

Piyada Ketruangroch 2011: Rice Millers' Market Power in Thai Hommali Market.

Master of Science (Agricultural Economics), Major Field: Agricultural Economics,

Department of Agricultural and Resource Economics. Thesis Advisor:

Miss Ravissa Suchato, Ph.D. 68 pages.

The main objective of this study is to analyze the rice millers' market power in the milled rice and paddy market by using monthly statistical data during 1999-2010. OLS and 2SLS are employed to estimate system equations of paddy supply, milled rice market and the mark up equation using comparative statistics in supply and demand technique.

The empirical results find that the factors affecting paddy supply are paddy price and rainfall. The factors affecting milled rice demand are milled rice price and population. Moreover, from mark up equation estimations, the empirical results find that rice millers have a few market power in the Thai Hommali Paddy Market because most of the rice millers are located in cultivation areas to decrease transportation costs, but they are competing in their paddy procurement process to have enough input for their production. There is no supporting evidence that millers have market power in the rice market because 71.5% of the hommali rice is exported to the world market, and factors that affecting mark up are wage and diesel price.

The suggestions driven from the results are as follows. The government should promote more competition in paddy market by establishing a central paddy market where its operation is transparent and fair. Moreover, the farmer's organization such as farmer's cooperative should be promoted in order to raise farmers' bargaining power.

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