

Unit 1

Section One: Reading Comprehension

The Nature and Scope of Agricultural Economics

Introduction

The word agriculture comes from the Latin words *agre*, 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, and industrial organic materials.

Having known the meaning of agriculture, let us know what economics is. 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.

Now having defined agriculture and economics, we look into the field of agricultural economics. Agricultural economics is the study of production processing, distribution, and consumption of food and fiber. Hence, agricultural economics is the social science dealing with the allocation of scarce resources among those competing alternative uses found in production, processing, distribution and consumption of food and fiber.

Akin to economics, the field of agricultural economics finds to seek relevance between cause and effect using the most advanced methods, i.e., production function and programming models. It uses theoretical concepts of economics to provide answers to the problems of agriculture and agri-

business. Initially earnest efforts were made by the economists to use the economic theory to agricultural problems. Now the subject 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 the last quarter of 19th century and middle of 20th century brought about increased attention and concern to find out plausible causes and solutions for world agricultural depression. Here in this context the contribution made by agronomists, economists, horticulturists, etc., is noteworthy.

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. The students of agricultural economics should have a clear insight and understanding of the influence of climatic conditions in determining as to how the commodities are produced and marketed in line with the consumption needs.

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.