

Descriptive - Questions and Answers.

Q.1: Write down the meaning of economics and different definitions of economics given by different scientist.



Meaning of economics :-

Derived from Greek word 'oikonomicas'.
with Oikos meaning household and
Nomos meaning management.

Definitions of economics :-

1) Wealth definition of economics :-

Adam Smith - father of economics.

Book - Wealth of Nations.

defⁿ :- An enquiry into the nature and causes of wealth of nations. Known as Economics.

2) Welfare definition of economics :-

Alfred Marshall - book - 'Principles of Economics'.

defⁿ :- Economics is a study of man's action in the ordinary business of life it enquires how as get his income and how he uses it that it is on one side a study of wealth and on the other and more important side, a part of the study of man.

3) Scarcity defⁿ of economics :-

Lionel Robbins - 'Nature and significance of economic science' (Publications).

defn. Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative use.

Growth definition of economics:-

John Maynard Keynes known as father of modern economics.

defn - The study of the administration of scarce resources and of the determinants of employment and income.

2. Discuss in brief the scope and importance of the economics:-

→ Scope of economics :- (Divisions of economics).

1) Subject matter of economics:-

1) Primitive view:-

2) Traditional view:-

3) ~~modern view~~ a) consumption.

b) production.

c) Exchange.

d) Distribution.

3) Modern view:-

a) micro-economics.

b) macro-economics.

2) Economics as a social science.

- 3) Economics is a science or an art.
- 4) Economics is positive or normative science.

Explanation :-

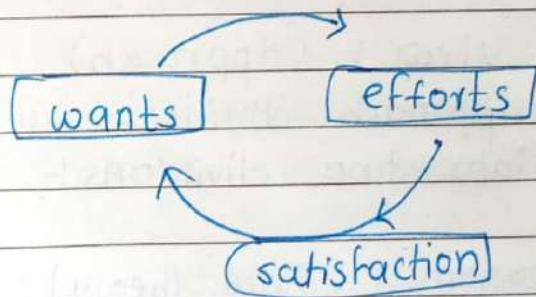
⇒ Subject matter of economics :-

It is discussed in three phases as follows:

1) Primitive view :-

1) In primitive society the connection bet' wants efforts and satisfaction is close and direct. ~~as~~ ~~the~~

2) A primitive man feels hungry, he picks up some fruits, eats it and is satisfied. Thus wants, efforts, satisfaction sum up the subject matter of economics.



2) Traditional view :- (Approach)

It considered economics as a science of wealth and divided it into four divisions:-

a) consumption :- It means the use of wealth to satisfy human wants. It also means destruction of utility or use of commodities and services to satisfy human wants.

b) Production :-

Production means creation of utility or producing things for satisfying human wants. For production, the resources like land, labour, capital and organization are needed.

c) Exchange :-

Goods are produced not only for self-consumption, but also for sales. They are sold to buyers in markets. The process of buying and selling known as exchange.

d) Distribution :-

- Distribution refers to sharing of wealth that is produced among the different factors of production.
- It refers to personal distribution and functional distribution of income.

3) Modern view :- (Approach).

This approach divides subject matter of economics into two divisions:-

a) Micro-economics (Price theory) :-

- 1) The term 'micro-economics' is derived from the greek word 'micro' which means small or a millionth part.
- 2) It is an analysis of the behaviour of small decision making unit, such as a firm or an industry, or a consumer, etc.
- 3) Microeconomics studies the flow of economic resources or factors of production from the