



SNS COLLEGE OF TECHNOLOGY

Coimbatore-35

An Autonomous Institution

Accredited by NBA – AICTE and Accredited by NAAC – UGC with 'A+' Grade

Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai

DEPARTMENT OF MECHATRONICS

16GE302 – ENGINEERING ECONOMICS AND COST ANALYSIS

UNIT 1 – BASIC ECONOMICS

ECONOMICS AND THEIR NATURE

Mrs. P.KALAISELVI M.E.,(Ph.D.,)

ASSISTANT PROFESSOR,

DEPARTMENT OF MECHATRONICS,

SNSCT, Coimbatore.





Syllabus

Unit 1: Basic Economics

Definition of economics - nature and scope of economic science - nature and scope of managerial economics - basic terms and concepts - goods - utility - value - wealth - factors of production - land - its peculiarities - labour - economies of large and small scale - consumption - wants - its characteristics and classification - law of diminishing marginal utility – relation between economic decision and technical decision.





Economics

- ❑ *The word 'Economics' was derived from two Greek words, **oikos** (a house) and **nemein** (to manage) which would mean 'managing an household' using the limited funds available, in the most satisfactory manner possible.*
- ❑ *Economics is the science that deals with production, exchange and consumption of various commodities in economic systems. It shows how scarce resources can be used to increase wealth and human welfare.*



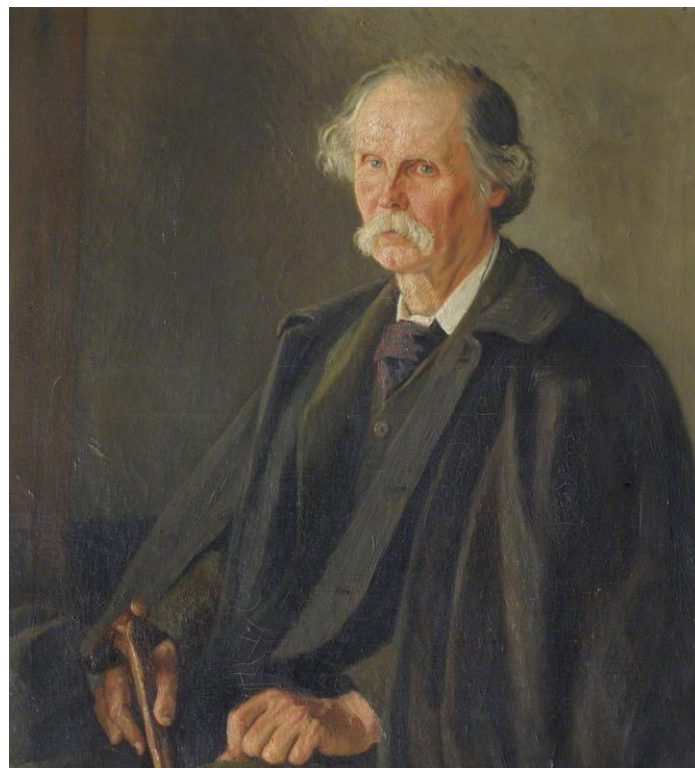


Definition of Economics

- ❑ *“An Inquiry into Nature and Causes of Wealth of Nations”*
- ❑ *Economics defined as the science of wealth.*



Adam Smith (1723 - 1790)



Alfred Marshall (1842 - 1924)

- ❑ *“Economics is a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well being”*



Definition of Economics

- *“Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses”.*



Lionel Robbins (1932)

