The Asian Journal of Animal Science (June & December, 2007), Vol.2 No.1 & 2 : (21-24)

INVESTMENT ON INDIGENOUS MILK PRODUCTS MANUFACTURING UNITS - A REMUNERATIVE PROPOSITION FOR UNEMPLOYED YOUTH

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Accepted : *March, 2007*

ABSTRACT

A study to evaluate investment option on different indigenous milk products manufacturing units in Burdwan district of West Bengal was carried out. Data were collected from 60 respondents in two sub-division. The study revealed that major chunk of the investment were consumed by buildings in owned shops and it was furniture and fixtures for rented shops. On an average, the working capital requirement were Rs.2441.84, Rs.4785.04 and Rs.8361.55 in the small, medium and large sized units, respectively, of which milk alone constituted nearly half of the amount. A perusal of the net returns per litre of milk handling on various categories of units revealed that small, medium and large units were getting Rs.4.22, Rs.8.21 and Rs.6.79, respectively. Break-even analysis indicated that all the products in all categories were produced at higher level than the break-even levels. A perusal of the pay-back period revealed that a unit in owned building requires 2.50 months to 4.25 months only to recover the initial capital investment and it is less than a month to recover the same for a rented shop.

Key words : Indigenous milk products, Halwais, Break-even analysis, Pay-back period.

India has achieved spectacular increase in milk production in recent years. Milk and its products are universally acknowledged as highly nutritious, but the primary importance lies in their ability to improve the quality of vegetarian diet. In India 50 to 55 percent of milk produced is being used for preparing a wide variety of dairy delicacies (Aneja, 1997).

Its' considerable portion is directed towards the production of indigenous products, especially chhana and khoa based. The manufacturing process of different indigenous milk products has been essentially utilizing small-scale technology in India.

If the level of unemployment in the country is viewed seriously, it would be of great importance to suggest unemployed masses about the amount of initial investment and working capital requirements corresponding to the size of milk handling for starting different types of dairy business. The break-even analysis would enlightens them that even small quantities of milk handling may be sufficient enough for early recovery of the investment made.

Keeping in view the above, the present study was directed to explore the investment pattern for different indigenous products manufacturing units, net returns per litre of milk handling, break-even levels of output for each product and the payback period for the recovery of investment so made.

MATERIALS AND METHODS

The study was conducted in Burdwan, the largest milk producing district of West Bengal (Anonymous, 1997). Two stage stratified random sampling has been used. Two sub-division from the whole district were selected randomly at the first stage. From each of them, 30 indigenous milk products manufacturing units (*halwais*) were selected randomly after collecting the list from their Association. The data on the entire milk business were collected on a well-structured schedule by personal interview during 1999. Based on the assortment of different products in the region, *chhana* and *khoa* based products have been considered for costs and returns from the products as well as the unit as a whole. Post-stratification was done on the basis of level of milk handling and the units were classified as small (104 lit.), medium (224 lit.), and large (409 lit.) categories by using cumulative frequency square root method of stratification (Dalenius and Hodges, 1950).

Tabular analysis was used for studying investment requirement in terms of fixed capital and working capital requirement to start the business corresponding to the different level of milk handling and the level of remuneration per litre of milk handling for producing different kinds of indigenous products. To know the level of operation at which the *halwais* sustain their business break-even analysis has been used. It concerns with the