

# IMPACT OF DAIRY LOAN ON INCOME AND EMPLOYMENT OF Y FARM OWNERS IN A SELECTED AREA OF BANGLADESH

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## ABSTRACT

Livestock, especially dairy raising in Bangladesh is an essential component of farming. Dairy farming is capable of helping poverty alleviation. It can also contribute to animal protein supply for improving the nutritional status of the nation. The study was conducted to analyse the socio-economic characteristics of loanee dairy farm owners and to determine the profitability of their dairy farming. It also attempted to examine the contribution of dairy enterprise to farm income and rural employment. Data were collected from 30 randomly selected dairy farms falling in different locations of Gazipur district. The sample dairy farm families exhibited some kind of a typical socio-economic attributes in terms of larger family size, lower illiteracy rates and relatively higher level of income compared to the national average picture of the variables. On an average, the size of the family of the loanee dairy farm owners consisted of 8.40 members. The average family size of the loanee dairy farm owners was about 1.51 times the national average of 5.58 members. Only 1.89 per cent of family members of the loanee dairy farm owners were illiterate. The average annual incomes of the selected loanee dairy farmers were Tk. 989071, Tk. 1502770 and Tk. 1426224 in the reference fiscal years 1993-94, 1994-95 and 1995-96, respectively. After receiving loan, net return and labour employment per farm and returns from per cow equivalent increased by 87.97, 72.34, and 1.50 per cent, respectively which indicates that there was a positive impact on dairy farming. The dairy farm owners were found to have invested the maximum portion of dairy loan in dairy. The positive impact of the dairy loan was clearly visible and significant increase in milk production. Some of the positive improvements were reflected by increased higher level of labour employment in dairy. The results of enterprise costing showed that dairying was profitable and acceptable business. In case of financial and sensitivity analysis, the results of discounted measure of project worth (BCR, NPW and IRR) also indicated that dairy project was highly profitable. In case of the benefit-cost ratio, financial analysis before and after loan showed more or less same. But in case of net present worth, financial analysis before and after loan showed a considerable increase of net present worth. The impression gained from the field visits, however, suggest that financial supports provided by the government has given sufficient incentives to people to set up new dairy farms or to expand the existing dairy farms. Finally, the study identified some problems of raising dairy animals. These were: scarcity of feeds and fodder, lack of veterinary care and services, lack of sufficient institutional loan and training facilities and low price of milk, etc. On the basis of their suggestions some recommendations were made for sound dairy development in the study area.