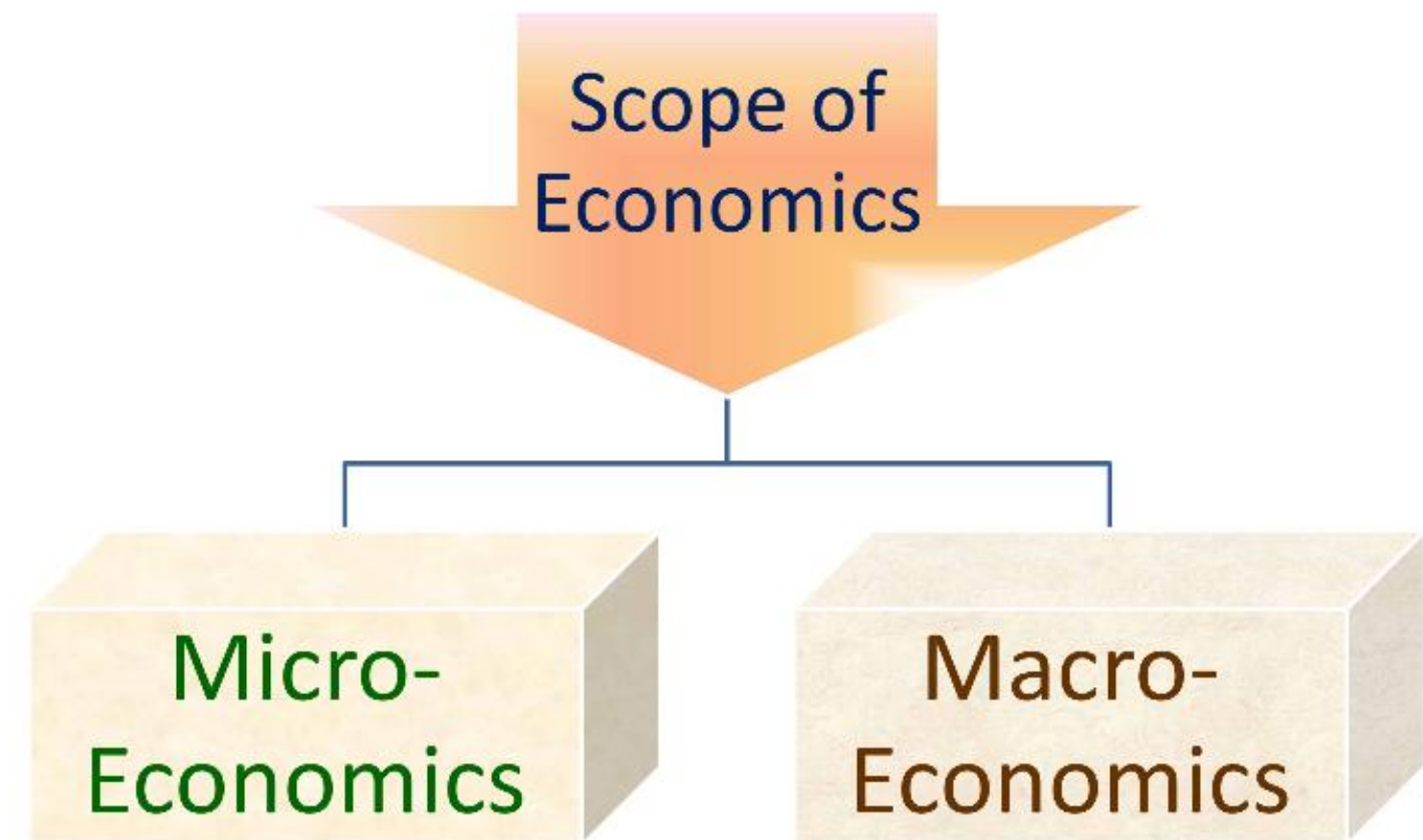
