

Nature of Economics-

We generally discuss whether economics is science, or arts and if it is science, whether it is positive science or normative science or both. Then we find that economics is a science or arts having both aspects of science normative and positive.

Science implies the following-

1. A systematic body of knowledge which trace the relationship between cause and effects
2. Observation of certain facts, systematic collection and classification and analysis of facts.
3. Making generalization on the basis of relevant facts and formulating law theory there by after following certain assumption.

Economics is Positive Science-

Positive science means

1. It may not indulge in value judgement
2. The analysis is confined to cause and effect relationship
3. It states what is and not what ought to be.

Economics as Normative Science

Normative Science-

1. Normative science relates to finding out and prescribing certain course of action to achieve certain social goals.
2. It focuses on the welfare of the people and how best it can be achieved.
3. It also focuses on what ought to be in future context.

Economics As a Normative & Positive Science.

Positive answers the question, what is and normative is, which answer the question, what ought to be. Some economist fell that economics is pure science and should not give value, judgement, it should be neutral between ends. But complete neutrally between ends is however not feasible nor desirable. It is not possible because economics will lose much of its practical utility in doing so. It does not give value judgment. It studies about human beings and hence it must tell us not only the laws but how these laws can be used to better human life. Hence economics is both positive as well as normative science because economics study includes the following-

1. It deals with the things as they are.
2. It tells us what things ought to be.
3. It tells us method of realizing economizing economic idea.
4. Economics study the evil effects of society and suggestion for removal of them.
5. Economics history is the study of economics phenomenon over successive period.
6. Economics is the study of welfare. It requires that economy should maximize human satisfaction from the available resources.

An art, like a science, is a systemized body of knowledge; however, unlike a science, it provides specific solutions to specific problems. J. M. Keynes defined art as "a system of rules for the attainment of a given end." It is thus often more practical than science, which can sometimes be theoretical. For example, consumption theory provides us with the law of substitution; this tells a consumer how to maximize his satisfaction at a given level of expenditure.

Scope of Economics-

Economics covers wide area and serve different purpose

Stonier & Hague have divided the subject matter of economics into three categories as discussed below-

- 1) **Economic Theory-** It is theoretical part of economics. It contains economic theories and economic tools. It is dived in to static and dynamic economics. It is also known as economic analysis.
- 2) **Applied Economics-** It attempts to apply the results of economic analysis to descriptive economics. Industrial economics, Managerial economics and Agricultural economics are some examples of applied economics.
- 3) **Descriptive Economics-** In descriptive economics, relevant facts about a particular economic subject or topic are collected for the purpose of study the subjects. 'Indian Economics' is the example of descriptive economics.

Economics helps the business managers to analyses the external environment of business. For example, the government influence business through its fiscal, monetary and industrial policies. A businessman must be aware of these polices and the implications on his business and what is happening in the other countries because, in modern era of economic interdependence, business in a country is bound to be affected by conditions in the world as a whole. What is of importance is that businessman should be able to analyses the cause and effects of such forces on his business.

However, economics does not furnish a body of set principles or readymade solutions to various problems which can be applied on ones understanding of economic logic, finding the solution to various economic problem should not be difficult.

References:

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