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Analysis of Economic Efficiency of Nigerian Small Scale Farmers: A Parametric Frontier Approach

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ABSTRACT This study analysed the economic efficiency of Nigerian small scale farmers using the parametric frontier approach. Farm level data were collected from randomly sampled 393 small scale farmers in Benue State, Nigeria. The average level of technical, allocative and economic efficiency was estimated at 30%, 12% and 36% respectively. The study showed that technical inefficiency was higher than allocative inefficiency. Also, the low economic efficiency level can largely be explained by the low level of technical efficiency relative to allocative efficiency. High level of technical inefficiency was highly attributable to the low availability of extension services and information about technical aspects of crop technologies. On the other hand, high level of cost inefficiency was highly attributable to the low profitability that results from inadequate organization of farmers into collective farmers' institutions that can provide opportunities for risk sharing and improved bargaining power.