

INTRODUCTION TO ECONOMICS(MEANING AND SCOPE OF ECONOMICS)

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MEANING OF ECONOMICS

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- Social science that studies society's allocation of resources to meet wants and needs.
- More generally, the social-scientific study of resource or wealth management, production of new material goods and services, distribution of benefits among individuals and groups, investment and consumption.

DEFINATIONS WITH AUTHOR

Adam Smith's Wealth Definition:

- economics as a **science of wealth** which studies the process of production, consumption and accumulation of wealth.
- his great book—**'An Inquiry into the Nature and Causes of the Wealth**

Marshall's Welfare Definition:

- Marshall defines economics as “a study of men as they live and move and think **in the ordinary business of life**.”
- Alfred Marshall in his book **'Principles of Economics** published in 1890.

Robbins' Scarcity Definition:

- Economics is the **science which studies human behaviour** as a relationship between ends and scarce means which have alternative uses.
- definition of economics was given **by Lord Robbins in 1932** in his book **'An Essay on the Nature and Significance of Economic Science**.

SCOPE OF ECONOMICS

- Forecasting of demand
- Project planning (production and cost analysis)
- Pricing decisions
- Management of profit
- Capital management

MODERN BRANCH OF ECONOMICS

POSITIVE ECONOMICS :

- Positive economics is a stream of economics that focuses on the description, quantification, and explanation of economic developments, expectations, and associated phenomena.
- It relies on objective data analysis, relevant facts, and associated figures.
- It attempts to establish any cause-and-effect relationships
- It focused on mainly “what is”.
- example of a positive economic statement:
"Government-provided healthcare services increases public expenditures." This statement is fact-based and has no value judgment attached to it.

Normative economics :

- Normative economics focuses on the ideological, opinion-oriented, prescriptive, value judgments,.
- Its goal is to summarize people's desirability (or the lack thereof) to various economic developments, situations, and programs by asking or quoting what should happen or what ought to be.
- Normative economics is subjective and value-based.
- Focused mainly on “what ought be “

THANK YOU