use on farms. In addition, those models were place to share the knowledge and experience on cattle raising.

### **4.2.3 Veterinary services**

In Nam Dong district, there are quite good veterinary networks with diagnostic centre and veterinary stations from which veterinarians could provide veterinary services to the farmers in preventative vaccination and treatments. In addition, professional skills of veterinary workers were high so they could control diseases.



Vietnam is a tropical country where there often are serious effects from diseases. Recently, the government has established a “the Veterinary Code”. All institutions and economic sectors have been asked to follow this code strictly to improve animal health care and also to protect the environment. Nam Dong also established a “the Veterinary Code” to improve animal health care and to protect the environment.

Besides, Thua Thien Hue province has one AI station (Artificial Insemination), which can store and deliver semen to cattle farms in Nam Dong district. Artificial inseminators can store semen for 2-4 days and they use it to supply the cattle raisers on the farms.

#### **4.2.4 Marketing opportunity of crossbred cattle**

The discussion results of the key farmers indicated that cattle were mainly sold for beef market. Only crossbred cattle can be sold as breeding animals at an age 6-12 months. Offered prices for cows were usually higher than for bulls and offered prices for crossbred cattle were also higher than for local breed cattle. As mentioned above that the traders usually preferred to buy crossbred cattle than local breed because crossbred cattle had higher percentage of carcass weight. Traders and farmers estimated the value of cattle by considering the body size and breed. Farmers selling crossbred cattle usually are able to negotiate the price better than the farmers selling local breed cattle. Due to improvement of income and living condition of Vietnamese, the demand of beef consumption of population has been increasing day by day. With support of government and non-government organizations for crossbred cattle production, the marketing opportunity of crossbred cattle is obviously better than the local breed cattle.

In summary, there were some factors contributed to potential of crossbred cattle production in the study area. Those factors were availability of family labor, support from non-government organizations, veterinary services and marketing opportunity.