



Research Paper

## A comparative study on role of marketing margins in dairy development of Amritsar and Ferozepur district of Punjab

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**ABSTRACT :** The present study was undertaken during 2010-11 to ascertain the reasons for disparity in growth of dairy sector in the Punjab state. Data were collected from 150 sample dairy farms of different categories, spread over four development blocks of Amritsar and Ferozepur districts. The total cost of milk production was found to be higher in Ferozepur district as compared to Amritsar district in all the categories of dairy farms and the cost of fodder and feed constituted the most important component of the total cost in both the districts, accounting for more than 70 per cent (jointly) of total cost. The gross as well as net returns in all categories of farms per day were higher in Amritsar district than Ferozepur district due to high milk prices in Amritsar district. The milk producer in Amritsar district were earning higher price per litre of milk from all the four marketing channels as compared to Ferozepur district of Punjab which is one of the major reasons for better development of dairy sector in Amritsar district. Similarly, the regression analysis also highlighting the effect of price of milk and the effect of marketing margins on returns from dairy farming came out to be positive and significant on all three categories of farms in both the districts highlighting the heavy dependence of returns on price of milk and marketing margins in the study area.

**KEY WORDS :** Marketing margins, Marketing channels, Middlemen, Minimum price, Regression coefficient

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## INTRODUCTION

Dairy farming has been recognized as an important enterprise having three dimensional benefits, as it gives quick and regular cash returns throughout the year, provides excellent food especially to vegetarian population and supplies farm-yard manure for the maintenance of soil fertility. While share of agricultural sector in gross domestic product (GDP) has declined from about 26 per cent in 1997-98 to nearly 15 per cent in 2010-11, but contribution of dairy farming in agricultural GDP has been rising from 23 per cent to 29.8 per cent during this period. Milk production in the country increased from 104.8 million tones (Mt) during 2007-2008 to 112.5 Mt during 2010-11 (Anonymous, 2011), making India the largest producer of milk in the world.

Similarly, Punjab, an advanced agrarian state with 1.56 per cent of total geographical area of the country has dairy farming as one of the important components of the primary

sector of economy contributing 10.66 per cent to State Gross Domestic Product (SGDP) in 2011 (Anonymous, 2011). The total milk production in Punjab state during 2011 was 51.3 Mt which has increased the per capita per day availability of milk in Punjab to 962 g which is significantly higher than the national per capita per day availability of 263 g of milk (Anonymous, 2010). Although the dairy sector development in Punjab has been commendable but still it is governed by many problems. First of all the growth of dairy sector has not been uniform or is regionalized in the state with some areas registering rapid growth in this sector and some areas still lagging behind. For example: In the year 2011 Amritsar district with 5.25 per cent of the total geographical areas of the state with a milch animal population of 3.9 lacs, was one of the largest producer of milk *i.e.* 1.87 million litres per day. Whereas, Ferozepur district with 10.45 per cent of the total geographical areas of the state and a milch animal population of 5.7 lacs (more from Amritsar district), is one of the lowest milk producing district of the state with