

Abstract

This study is aimed at analyzing the economics of smallholder dairy production in the Kiambu District, Kenya. The main objective was to “test for allocative efficiency” of the sample farms. The source of data was from randomly selected dairy farms in Kiambu. An analysis using a Cobb-Douglas form of production function was performed for the major inputs farmers used on their dairy animals. Results revealed that concentrates were being used inefficiently. This implied that there were potential gains which could accrue from reallocation of this resource. However, it was noted that there was efficiency in the use of operating capital, hired and family labour and farm by-products. This implies that, for those inputs used efficiently, further development in agriculture can be achieved only through the introduction of more modern technologies than those currently used. These could include new inputs, apicultural education, special skills and techniques, and competent guidance in farm planning.