

Sirikul Lewsiriwongcharean 2011: Feasibility Study of the Investment in Oil Palm Production in Nong Suea District, Pathum Thani Province. Master of Science (Agricultural Economics), Major Field: Agricultural Economics, Department of Agricultural and Resource Economics. Thesis Advisor: Mrs. Kulapa Kudilok, Ph.D. 118 pages.

Palm oil is an opportunity of farmers in Nong Sua district Pathum Thani province. However, farmers lack experiences of the oil palm plantations management and financial investment. Therefore, studying how to manage the oil palm plantation is interesting to study. The aims of this research are 1) To study the background of oil palm production and market 2) To analyze the value chain of the oil palm, and 3) To analyze the financial investment of the oil palm plantation in Nong Sua district Pathum Thani province. The sample size was 20 farmers in the oil palm plantation size area of 10, 25 and 50 rais and the period investment is 25 years. Value chain and financial investment (Payback period (PB), Net Present Value (NPV), Benefit to Cost ratio (BCR) and Internal Rate of Return (IRR)) and switching value test of the project, were employed in this study.

The value chain analysis of the oil palm found that the selection of oil palm seedling was the most important feature followed by water management system and quality of palm oil. The weakness was the oil palm seedling procurement. For the financial investment analysis, it was found that at the discount rate of 5%, the most appropriate area was for 50 rais the PB=7 years, NPV=3,913,388, BCR=1.54 and IRR=20%. Switching value test of the project showed that the investment in the area of 50 rais will have lower risk comparing to 25 rais and the change of income has more effects in the investment than the change of costs. In conclusion farmers can extend palm plantation in this area. However, they may concern about the area size and change in cost and prices. The oil palm value chain results can be used as a guide in the development for 3 ways 1) the development productivity and cost reduction. 2) value-added development. 3) the development marketing

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