
**BUSITEMA UNIVERSITY ARAPAI CAMPUS
FACULTY OF AGRICULTURE AND ANIMAL SCIENCES
DEPARTMENT OF AGRIBUSINESS AND EXTENSION**

**ASSESSMENT OF THE PROFITABILITY OF GROUNDNUT PRODUCTION AMONG
SMALLHOLDER FARMERS IN BUKANGA SUB-COUNTY, LUUKA DISTRICT**

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DECLARATION

This study is original and has not been published or submitted for any other degree award to any other University before.

Signature Jagenda Moses Date 17/03/2024

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APPROVAL

This Special Project Report has been submitted to the Department of Agribusiness and Extension with approval of the University supervisor.

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DEDICATION

I dedicate the work to the almighty God, Jagenda Family, friends, the Agricultural officer Bukanga Sub County and the researchers who are to do research related on groundnuts.

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LIST OF ACRONYMS

| | |
|-------|---|
| GDP | Gross Domestic Product |
| Ugshs | Ugandan shillings |
| UGX | Ugandan shillings |
| NAADS | National Agriculture Advisory services |
| MAAIF | Ministry of Agriculture Animal Industry and Fisheries |
| Kg | kilogram |
| UBOS | Uganda Bureau of Statistics |
| IPM | Integrated pest Management |
| Ha | hectare |
| FAO | Food and Agriculture Organization |

ABSTRACT

In Uganda, agriculture is a country's backbone and main source of income for rural people. The agriculture sector contributes to 23% of the country's GDP and employs over 70% of Uganda's population and feeds the raising population. Bukanga Sub County is rural state Sub County located in Luuka district Busoga region. The area is made up of farmers who cover the biggest percentage of the population growing various crops like groundnuts, potatoes, sugarcane, soya bean, Maize, coffee and many other crops. The farmers take agriculture as their major economic activity and depend on it for their livelihood but majority of these farmers are poor, food insecure and are of a low income status which signifies that the agriculture they are doing is not profitable. The aim of the study was to assess the profitability of groundnut production in Bukanga sub county Luuka district because groundnut is one of the commonly grown crops and has a ready market with higher prices. With guidance from the technical people and the population size not known the researcher was able to employ the formula by Easterby-Smith(2013) and used a sample size of 73 respondents who were basically groundnuts farmers and all accepted to participate in the survey. Data was analyzed using descriptive statics, multiple regression analysis and gross margin analysis. The results showed that mostly females participate in groundnuts production than males; most of the respondents have attained education, the other shows that groundnut production is profitable in Bukanga Sub County Luuka District because it has a positive gross margin of UGX **32,180**, a net farm income of -UGX8,904.50 and a return on every UGX invested of -0.02. The negative returns were reported to result from some major factors like much rainfall, much drought, low soil fertility, pest and diseases and high prices of seed. Groundnuts production can be a profitable business in Bukanga Sub County if the farmers are taught better agronomic practices, subsidies are given to farmers on the inputs used in production and improving the extension network which improves the information flow to and from farmers to the agricultural officials.

CHAPTER ONE

1 Introduction

The section below intends to present the background of the study, research problem, objectives, research questions, significance, justification, conceptual frame work, scope and limitations of the study

1.1 Background of the study

Groundnut (*Arachis hypogea*), an annual plant herb (legume) comes from the pea family of Fabaceae. It is also known as peanut, earthnut, monkey-nut and goobers in U.S. and British terms (Stigter, 2007). It is the 13th most important crop and the 6th most important oilseed crop of the world (NAADS, 2020). Groundnut seeds contain 40 - 50% fat, 20 - 50% protein and 10 - 20% carbohydrate depending on the variety (Kefa, 2013). With the costs of animal protein becoming increasingly prohibitive, groundnut is becoming an even more important source of protein. Groundnut seeds are also a nutritional source of vitamin E, niacin, folic acid, calcium, phosphorus, magnesium, zinc, iron, riboflavin, thiamine and potassium (Savage, 1994). Groundnut seeds are consumed directly as raw, roasted or boiled (meal) and the oil extracted from the seeds is used as culinary oil. The oil is used in making margarine, crackers/cookies, candy, salted groundnut, salad oils nut chocolates, sandwiches and soaps. Furthermore, groundnut plants are used as animal feed (oil pressings from seeds, green material and straw) and industrial raw material (oil cakes and fertilizer) Groundnut adds nitrogen to the soil by increasing soil fertility (during its growth and the straws when they decay in the soil). (Okello et al., 2010)

These multiple uses of the groundnut plant make it profitable cash crop for domestic markets as well as for foreign trade in several developing and developed countries were Uganda lies. Groundnut is one of the most popular and universal crops (J, 1996). Groundnut is globally grown on approximately 25 million hectares of the semi-arid, tropical and sub-tropical regions of the world between latitudes 40 ° N and 40 ° S of the equator. (Kefa,2013) It is cultivated in 108 countries worldwide on an area of 29.6 million hectares with a total global production of 48.86 million tons and 1.61 tons/ha productivity (FAO, 2019).

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