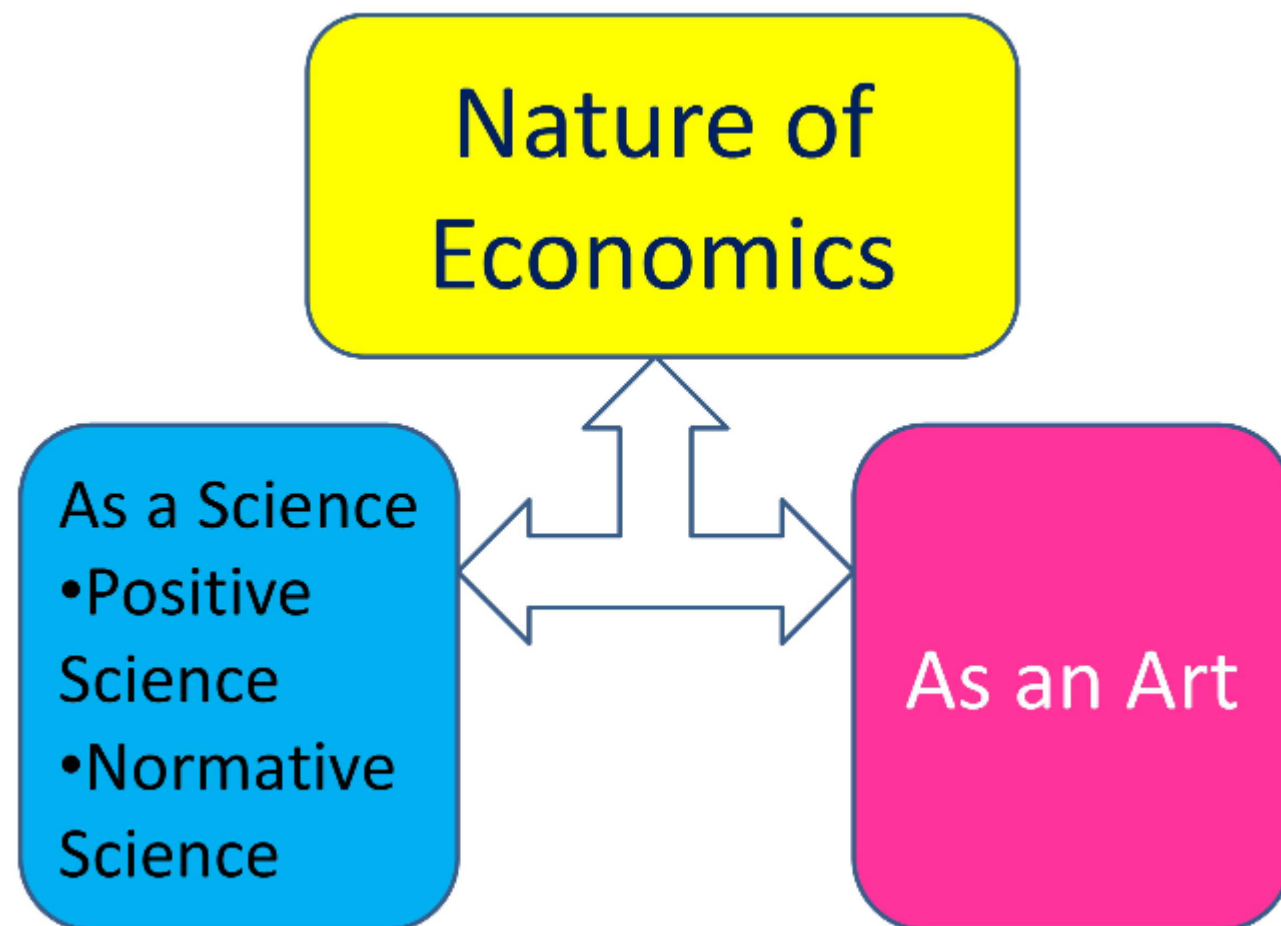


