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Determinants of Income Differentials among Households in Peri-ubarn areas of Uganda: A Case Study Bucunga Parish in Hoima District.

The study was about the causes of income differentials among households in peri-urban areas in Uganda and the case study was Bucunga Parish in Hoima district. In data collection, the primary sources were mainly used. However, in some cases secondary data were also used. In the study, the size of land utilised for agriculture/farming activities was considered, the number of dependents in a household, the age of the household head and the level of education attained by the household head and their impact on income differentials among households. In analysing data the Pearson chi-square was used and it was found that the size of land used for agriculture/farming activity although it had a positive impact on reducing income inequality, its impact was not significant since its t-valve was 0.242 but it had a positive coefficient, implying, the size of land used for agriculture led to an increase in income. In the same way the level of education attained by the households had a positive impact in reducing income inequality but was also not significant because its t-valve was 0.406 but had a positive coefficient on income earned by a household. The number of dependents in the households and the age of the head of the households had a negative impact on income earned by the house hold and, therefore, these to a smaller extent led to the problem of income inequality although their impact was not significant because their t-valves were 0.937 and -0.146. As per the regression analysis, it was found out that all the variables studied did not have significant impact even at 90%. It was also found that an increase in use of land for agriculture/farming activity by a household led to an increase in income by 68,000 Uganda shillings. While an increase in education by one level, led to an increase in income earned by the household per year by 82,000 Uganda shillings. This implies that education and use of land for agriculture/farming activities have a positive impact in reducing income inequality since they increase income earned by the households. On the other hand, the number of dependents on the households and the age of the household head reduced income earned by the household by 114,000 Uganda shillings and 221,000 Uganda shillings respectively. This implies that the two worsened income inequality. The findings were that in the period of study (2005-2008); 81.1%, 81.2%.80.3% and 79.3% earned income below the GDP per capita of Uganda respectively. The research recommends for creation of employment opportunities, subsidization by the government of private firms, micro-credit, educating the people about better methods of farming, improved provision of health services and fair distribution of land.

Key words: Subsidization, Income, Households, Peri-urban, Agriculture