

ECONOMICS

The word 'economics' is derived from two Greek words; oikos' (household) and Nemein' (management). Thus economics means the management household. The wants of each household are unlimited but there are limited means to satisfy them. These scarce means are called wealth. Economics is a social science, concerned with the employment of scarce resources of society, having alternative uses to produce goods and services. Economics is a scientific study of economic activities. The primary goal of economic is to attain maximum profit, increasing productivity and growth through expansion and modernization.

According to Dr. Marshall, '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 acquiring and use of wealth.

So economics is a science, that studies for the purpose of achieving maximum satisfaction of wants and increasing of welfare as well as economic growth, those activities which are concerned with the efficient consumption, production, exchange and distribution of scarce means having alternative uses.

Branches of economics: There are three main branches of economics, they are

- i) Descriptive economics: It describes the relevant facts about an economic field such as agriculture, industry, foreign trade.
- ii) Theoretic economics: It explains the functioning of an economic system. For example, it explains as to how prices of products and productive services are determined.
- iii) Applied economics: Economic analysis is made with a view to find out the cause and significance of economic events. Applied economics explained as to how for the economic theories can be applied in formatting the economic policies.

Different Types of Economic Activities: People are engaged in different kinds of economic activities to earn money which are called occupations. The occupations which are generally adopted by human beings are classified into following three groups:

a) Business: Business means that economic activity which is primarily done with the purpose of earning profit. It involves the production of goods and services on a regular Maximization of satisfaction, growth and welfare Choice Wants Unlimited Economics is a science of human behaviour Scarce and alternative uses Means Economics is a science of human behaviour basis and carry an element of risk and uncertainty. Trading, banking, insurance and manufacturing are business activities.

b) Profession: Professions means an occupation which involves rendering of personal services of a specialized nature based on professional equation, training and knowledge. For example, physician, pharmacist, lawyer, accountant etc. the professionals generally charge professional fee from their clients for the services provided to them.

c) Employment: Employment means a personal services render by a person to an organization under a contract of employment or service. An employee is required to perform the duties which is assigned to him by his employer. In lieu of that he receives wages or salary, allowances and other

benefit to his services. Employment may be in a Government department or in a private organization.

Limitations of Economics

- 1) It is not a complete study of all human activities. Only those activities which are concerned with money are studied.
- 2) It studies the activities of only those human beings who are members of society.
- 3) It studies the real activities of the human beings and not the fictitious one.
- 4) It is the measuring-rod of money to assess human motives. But this measuring rod lacks accuracy. So, it cannot measure accurately the human motives.