Prof. Paul Samuelson

- *“The study of how men and society choose, with or without the use of money, to employ scarce productive resources which could have alternative uses, to produce various commodities over time, and distribute them for consumption, now and in the future among various people and groups of society”.*



Nature and Scope of Economic Science





Nature of Economic Science

□ *The Nature of economics deals with the question that whether economics falls into the category of science or arts.*

a. Economics is a science

- facts and figures are collected and are analysed systematically to arrive at any certain conclusion.

b. Economics - A Social Science

- the process of satisfying wants is not only an individual process, but also a social process

c. Economics is an art - knowledge is science, action is art





Nature of Economic Science

Positive Economics

Seeks to understand behavior without making judgments about outcomes



Normative Economics

Analyzes outcomes of economic behavior, evaluates them as good or bad, and sometimes prescribes a course of action

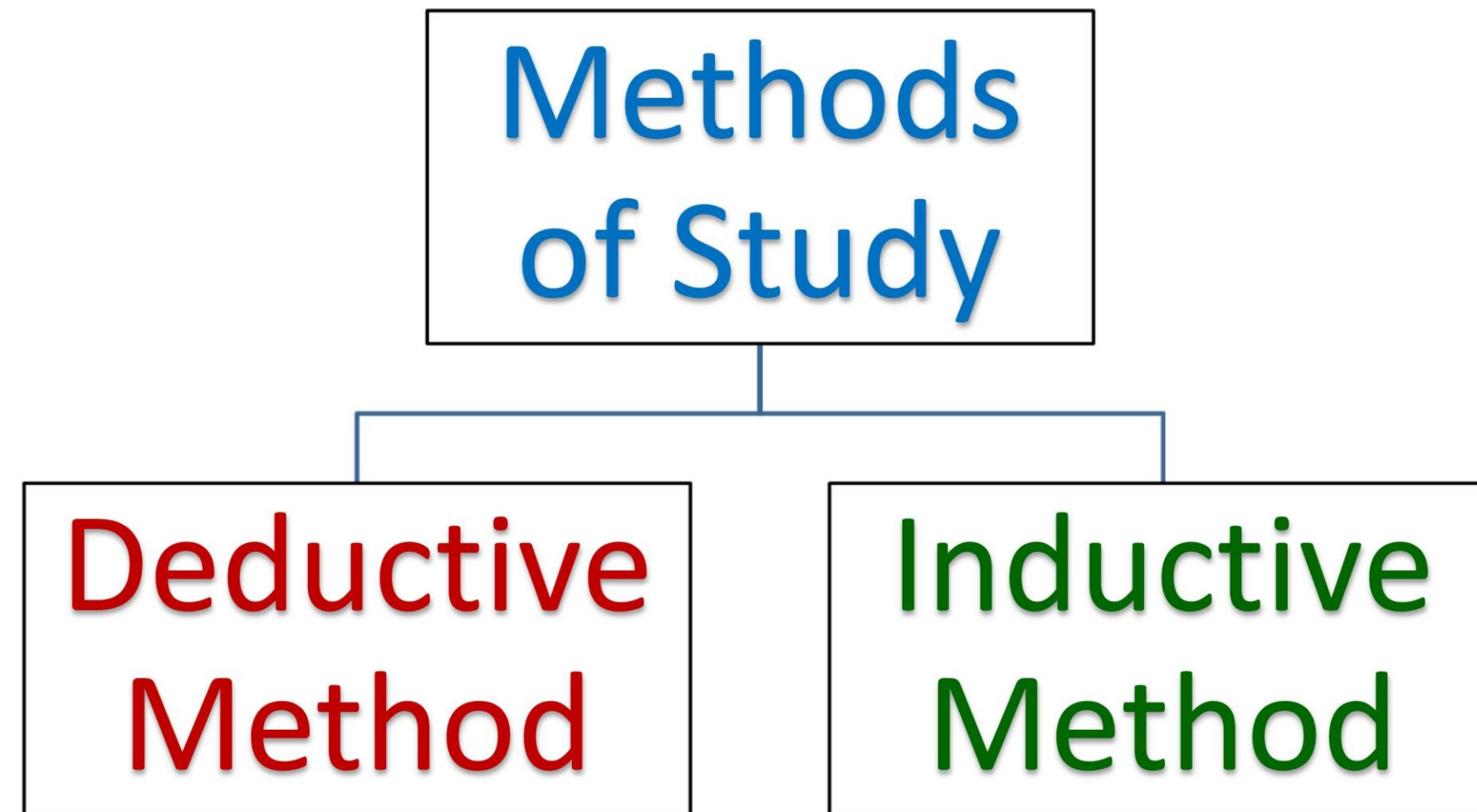




Nature and Scope of Economic Science



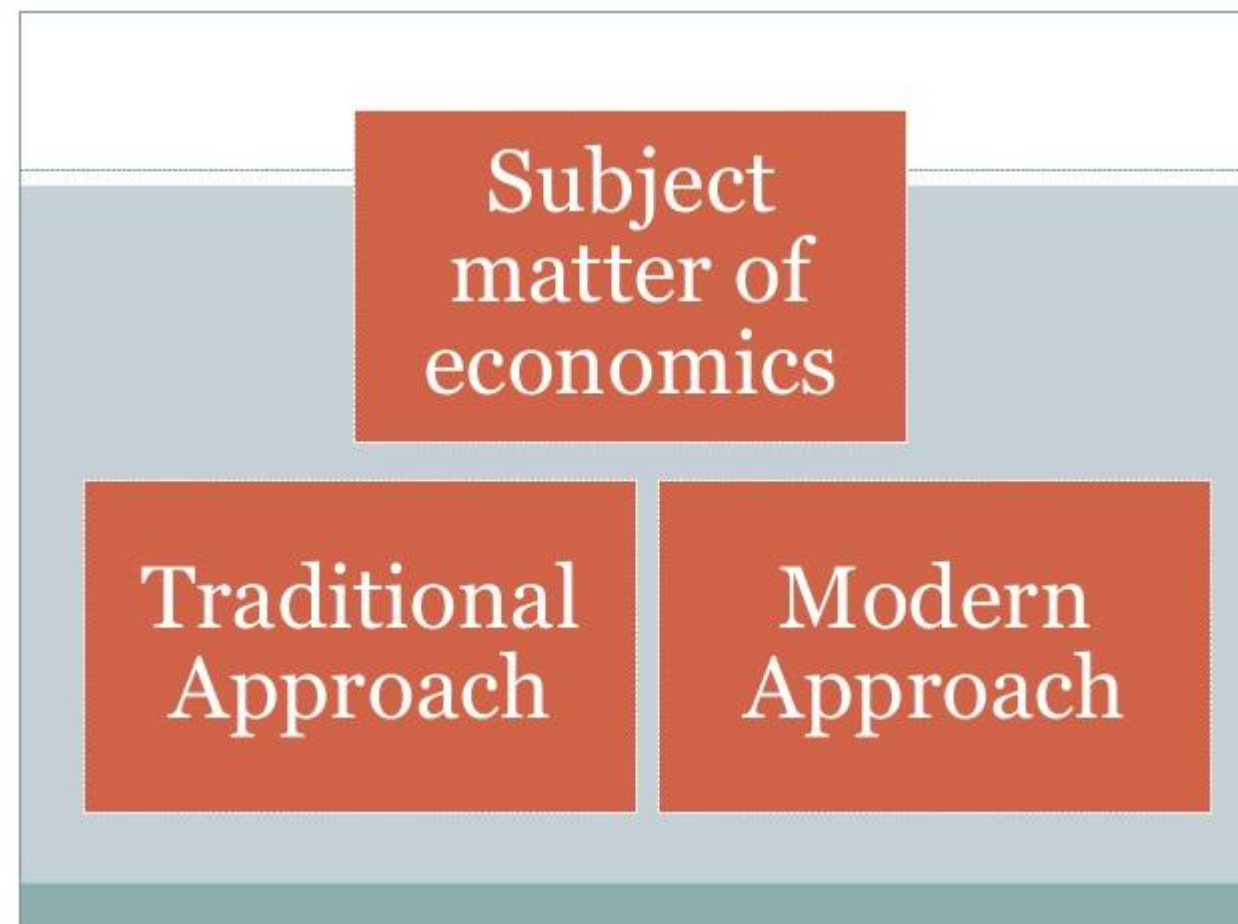
□ *Methodology of Economics*





Scope of Economic Science

□ *Subject Matter of Economics*



□ *Traditional Approach*

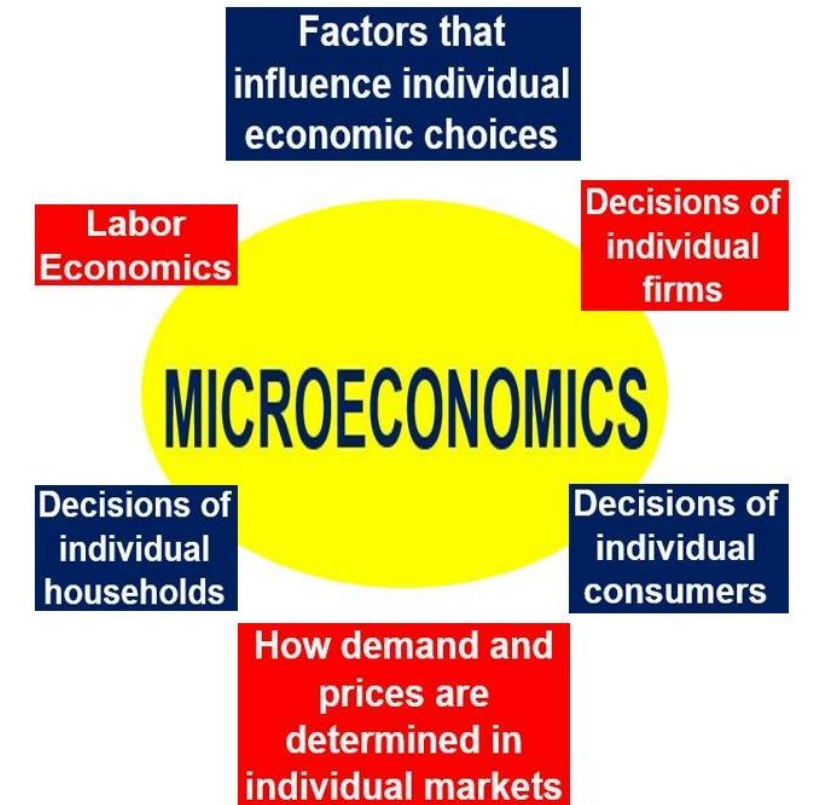
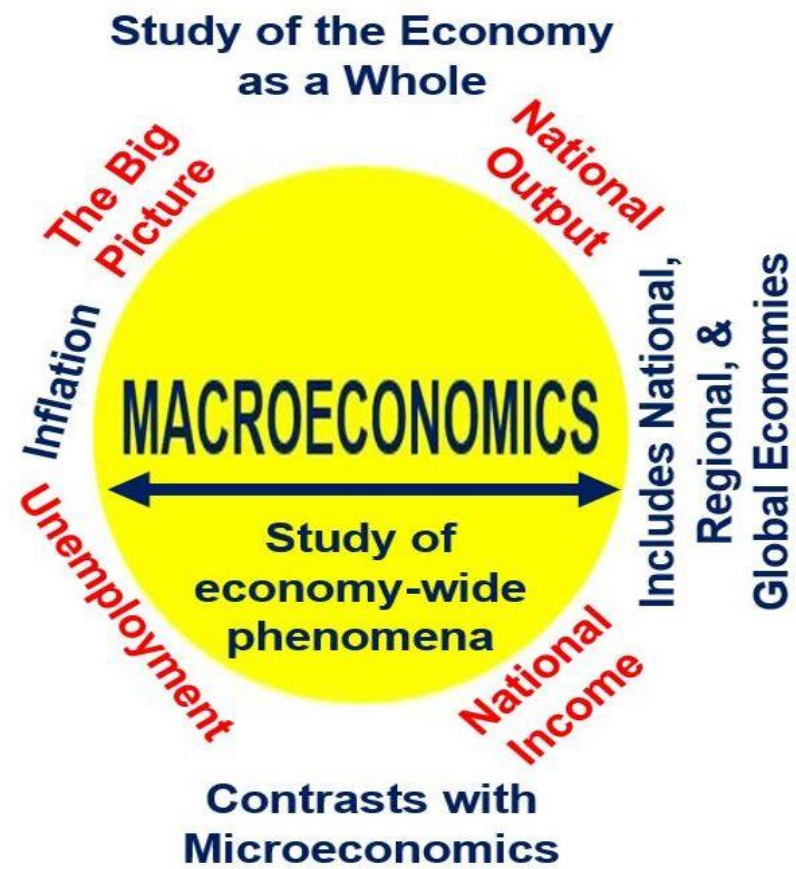
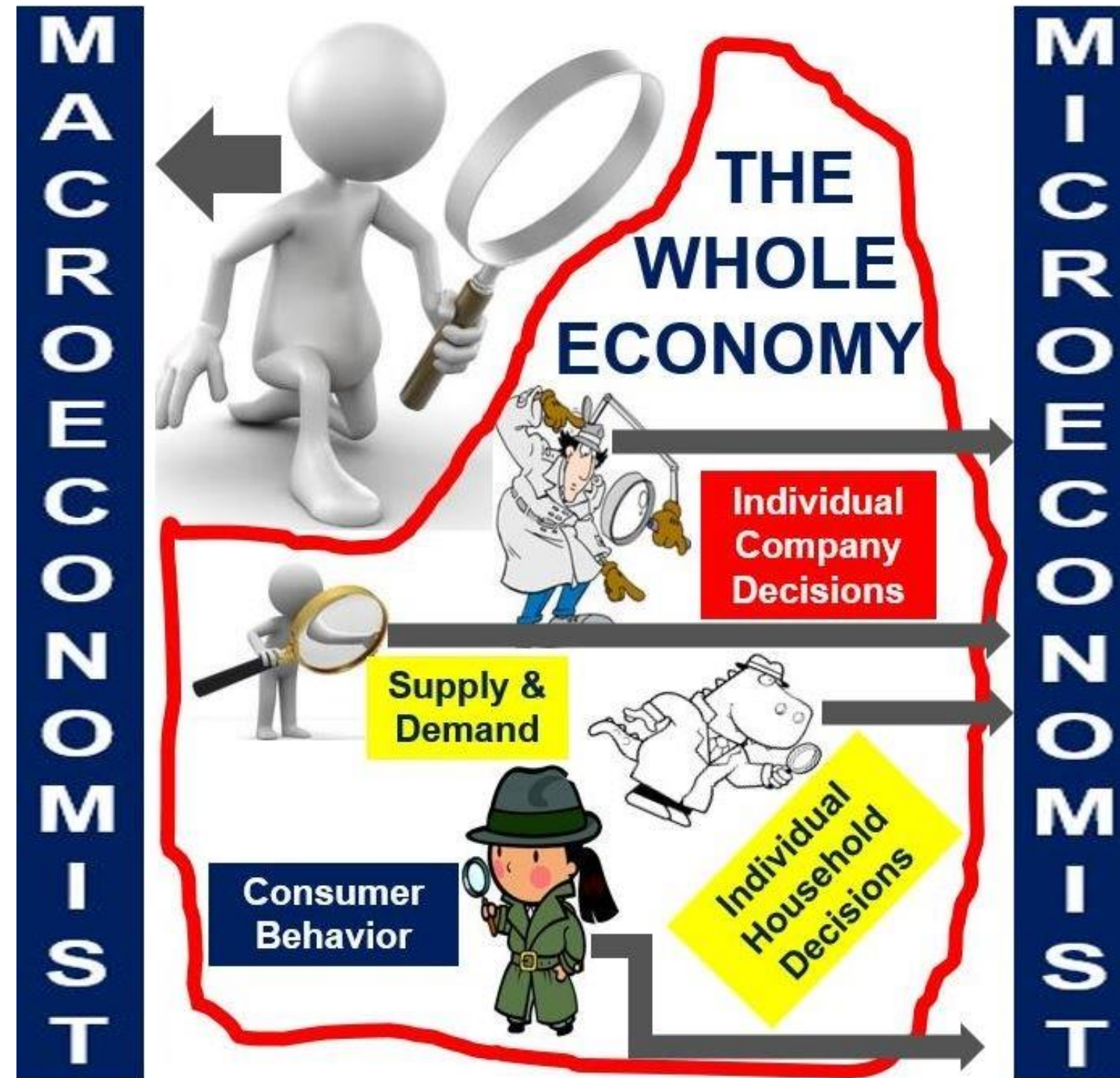
1. *Consumption.*
2. *Production.*
3. *Exchange.*
4. *Distribution.*
5. *Public finance.*

□ *Modern Approach*

1. *Macroeconomics*
2. *Microeconomics*



Macroeconomics vs Microeconomics





References



1. <https://studiousguy.com/nature-and-scope-of-economics/>
2. <https://www.investopedia.com/terms/e/economics.asp>
3. <https://www.learnpick.in/prime/documents/notes/details/1862/general-economics>
4. <https://marketbusinessnews.com/financial-glossary/microeconomics-definition-meaning/>

Thank You