



Topic : Meaning; Definitions and Importance of Agricultural economics  
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# AGRICULTURAL ECONOMICS



## Introduction

- A study of economic principles, with emphasis on their application to the solution of farm, agribusiness, and agricultural industry problems in relationship to other sectors is known as Agricultural Economics.
- In other words, it applies principles of economics to issues of agricultural production, natural resources, and rural development. It mainly focuses on principles of microeconomics.
- Agricultural economics began in the 19th century as a way to apply economic principles and research methods to crop production and livestock management.

# AGRICULTURAL ECONOMICS



- The word, agriculture comes from the Latin word ager, referring to the soil and cultura, to its cultivation. Agriculture, in its widest sense can be defined as the cultivation and /or production of crop plants or livestock products.
- It is synonymous with farming: the field or field –dependent production of food, fodder and industrial organic materials.
- Economics is the science that studies as to how people choose to use scarce productive resources to produce various goods and to distribute these goods to various members of society for their consumption.

# AGRICULTURAL ECONOMICS



## Definition:

- Agricultural economics is an applied field of economics in which the principles of choice are applied in the use of scarce resources such as land, labour, capital and management in farming and allied activities.
- It deals with the principles that help the farmer in the efficient use of land, labour and capital. Its role is evident in offering practicable solutions in using scarce resources of the farmers for maximization of income.

## Definition of Agricultural economics



- ❖ Prof. Gray has defined agricultural economics as “The science in which the principles and methods of economics are applied to the special conditions of agricultural industry”
- ❖ According to Prof. Hibbard, “Agricultural economics is the study of relationships arising from the wealth-getting and wealth-using activity of man in agriculture”
- ❖ Snodgras and Wallace defined agricultural economics as “an applied phase of social science of economics in which attention is given to all aspects of problems related to agriculture.”

# IMPORTANCE OF AGRICULTURAL ECONOMICS



- The field of agricultural economics finds to seek relevance between cause and effect using the most advanced methods viz, production functions and programming models.
- It uses theoretical concepts of economics to provide answers to the problems of agriculture and agribusiness. Initially earnest efforts were made by the economists to use the economic theory to agricultural problems.
- Now the subject matters of agricultural economics is enriched in many directions and fields taking the relevant tools of sciences particularly mathematics and statistics.
- Agricultural depression which occurred in last quarter of 19th century and middle of 20th century brought about increased attention and concern to find out plausible cause and solutions for world agricultural depression.

# IMPORTANCE OF AGRICULTURAL ECONOMICS



- Agriculture is the integral part of the world food system, having the foundation links between crops and animal production system.
- Agricultural economists here have to play a major role in understanding the intricacies involved in the foundation systems.
- Knowledge regarding problems in production, finance, marketing and government policies and their impact on production and distribution is very essential to find out suitable solutions for the farm problems. Students of agricultural economics are taught the subject disciplines viz.,
- microeconomics, macroeconomics, agricultural production economics, farm management, agricultural marketing etc., to fulfill the requirements.



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