**ABSTRACT**

**“**AN ECONOMIC ANALYSIS OF PRODUCTION AND MARKETING OF MILK UNDER FORMAL AND INFORMAL MILK MARKETS IN PUNJAB**”**

Dairy farming as an allied activity has been considered an alternative to revive the agrarian economy of Punjab. Further, participation of farmers in formal milk markets may increase the income level of farmers, provide them guaranteed market as well as assured price. Hence, in this context, the study was carried out to analyse the relationship between farmers and formal milk market in terms of procurement operations, role of formal milk markets in augmenting income and employment, cost and returns from milk production, factors influencing farmers’ participation in formal milk markets and problems faced by the farmers regarding production and marketing of milk. Based on mainly primary data, three formal milk markets two cooperatives viz. Milkfed and Kaira Milk Union a tier of Gujarat Cooperative Milk Marketing Federation (GCMMF) and a producer company namely, Baani Milk Producer Company Limited (BMPCL) were selected for the present study. Out of total 600 sampled farmers, a sample of 100 farmers supplying milk to each formal milk market was selected through the usage of stratified sampling technique. Further, another sample of 100 farmers supplying milk to informal milk market corresponding to each company was selected. Companies under formal milk market procure milk on the basis of fat as well SNF and make payment to farmers after a fixed period of time. Besides, companies involved in formal market also provide technical input services. It was found that participation in formal milk markets augments the income as well as employment of the farmers. Further, farmers participating in formal milk markets were having more returns from milk production as compared to farmers participating in informal milk market. Distance was found to be the main determinant of farmers’ participation in formal milk markets. Besides, age, education, herd size etc. were also found to be major determinants influencing the farmers’ participation in formal milk markets. However, farmers participating in formal milk market were also facing problems regarding production and marketing of milk such as higher cost of feeding inputs, low price, fluctuations in milk production, requirement of much labour time, distance of milk collection centres from farmers’ farm gate, incidence of diseases among milch animals etc. In order to address these problems, the study recommends some policy measures such as establishment of more than one milk collection centres in geographically large villages, access to credit facility, provision of subsidy of feeding inputs, veterinary and breeding services, advance payment facility, fixation of reasonable price of milk etc.