

ECONOMIC COST OF RAW MILK PRODUCTION FROM DAIRY FARMS IN CHIANG MAI PROVINCE

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Abstract The study was to evaluate a short-term economic cost of raw milk calculated by summation of fixed, variable, depreciate, and opportunity costs and divided by milk yield. The cost of milk production differs from farm to farm, so it is difficult to calculate the cost of milk production. Therefore, the present study was to demonstrate the simple calculation method to evaluate the cost of raw milk production by the fixed costs included 1) base salary of 5,000 baht/5 milking cow/month plus 500 baht/extra cow/month, 2) maintenance cost for calves, heifers, milking cows and dry cows (15, 20, 30, and 20 baht/day, respectively), and 3) general farm expenses of 20 baht/milking cow/month. In addition, investment cost included base cost of 300,000 baht for 5 milking cows plus 40,000 baht/extra milking cow. Variable cost from concentrate equal 6 baht/kg (feeding ratio 1 : 2 kg of raw milk). The annual depreciation rate of permanent asset and cows were 4% and 10%, respectively. Concomitantly, the deposit interest rate was 1%. In 2003, data from Chiang Mai Dairy Cooperative showed that the average number of calves, heifers, milking cows and dry cows in each farm were 1.0, 8.6, 9.3, and 2.8, consecutively. An average milk yield was 10.62 kg/cow/day. The average cost of raw milk production was 11.77 baht/kg, that was higher than the highest revenue milk price. whereas the average milk price was only 11 baht/kg. Currently, dairy farmers in Chiang Mai are encountering from economic losses. *Chiang Mai Veterinary Journal* 2006;4(1):43-50.

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