

Thesis Title A Study of Guideline to Establish the
Factory of Various Rubber Processing
Industry, Participated by Smallholders
: A Case Study of Satun Land Settlement

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ABSTRACT

Rubber is an economic crop of Thailand which generates the third of income to the country beside rice and cassava. More than 800,000 families earn their living from it. However, the low standard of rubber sheets and the low price offered by the middleman are the main problems encountered by smallholders.

The objectives of study are ; 1) to study farmers' attitude pertaining to the establishment of the factory of various rubber processing industry in the local area, 2) to study farmers' point of view and their participation in establishing and co-investment the factory and selling their field latex to the factory, 3) to study the

feasibility of the factory requested and accepted by the smallholders in the project area.

This study was taken from the interview with the smallholders who plant the high yield rubber in Satun Land Settlement of 201 families and the interview from 8 manufacturers of rubber processing factory in the South. The data was taken from the Rubber Research Institute, Department of Agriculture and other sources. The results of socio-economic study show that an average of family member is 5.2 persons, of which 2.4 persons are working in the rubber farm. Land holding is 21.6 rai per farm which 16.4 rai is planted the high yield rubber of which 11.2 rai can be tapped. Average income from selling rubber is 48,280 Baht per family per year, and rubber mostly was sold to the wholeseller in the local market.

As far as the establishing of the Rubber Processing Industry in a local is concerned, most of smallholders agree with the establishing of the factory of Ribbed Smoked Sheets for the first choice and the factory of Air Dried Sheets is as the second choice. Moreover, most of them agree with the sale of field latex to the factory. With the investment of establishing the factory, the smallholders may invest from the amount of 200 Baht to 10,000 Baht. As far as management is concerned, a group of committee will be appointed by the smallholders and is look after by the factory manager.

The benefit-cost analysis found that the factory

of Ribbed Smoked Sheets with capacity of 3 tons per day has the economic decision of NPV, IRR and B/C Ratio at 1,441,253 Baht, 35.29 % and 1.03 respectively. The factory of Air Dried Sheets with capacity of 3 tons per day has the economic decision of NPV, IRR and B/C Ratio at 2,770,694 Baht, 54.38 % and 1.06 respectively. Ribbed Smoked Sheets with capacity of 5 tons per day has the economic decision of NPV, IRR and B/C Ratio at 3,005,607 Baht, 51.38 % and 1.04 respectively. The factory of Air Dried Sheets with capacity of 5 tons per day has the economic decision of NPV, IRR and B/C Ratio at 3,401,599 Baht, 56.12 % and 1.04 respectively. The analysis shows that the investment on both factories for Rubber Processing Industry is financially viable.

The comments on the study of establishing the factory of Rubber Processing Industry can be concluded into 4 items as follows :

1. Although, the investment of both Ribbed Smoked Sheets and Air Dried Sheets is financially viable, but a marketing study of rubber market is needed including a study of market trend before making and decision for the investment of one or another above.

2. This study has analyzed the model of factories in 2 sizes, 3 tons and 5 tons therefore, if one will expand the factory from 3 tons to 5 tons, the results are still used in making a decision.

3. The results of this study can be used for the proposed investment of Rubber Processing industry from

financial institutions as far as credit is concerned.

4. In order to be an action plan for the establishment of the factory, a study of administration, capacity of machine, factory management, source of fund and marketing outlets of the factory is required for further study.