

Pornpimol Thongthammachat 2007: Baby Corn Business under the Contract Farming System.
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Economics. Thesis Advisor: Assistant Professor Visit Limsombunchai, Ph.D. 201 pages.

The objectives of this thesis were to study the general conditions, problems and obstacles of baby corn production, to compare costs and returns between contract and non-contract farmers on baby corn production, to compare the procurement costs of the company through contract versus non-contract (open market) channels, and to examine the advantages and disadvantages of the contract farming system from farmers', collectors' and contracting companies' points of view. The data were collected during the crop year 2005/2006 from 60 farmers in Kanchanaburi and Nakhon Pathom, including 30 contract farmers and 30 non-contract farmers.

The results of this study indicated that the socio-economic situations of both groups were not different. The problems and obstacles for both groups were high input price, flooding, unstable selling price and low selling price. The comparison of costs and returns between the two groups of baby corn farmers showed that the contract farmers had higher costs and higher net incomes than the non-contract farmers. The main cause of higher production costs was that farmers had to follow the specifications of the production line to meet the required standard. The investment in baby corn production for contract farming had lower risk than non-contract farming. In addition, the results also showed that the procurement cost via the contract channel was higher than the non-contract channel, because contract prices were higher than non-contract prices. However, the contracting company was willing to pay higher costs for standard products of which the source of origin was known. Furthermore, the advantages for farmers and collectors from the contract farming system were stable revenue and receiving the support from the contracting company. However, farmers and collectors had to follow the specifications strictly because if the products did not meet the standards, the company would not purchase them.

In summary, baby corn farmers should use the contract farming system because it has more advantages than the non-contract farming system. Additionally, baby corn farmers should take supply chain management into baby corn production, to increase efficiency.

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