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**THE EFFECT OF CREDIT ON LAND ACQUISITION AND LABOUR
PRODUCTIVITY ON SMALL SCALE FARMERS. A CASE STUDY OF BUMBOBI SUB
COUNTY MBALE DISTRICT.**

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COMPILED BY:

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**A RESEARCH REPORT SUBMITTED TO THE DEPARTMENT OF AGRIBUSINESS
AND EXTENSION IN PARTIAL FULFILLMENT OF THE
REQUIRMENTS FOR THE AWARD OF BACHELOR
OF AGRIBUSINESS OF BUSITEMA UNIVERSITY
ARAPAI CAMPUS**

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DECLARATION

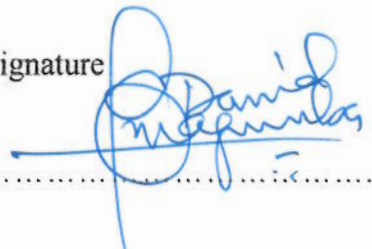
I **NAMAKHOLO MARIAM** declare that this is my own original work and that it has not been presented to any other university for a similar or any other degree award.

Student/Researcher..... **NAMAKHOLO MARIAM**

Sign.....  Date..... **18/02/2021**

APPROVAL

This is to certify that **NAMAKHOLO MARIAM** has written and submitted this research report under my supervision.

Signature 

Date **18/2/2021**

DR. MAGUMBA DAVID (PhD), SUPERVISOR



DEDICATION

I dedicate this report to the almighty God for giving me life, all staff members of Arapai Campus and my parents Mr. Wambedde Abdul & Mrs. Nambuya Kasifa for material and financial support not forgetting my sisters and brothers And not forgetting all the people who helped me towards this resarchthat is to say musene Andrew, wamono Fredrick, wekhichu job,,mr. oguli francis, dr davivid magugmba madam batamuriza rehema and all my lecturers for the different who helped me in all ways.

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TABLE OF CONTENTS

Contents	Page
DECLARATION.....	i
DEDICATION.....	ii
ACKNOWLEDGEMENT.....	iii
TABLE OF CONTENTS.....	iv
LIST OF TABLES.....	vii
LISTS OF FIGURES.....	viii
LIST OF ABBREVIATIONS.....	ix
ABSTRACT.....	x
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1. Background.....	1
1.2 Problem Statement.....	2
1.3. General Objectives.....	2
1.4 Specific Objectives.....	2
1.5. Research Questions.....	2
1.6 Significance of the Study.....	3
1.7 Justification of the study.....	3
1.7.1 Theory of the study.....	3
1.8 Conceptual Framework.....	3
CHAPTER TWO.....	5
LITERATURE REVIEW.....	5
2.0 Introduction.....	5
2.1 Nature of credit obtained by small scale farmers.....	5
2.2 Utilization of loans by the farmers.....	6
2.3 Influence of loans on agriculture development.....	7
CHAPTER THREE.....	8
RESEARCH METHODOLOGY.....	8
3.0 Introduction.....	8
3.1. Study Area.....	8
3.2 Research Design.....	8

3.3 Study Population.....	8
3.4 Sample size.....	8
3.5 Sampling techniques.....	9
3.5.1 Simple Random sampling.....	9
3.5.2 Purposive Sampling.....	9
3.6 Data Collection Instruments.....	10
3.6.1 Questionnaire.....	10
3.6.2 Interview guide.....	10
3.7 Quality Control Methods.....	10
3.7.2 Reliability.....	10
3.8 Data analysis.....	11
3.9 Ethical Considerations.....	11
CHAPTER FOUR.....	12
DATA PRESENTATION, ANALYSIS AND DISCUSSIONS OF FINDINGS.....	12
4.0 Introduction.....	12
4.1 Demographic characteristics of the farmers in Bumbobi Sub County.....	12
4.1.1 Age Group of the Respondents.....	12
4.1.2 Gender of the Respondents.....	13
4.1.3 Marital Status of the Respondents.....	14
4.1.4 Education Level of the Respondents.....	15
4.1.5 Farming experience of the Respondents.....	16
4.2 Effect of Credit on land acquisition.....	16
4.2.1 Sources of credit and institutional performance.....	16
4.3 Utilisation of loans among the farmers.....	22
CHAPTER FIVE.....	25
SUMMARY OF THE MAJOR FINDINGS.....	25
5.0. Introduction.....	25
5.1 Summary.....	25
5.1.1 Determining the utilization of loans on among the farmers.....	25
5.1.2 Determining the influence of loans on agricultural development.....	25
5.1.2 The nature of credit obtained by small scale farmers.....	26
CHAPTER SIX.....	28

