

Supanika Chanawirat 2009: Non-farm Income and the Vulnerability to Poverty of Households in Ubon Ratchathani Province. Master of Science (Agricultural Economics), Major Field: Agricultural Economics, Department of Agricultural and Resource Economics.

Thesis Advisor: Assistant Professor Suwanna Praneetvatakul, Ph.D. 88 pages.

To provide a secure basis to prevent households falling into poverty in the future, an assessment of household vulnerability to poverty is necessary and interesting. In addition, rural household earn an increasing share of their income from non-farm source. To drive households coping with poverty, the objectives of this study are to estimate the vulnerability to poverty and analyze the non-farm income factor affecting vulnerability to poverty of 968 households in Ubon Ratchathani province. To estimate the vulnerability to poverty, 3FGLS method is firstly used to generate household's expected consumption function, and a probit model is then used to determine the factors affecting the vulnerability to poverty.

The results show that 1 from 3 of total households received their main income from non-farm source. They earned an annual average income of 200,756 baht per household, mainly from business and industrial or service employment. The other 2 from 3 received their main income from farm source. Their annually income was 131,153 baht per household in average, mainly from agricultural activities. The proportion of households who received most income from non-farm source, whose household head finished upper secondary school, was 21%, compared to 8% of households who received most of their income from farm source. When considering the household vulnerability to poverty, we found that 58% of total households were considered as vulnerable. Under these vulnerable households, 31% received most of their income from non-farm source, while 69% received most of their income from farm source. The factors affecting the vulnerability to poverty of the households negatively are such as the non-farm income, employed member having upper secondary school, amount of saving, amount of loan for farm and non-farm investments, value of farm and non-farm productive asset. In summary, if the non-farm income increases, the vulnerability to poverty trends to decline.

Therefore, the government and policy makers should consider to promote non-farm activities sources to provide a secure base and cope with the poverty in the future.

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