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Socio-economic and Profitability Analysis of Smallholder Agriculture: The Case of Maize Farmers in Eastern Cape Province of South Africa

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ABSTRACT The study was carried out in Eastern Cape Province of South Africa. The two municipalities, namely, Qamata and Tyefu irrigation schemes were purposively chosen by virtue of their small-scale irrigation schemes in the Transkei and Ciskei homelands, respectively. The objectives of the study was firstly: to analyse the socio-economic features of the smallholder maize farmers; and secondly to determine the profitability of smallholder maize enterprises in line with their costs and returns implication, as well as comparative in line with their smallholder irrigator and homestead maize gardeners in the study area. Descriptive statistics such as means, percentages, frequency distributions and tables, as well as Gross margin analysis were used in analyzing the objectives. Results from the socio-economic features of the smallholder maize farmers indicated that majority (66 %) of them were men with an average age of 61 years old, majority (69%) were married, with mean household size of 4 persons and household heads having some primary education. Moreover, majority (76%) of the farmers depended on irrigation technology; majority (33%) of the famers spent between 9 and 11 years of experience in farming; majority (89%) of the respondents in the study area were dependent on farming as their major occupation and livelihood. Pertaining to land acquisition, majority (48%) of the farmers believed that the traditional or community leaders set rules and regulations regarding land acquisition. From the profitability analysis, smallholder farmer irrigators generated significantly higher yield, total revenues and gross margins more than the homestead gardeners at 5, 10 and 5 percent levels, respectively. Moreover, homestead gardeners spent more money in purchase of inputs and this may have contributed to their low gross margins. On the other hand, smallholder-farmer irrigators who incur less input costs have higher chances of benefiting from price discounts and transport offer by input suppliers than the homestead gardeners. This results in smallholder farmer irrigators wielding more profits, thereby creating more income and wealth which is pivotal in the improvement of farmers' livelihoods.