

Jariya Kanokwiman 2011: Cost and Benefit Analysis of Small Orchid Farming Investment in Thailand. Master of Economics (Business Economics), Major Field : Business Economics, Department of Economics. Thesis Advisor: Ms. Woradee Jongadsayakul, Ph.D. 125 pages.

Thailand is world's number one exporter of orchid cut flower. Its export increases every year. Moreover, government policy supports and increases Thai orchid's competitive potential. Therefore, the purposes of this research are to study orchid cut flower industry and to analyze small orchid cut flower investment in Thailand.

The study revealed that new business entrepreneurs have encountered the problem about experience since small orchid farming requires extensive skills and levels of knowledge which are both time intensive to acquire. For conduct, the study showed that orchid prices are set by middlemen who often enjoy in an advantageous position during price negotiations. So mat growers are in non price competition such as quality control in order to meet the market standard. For performance, profits depend on orchid grades and are best attained for orchids with a peduncle of 50-60 centimeters.

In the financial analysis on orchid farming investment with 10 rai of planting area, 4 years project life, and 7.5 percent discount rate, it is found that the NPV is positive, the BCR is larger than 1, and the IRR is higher than the opportunity cost. This result suggests that orchid farming investment is worthwhile. However, if cost and benefit are not as assumed, the investment will still be profitable as long as an increase in cost is not greater than 36.05 percent, or a decrease in benefit is not greater than 26.50 percent.

From the above analysis, government should support orchid farming investment and provide some training about good agricultural product (GAP) in order to have quality orchid for exporting. Additionally, growers should study orchid farming process in order to have good and quality products and to increase revenues.

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Thesis Advisor's signature