ABSTRACT

DEWI SAHARA. The Production and Consumption Behavior of Rice Farm Households in Southeast Sulawesi (HARIANTO as Chairman, NUNUNG KUSNADI and KUNTJORO as members of the Advisory Committee)

The objectives of this study are: (1) to analyse the profit efficiency and factors affecting inefficiency of profit for paddy and non-paddy farming based on the technology and wetland agro-ecosystem, (2) to assess the response of output supply and input demand toward the changes of output and input prices based on wetland agro-ecosystem, (3) to assess the response of farm households’ consumption toward the changes of output and input price and the households’ income based on the wetland agro-ecosystem and profit efficiency, and (4) to compare the response of farmer households’ consumption as pure consumer and their response as producer and consumer based on wetland agro-ecosystem, and the profit efficiency. The stochastic frontiers profit function, and output and input share functions were used to analyse the production behavior, whilst, the Almost Ideal Demand System Model was used to analyse the consumption behavior. The research findings showed that the rice farm households for irrigated lands with improving technology have the highest profit efficiency compared to others. Inefficient profit was influenced by the experiences of farmers in farming, education level, and the number of family member. The parameter estimation results by employing output and input share function showed that there was the greater impact of rice price toward output supply and inputs demand compared to fertilizer price. Meanwhile, the household expenditure share function showed that the rice farmers around the area of research were responsive for price changes of rice because rice is a main commodity, but they were less responsive on price changes of fertilizer. Athough they were responsive on the changes of rice price, but it became less sensitive when they were as producers and consumers. The policy implications and further research suggestions are: (1) to increase the productivity and profitability of rice farming still require wisdom specific technology and irrigation facilities development, (2) to enhance farmers’ income needs to improve the price policy through improving the Government Purchasing Price standard of rice, and (3) for further research, the nutrient content of fertilizer should be considered on the production analysis, and the types of farm household and the kinds of data should be expanded, as well as, the distinguish type of purchased food should be based on the nutrient content by using the farm households model.

Keywords: production, consumption and farm household