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**PROFITABILITY ANALYSIS OF RICE FARMING IN BUSETA SUB COUNTY  
KIBUKU DISTRICT**

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**A PROJECT REPORT SUBMITTED TO THE DEPARTMENT OF AGRIBUSINESS  
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THE BACHELOR OF AGRIBUSINESS DEGREE AT BUSITEMA UNIVERSITY,  
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**DECLARATION**

I hereby declare that this study is original and has not been submitted for any degree at any other university.

Signature...  ..... Date... 06/11/2024 .....

MUGATA FALUKU

**APPROVAL**

This project report has been submitted to the Department of Agribusiness and Extension with the approval of the university supervisor.

Signature.......... Date..........

DR. MAGUMBA DAVID

## **DEDICATION**

I dedicate this work to Almighty God for granting me wisdom, knowledge, and understanding throughout my studies. I am also profoundly grateful to my parents and friends for their unwavering financial, emotional, and spiritual support along my academic journey. Special thanks to my brother, Sisye Hassan, and my fellow classmates who stood by me during my Bachelor of Agribusiness program from 2021 to 2024. May God bless you all for your dedication and effort.

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## LIST OF ACRONYMS

CARI	Competitive Africa Rice Initiative
Dr.	Doctor
E	error
GP	Gross Profit
GPS	Global Positioning System
M	Million
MT	metric ton
N	population size
n	sample size
NDP	National Development Plan
SD	Standard Deviation
TC:	Total Costs
TR:	Total Revenue
VC:	Variable Costs
FC:	Fixed Costs
TVC:	Total Variable Costs
USAID:	United States Agency for International Development
USDA:	United States Department of Agriculture
UG:	Uganda

## ABSTRACT.

This study aimed to assess the profitability of rice farming in Buseta Sub-County, Kibuku District. A multistage sampling technique was employed to collect cross-sectional data from the area. A total of 105 rice farmers were interviewed using a combination of structured and semi-structured questionnaires. The independent variables examined included various socio-economic factors of the farmers, such as gender, age, marital status, family size, educational level, and years of farming experience, primary occupation, and land size in acres. Profitability was the dependent variable, assessed using the gross profit margin, calculated as:  $GP = TR - TVC$ . The findings revealed that most rice farmers (67.6%) were male, while (32.4%) were female, indicating the involvement of both genders in rice farming, which contributes to local development. Additionally, (78.1%) of farmers were married, (17.1%) were single, and (4.8%) were divorced, suggesting that the labor-intensive nature of rice farming might influence the high marriage rate among farmers. In terms of educational background, (10.5%) of farmers had no formal education, (25.7%) completed primary education, (41.9%) attained secondary education, and (21.9%) achieved tertiary education. This suggests that secondary education may not provide sufficient alternative employment opportunities, leading many individuals to engage in rice farming for income. The average age of respondents was 40.91 years, ranging from 18 to 80, with a standard deviation of 16.29 years. The average family size was 11.91 members, with a minimum of 2, a maximum of 42, and a standard deviation of 8.50 members.

On average, gross profit (Revenue – Total Variable Costs) per acre was 617,641.23 UGX, indicating that each acre yields this profit amount after accounting for variable costs such as seeds and labor.

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Keywords: Rice, Profitability, Gross Profit

## CHAPTER ONE.

### 1.0.1 INTRODUCTION

Rice is one of the most widely consumed staple foods in the world, with a growing overall demand. Currently, global rice consumption is approximately 486.62 million metric tons (MT) annually (Statista, 2020). It ranks as the third most produced agricultural commodity worldwide, following sugarcane and maize (Buendía, Garces, and Aceros, 2023). Achieving self-sufficiency in rice production is becoming increasingly important in Africa due to rapid population growth, urbanization, and changing consumer preferences. In 2018, rice consumption in sub-Saharan Africa was around 26.6 million MT, while production stood at about 25.2 million MT. By 2026, demand is projected to rise to nearly 34.0 million MT, necessitating a 35% increase in production to meet these anticipated needs (Competitive African Rice Initiative (CARI), 2019). In Uganda, rice has been identified as a priority crop in the National Development Plan III (2020/21-2024/25), emphasizing food security enhancement, household income growth, and export promotion (NPA, 2019).

The extension services department has played a crucial role in promoting modern production technologies among farmers, contributing to Bangladesh's near self-sufficiency in rice production. However, sustaining this production level is challenged by significant population growth and decreasing per capita land availability. Consequently, increased rice production must rely on limited resources, including land, water, chemicals, and labor (Alam and Islam, 2013).

Research by Rahman et al. (2015) and Islam et al. (2017) indicates that rice farming can be profitable in Bangladesh, although profitability varies by region based on the adoption of modern technology, access to inputs, land fertility, and other factors. Moreover, the overuse of fertilizers and pesticides, along with climate change, has resulted in biodiversity loss, declining soil fertility, and considerable arsenic contamination in groundwater. Recent trends in free trade have led to the influx of cheaper rice from countries such as India, Pakistan, and the Philippines, intensifying price competition and diminishing incentives for local farmers. The interplay of technological, environmental, and institutional factors across rice production, processing, marketing, and consumption is driving up costs and reducing the profitability of rice farming in Bangladesh. Therefore, it is essential to assess profitability differences among farmer groups and

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