

# **A Study on Production and Marketing of Milk in Batticaloa District**

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**BY**

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## ABSTRACT

The success of dairy farming, as a form of business, depends on profitable milk production and marketing. The price of milk depends on various factors such as demand, supply, cost of production, location of the area and marketing channel. Profit margin in the dairy industry has been considered to rest on the difference between the cost of production per liter of milk and the average farm gate price for milk.

The objective of the study was to estimate the cost of production of liter of milk in backyard and herdsman level and identify the factors affecting the cost of milk production in Batticaloa district and analyze the marketing margin of raw milk and curd. Also analyze the dairy market behavior by estimating the compound growth rate of milk production and milk price on the district.

The study used both primary data and secondary data. A field survey was conducted using a pre-tested questionnaire. Sixty four dairy farmers were selected from the study area by using multi stage random sampling method.

Herdsman reared cattle and buffalo under the extensive management system and they relied on natural grass land for feeding, while backyard farmers reared synthetic animals with concentrate feeding. Cost of production per liter of milk for herdsman was much lower than backyard farmers. Herdsman made a higher profit while backyard farmers experienced loss but when the family labour cost was excluded as an opportunity cost herdsman made lower profits compared to backyard farmers who had a higher profit margin. Most of the milk was disposed to collection centers, some

of the milk was directly sold to consumers, and some of milk was also used for curd making. Milk production has been growing positively; especially buffalo milk production grew rapidly. Analysis of secondary data showed that Milk production in Batticaloa District can be expected to grow at a rate of 2.26 % per annum on the current herd in production.

**Keywords:** Dairy farming, Milk production, Herdsmen, Backyard farmers, Cost, Growth rate

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