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## Socio-economic Sustainability of Dairy Production Systems in Bangladesh

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### Abstract

Dairy production in Bangladesh is growing fast but faces problems of high input prices and low milk prices leading to a low productivity of dairy cattle. This poses the question whether dairy production systems are economically and socially sustainable. The concept of sustainable dairy production systems covers economic, social, technical and environmental dimensions. This paper mainly focuses on economic and social sustainability of dairy production systems based on the methods developed by the International Farm Comparison Network (IFCN) and D’Haese et al., (2007). The objectives were to analyse indicators which reflect economic and social sustainability using entrepreneur’s profit, return on investment, farm income, competitiveness of the product market and competitiveness of the factor market. The social capital (trust and associability), age, education, gender, wage rate of the region compared to other sectors and cultural habits were used as social sustainability indicators.

The results related with economic indicators showed that small farmers have much lower entrepreneur’s profit as compared with large farmers which implies that currently only larger farmers are able to recover their full economic costs and consequently are more sustainable. Small farmers have lower labour and land productivities than large farmers. Regarding the social indicators, lack of trust and associability was observed in the milk production chain especially between small farmers and processors which is a threat to sustainability. Smallholders have a lower knowledge about the farming system as measured in terms of years of formal education received and the years of experience in dairying. This increases their disadvantages in a dairy system with growing competitiveness. The overall result indicates that the smallholder dairy production system will not sustain unless and until the productivities are improved. From the findings it is recommended that entrepreneur’s profit and farm productivity should be increased by providing a conducive policy and institutional framework targeted at smallholder dairy farmers needs in order to improve on sustainability of smallholder dairy systems.

**Keywords:** Dairy production, economic, social, sustainability, Bangladesh