

The objective of this study is to investigate the rural expenditure behaviour in Kenya so as to improve our understanding of these rural expenditure patterns.

To achieve this objective, data on the relevant variables were collected from 98 rural households and Extended Linear Expenditure System (ELES) of equations was estimated. Specifically, expenditure, demand, and budget share functions were estimated. Estimation results shown that the household characteristics play a limited role in determining households' expenditure behaviour, the dominant variables in expenditure determination being price and income. Elasticities were also computed, from which we conclude that most commodities responses are inelastic to changes in various demographic and economic variables. The results further show that foods take the greatest proportion of the total household expenditure. From these results a number of policy recommendations are suggested.