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**VIABILITY ANALYSIS OF DAIRY FARMING ENTREPRISES IN NTUNGAMO
DISTRICT. A CASE OF PRODUCTIVITY AND PROFITABILITY ESTIMATION**

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ABSTRACT

A cross sectional study on the viability of dairy farm enterprises was conducted in Ntungamo district. A total of 174 farmers whose dairy enterprises had existed for at least one year, were interviewed by use of a questionnaire. A multi-stage sampling technique involving both purposive and random sampling approaches was used during data collection. Data collected was entered and possessed by MS-EXCEL, SPSS (V-24-IBM) and STATA-14 software. The study revealed that most (92.5%) farms were owned and run by men. Most farmers (88.5%) were between 24 to 64 years of age, with a mean age of 49.7 years. Majority of households (96.6%) had 5 and more people, with a mean household size of 12 people. Majority of farmers (89.1%) had attained education, of which 38.5% were of the primary cycle, 31.6% were of the secondary cycle and 19.0% were of tertiary and above. Majority of farmers (97.7%) owned land, and the mean land size was 89.9 acres. Cattle kept ranged from 2 to 373 animals, at a mean of 50 animals per farm. About half (50%) farms were medium scale farms (11-50 cattle) as compared to the 15% small scale (1-10 cattle) and the 34.5% large scale farms (above 50 cattle). Majority of the farms (89.7%) reared on a free range production system, 59.5% of farms had cross breeds while only 4.6% of the farms ever used artificial insemination. All farmers indicated efforts to deworm and control tick among their herds. About 93.1% of farmers had experience of 5 years and more, 73% had attended dairy related trainings, 87.4% belonged to a producer association, 51.1% ever accessed agricultural credit, 73.6% accessed dairying information, and 51.7% accessed extension service. Most (83.3%) of farmers benchmarked other farms but only 39.7% adopted some new technology. Majority of farms (93.3%) utilized both family and hired labour. Milk is the major product from the farms while others included cattle for sale, ghee and manure. Milk is sold at farm gate, MCCs and other markets, although 80.9% of farmers sell their milk to MCCs. The Annual milk production per cow ranged from 540– 4140 liters while that of farm ranged from 900-324,000 liters. The farm annual milk yield is greatly affected by the milking herd size with a P value of 0.000 at a 5% level of significance. Average gross profit margin was 72.6% however the mean technical efficiency was very low (19.7%). Total herd size, age, experience, total skills scores, extension services and training in dairying significantly affected the marginal labour productivity of farmers. Generally dairy farms in Ntungamo are still relatively viable but technically inefficient. It is recommended that farmers should be skilled in aspects of dairy production, entrepreneurship and management so as to boost their competence to run productive dairy businesses.