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## ECONOMIC FEASIBILITY STUDY FOR MUSHROOM PRODUCTION IN SMALL ENTERPRISES

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### ABSTRACT

Many countries are interested in production of Mushroom because of its high nutritive value. In Egypt, production of Mushroom is about 0.06% of the world production. Therefore, the present study aimed to investigate the economic feasibility of Mushroom production to evaluate the predicted profits in Egypt. The results showed that production of Mushroom significantly increased by 0.15 thousand ton/year. China, U.S.A and Germany are the top producing countries where 46.11% from the total world production is produced by these countries. The top exporting countries are China, Poland and Ireland since they export 57.67% from the total world exports of Mushroom. Meanwhile, Germany, Japan, England and U.S.A. are the top importing countries which import about 574.82% thousand tons/year through (2002- 2004). The study revealed that production of Mushroom is profitable as an enterprise for small investors in Egypt. Total production costs per year is about

L.E. 8000. This small project gives two work opportunities and income of L.E. 12 thousand per year. The Internal rate of return of the enterprise is about 35% and the Payback period is about three years. Mushroom, the simple rate of return on investment is about 36%. The sensitivity analysis indicated that the least Internal rate of return supposing reduction of total income, is about 10% or increasing the total costs by 10%, the least Internal rate of return reached to 14%. Whereas, simple rate of return on investment was estimated by 24% which was more than the interest rate in commercial banks that reached 10%. Therefore, This study recommends encouraging young-people enterprises in rural communities in new lands to produce Mushroom, by introducing technical consults, financial facilities for small investors. Also, limiting production and marketing difficulties, improving efficiency of marketing systems. In addition to maximizing production of Mushroom for exporting to the international markets and organizing training courses for spotting light on the economic feasibility of Mushroom to increase number of the investors to produce Mushroom.

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