

Gem Tshering 2011: Economic Potential of Timber Production from Community Forest under Tsirang Dzongkhag in Bhutan. Master of Science (Tropical Forestry), Major Field: Tropical Forestry, Interdisciplinary Graduate Program. Thesis Advisor: Associate Professor Wuthipol Hoamuangkaew, Ph.D. 123 pages.

The field survey was conducted during spring in 2010 to study timber production and investigate financial return from lumber sale from Yargey Community Forest under Tsirang district in Bhutan. Stratified random sampling for 71 respondents was randomly selected for interviewing with targeted groups like Community Forest Management Group, furniture house/sawmill owners, general timber consumers and contractors. The data was gathered by employing three methods, including semi structured interview, focus group discussion and direct observation.

Demand functions as well as its predictions were carried out. Durbin – Watson statistical test was employed for testing accuracy of demand function for having no problem about serial correlation. The demand for timber was depended on timber price with  $R^2$  at 93.73. The coefficient, timber price of 60.3036 was statistically significant at 0.01 level. The price variable showed that, the relation between price and demand for timber was positive, which mean that when timber price increased the quantity of demand for timber also increased. The price for timber was depended on timber demand with  $R^2$  at 96.70.

Marketing channel for timber product indicated that, 89% was used for domestic consumption and 11% for commercial purpose. Financial analysis revealed that, Nu. 7.17/ft<sup>3</sup> and Nu. 14.45/ft<sup>3</sup> were the profit from 267 ft<sup>3</sup> of timber and 160.20 ft<sup>3</sup> of lumber production, respectively (Nu 44.45 = US \$ 1). Profit from sofa set production was the highest with Nu. 3931.30 /set. However, profit from chair was the lowest one with Nu. 443.33 /piece.

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