



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 terms and concepts

Wants - Simply the desires of citizens. Wants are different from needs as we will see below. Wants are a means of expressing a perceived need. Wants are broader than needs.

Needs - These are basic requirements for survival like food, water and shelter. In recent years we have seen a perceived shift of certain items from wants to needs. Telephone service to many is a need.

Scarcity - The fundamental economic problem facing all societies. Essentially it is how to satisfy unlimited wants with limited resources. This is the issue that plagues all government and peoples. How do we conquer the issue of scarcity? Many people have thought they had the answer (see Marx, Smith, Keynes, etc.) but the issue of scarcity still exists.

Factors of Production/Resources - These are those elements that a nation has its disposal to deal with the issue of scarcity. How efficiently these are used determines the measure of success a nation has.