CONCLUSIONS AND RECOMMENDATIONS.....	28
6.0 Introduction.....	28
6.1 Conclusion.....	28
6.2 Recommendations.....	28
REFERENCES.....	30
APPENDICES.....	34
APPENDIX I: QUESTIONNAIRE.....	34
SECTION A: GENERAL INFORMATION.....	34
SECTION B: DEMOGRAPHIC CHARACTERISTICS.....	34
SECTION C: NATURE OF CREDIT OBTAINED BY SMALL SCALE FARMERS.....	35
SECTION D: UTILIZATION OF LOANS BY THE FARMERS.....	37
SECTION E: INFLUENCE OF LOANS ON AGRICULTURE DEVELOPMENT.....	38
APPENDIX II: INTERVIEW GUIDE FOR MONEY LENDERS AND MICROFINANCE INSTITUTIONS.....	38
APPENDIX III: WORK PLAN.....	40
APPENDIX IV: PROPOSED BUDGET.....	41

LIST OF TABLES

Table 1 Sample size distribution.....	9
Table 2 : Sources of credit facilities	17
Table 3 Farm Size	17
Table 4 : Amount of Credit Accessed.....	18
Table 5 Descriptive Statistics of financial institutions	18
Table 6 Use of credit obtained.....	20
Table 7: How much interest charged?	20
Table 8: How does credit help you?	21
Table 9 : Regression Results or the influence of loans on agriculture development.....	21
Table 10: Credit and Access to Labour.....	22
Table 11: Constraints faced while getting access to credit from financial institution	22
Table 12: Procedures followed while giving out loans.....	23
Table 13: How procedures affect farmers while accessing credit	23
Table 14: Distance of the financial institution.....	24
Table 15: Problems faced while accessing credit in your area	24
Table 16: Measures taken to ensure easy accessibility to credit.....	24

LISTS OF FIGURES

Figure 1 Conceptual framework	4
Figure 2 : Age group of the Respondents	12
Figure 3 : Gender of the Respondents.....	13
Figure 4 : Marital status of the Respondents	14
Figure 5 : Education Level of the Respondents.....	15
Figure 6: Farming experience of the Respondents	16
Figure 7 : Bar graph showing interest rate of different financial institutions.....	19

LIST OF ABBREVIATIONS

FAO	Food and agriculture Organisation
GDP	Gross Domestic Product
SPSS	Statistical Packages for Social Sciences

ABSTRACT

The general objective of this study was to describe the nature of credit obtained by the farmers and labour of small scale farmers in Bumbobi Sub County. The specific objectives were; to describe the nature of credit obtained by small scale farmers, to examine the utilization of loans among framers and to determine the influence of loans on agriculture development. The study employed a descriptive research design and employed both qualitative and quantitative methods of data collection. The sampling techniques used were simple random and purposive sampling technique. The study finding showed that there is a positive effect of credit on acquisition of land, that there was no relationship between credit and access to labour because majority of farmers use family labour. This implies that credit help farmers in acquiring of capital. The study concluded that farmers in Bubombi Sub County use credit obtained for hiring land for agricultural production. Hence having an effect of credit on acquisition of land, there is no relationship between credit and access to labour because majority of farmers use family labour. The study recommended that credit providers should focus on introducing attractive packages with lower interest rates, easy registration processes and flexible payment terms. This will encourage more farmers to access loans and enable them expand their production which will ultimately lead to improved standard of living of families and the nation as a whole, the government and other stakeholders should create other alternative credit packages for farmers so as to ensure families are food secure, become self-reliant and living standards of small holder farmers increases and training before and after the loans are disbursed is a major factor that impacts on the manner in which these loans are managed. The results even shows that, those who receive some form of training usually use the loans for the intended purposes, compared to those who do not receive any form of training. It is therefore recommended that, efforts should be made to intensify these training programs so as to reduce mismanagement of scarce financial resources. These financial resources can then be used to improve the welfare of the family.



CHAPTER ONE

INTRODUCTION

1.1. Background

Agriculture plays an important role in the growth and development of economies in different parts of the world. (FAO, 2020).

Globally, agriculture is accounted for 4% of gross domestic product (FAO, 2018). Agriculture help to reduce poverty for 80% of the world's poor who live in rural areas and work mainly in farming. (World Bank, 2018).

In African economies, Agriculture accounts for at least 15% of the Gross Domestic Product. In addition, around two thirds of the African population is employed with in the agricultural sector, the vast majority working on small scale farms currently produce around 90% of all output. (Agriculture in Africa Special report, 2019)

In Uganda, agriculture continues to be the largest provider of employment to the Ugandan workforce. It accounts for 72% of the total labour force in Uganda, of which 76% are women, and 63% are youth mostly living in the rural areas (MoFPED, 2014; OECD 2015). It is one of the dominant sectors of the country; it contributes 25% of GDP, and it provides the main source of income for all rural households, particularly the poorest 40% (Feed The Future, 2018). As such, it is believed to have great potential to influence household food security (Godfray et al, 2010).

The government of Uganda came up with numerous programmes to address the inability of agricultural productivity to keep pace with the country's demand for agricultural products such as construction of warehouses to improve storage (Ministry of Agriculture, Animal Industry and Fisheries, 2018). Despite the numerous programmes to increase on productivity of agricultural output, the productivity of agricultural produce is still low. It's therefore against this background that this research hopes to examine the effect of credit on acquisition of land and labour productivity of small scale farmers in Bumbobi Sub County in Uganda.