

## **ECONOMIC ANALYSIS OF MILK MARKETING CHANNELS IN SOUTH REGION OF PUNJAB, PAKISTAN: AN EMPIRICAL ESTIMATION OF MARKETING AND PROFIT EFFICIENCY**

**Mazhir Nadeem Ishaq\*, Li Cui Xia, Rukhsana Rasheed, Nhu Bang Nguyen**  
College of Economics & Management, Northeast Agriculture University, Harbin, China

**Muhammad Abdullah**  
Muhammad Nawaz Shareef University of Agriculture, Multan, Pakistan

**Nadeem Abbas**  
Plan International, Muzaffargarh, Pakistan

\*E-mail: [mazhir.nadeem@yahoo.com](mailto:mazhir.nadeem@yahoo.com)

### **ABSTRACT**

This paper aims to understand the structure of milk supply and to make a comparison between informal and formal milk marketing system with a view to measure the extent of transaction costs divergence in Punjab province of Pakistan. Livestock contribution in Pakistan's GDP is 11.6 percent and the total milk production for year 2015 was recorded as 52.632 million tons. The descriptive research design was used with stratified sampling techniques for gathering primary data source from four districts having a rich population of livestock and milk producers. Different analytical techniques as marketing efficiency, marketing margin and DEA analysis for profit efficiency were applied for comparative estimation of two marketing systems. The empirical results indicate that the marketing margin (MM) of various middlemen, milk producer's share in consumer price (DPP) was 20%, 12% higher respectively. The mean value of measure of marketing efficiency (MME) and profit efficiency for informal and formal milk marketing channels was estimated 1.8 and 0.77 respectively. Profit efficiency value for informal marketing channels was 0.37 higher in comparison to formal system. For informal milk marketing system, the traditional milk collector (Dhodi) is alone significant player in marketing chain whereas formal milk marketing chain is occupied by a series of middlemen, further there is involvement of huge fixed cost for producing UHT packed milk. Thus informal milk marketing system is dominating over formal milk marketing channels in Pakistan. Finally, we document some policy recommendation as a potential source amid at improving the situation of milk supply in Pakistan.