



SNS COLLEGE OF TECHNOLOGY

An Autonomous Institution

Coimbatore-35



Accredited by NBA – AICTE and Accredited by NAAC – UGC with ‘A+’ Grade
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai

Department of Automobile Engineering

III YEAR/ VI SEMESTER

19MEE301 / Engineering Economics and cost Analysis

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.

Definition of economics

Economics is the study of the production and consumption of goods and the transfer of wealth to produce and obtain those goods. Economics explains how people interact within markets to get what they want or accomplish certain goals. Since economics is a driving force of human interaction, studying it often reveals why people and governments behave in particular ways.

There are two main types of economics:

- **Macroeconomics**
- **Microeconomics.**

Microeconomics focuses on the actions of individuals and industries like the dynamics between buyers and sellers, borrowers and lenders.

Macroeconomics on the other hand takes a much broader view by analyzing the

economic activity of an entire country or the international marketplace.