

PRESIDENCY COLLEGE (Autonomous)

#### **Microeconomics**



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### **Economic decisions**





# PRESIDENCY COLLEGE

(AUTONOMOUS)

AFFILIATED TO BENGALURU CITY UNIVERSITY, APPROVED BY AICTE, DELHI & RECOGNISED BY THE GOVT. OF KARNATAKA

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#### **Economic Decisions**



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Economic decisions
 involve production, distribution,
 exchange, consumption, saving, and
 investment of economic resources.



 Goals of individuals and private organizations (private goals) and society as a whole (public goals).





#### 3 Basic Economic Decisions

- What should we produce?
- How should we produce it?
- For whom should we produce it?



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\*The decision makers for these questions



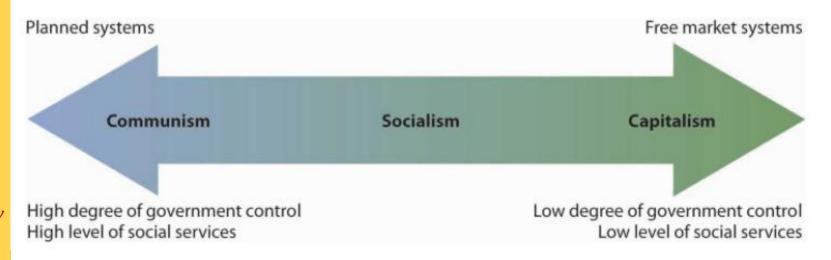




#### The decision Maker!



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The two Extremes: Command (planned) and free market systems.





## **Economic systems**



 A planned system, communism and socialism, the government exerts control over the production and distribution of all or some goods and services.

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 In a free market system, also known as capitalism, business is conducted with only limited government involvement.



 Competition determines what goods and services are produced, how they are produced, and for whom.