

# ECONOMICS

- **Introduction**

- **Political Science – Political Economy**
- **Adam Smith –Father of Economics**
- **An inquiry into the Nature and Causes of Wealth of Nations - 1776**
- **The word “Economics” was derived from the Greek word Oikonomia which means Household Management .**
- **The word “Oikonomia” divided into two words “Oikos - Household” and “nemein - Management”.**

# ECONOMICS

- **Meaning**

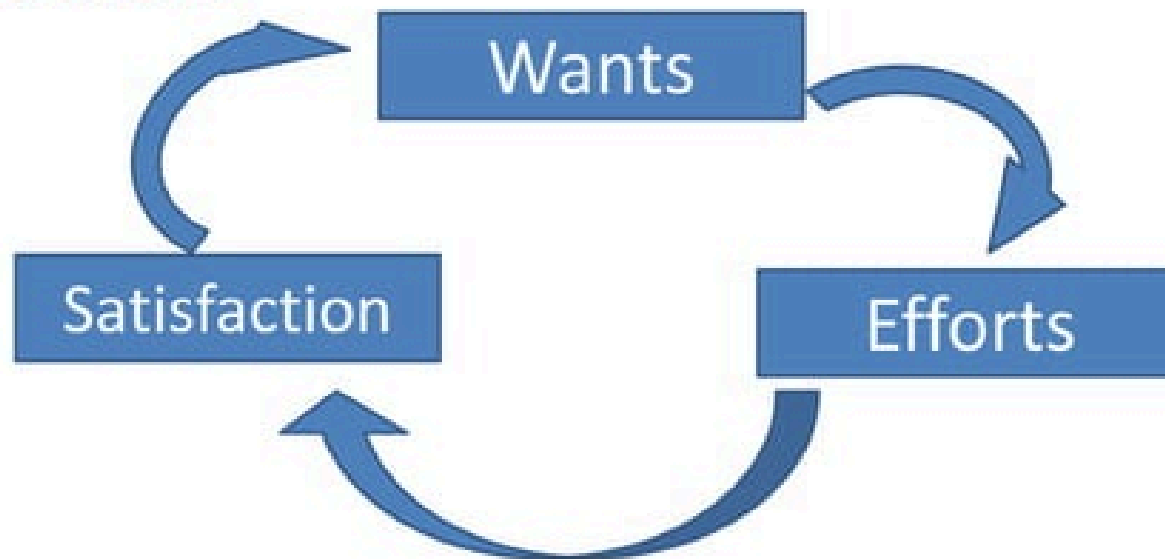
- **At present Economics is a social science that deals with human wants and their satisfaction.**
- **In other words, Economics is a social science that studies about production, distribution and consumption of goods and services.**
- **Generally, Economics is a social science which studies the human behaviour in relation with consumption, production, distribution and exchange in their day to day life.**

# Scope of Economics

- **Subject Matter of Economics**
- **Divisions of Economics**

# Subject Matter of Economics

1. Wants
2. Efforts
3. Satisfaction



**If one want is satisfied another want will arise automatically.**

# Divisions of Economics

- 1. Consumption:** Consumption means destroying of utility. Consumption is the branch of economics that deals with the satisfaction of human wants.
- 2. Production:** Production means creation of utility or wealth. Under production, we study about the laws which govern the factors of production.
- 3. Distribution:** Distribution means sending of goods from one place to another etc. Distribution studies about how the wealth produced by the four factors of production are distributed among these factors as rent, wages, interest and profit.

# Divisions of Economics

- 4. Exchange:** Exchange means replace or substitute of one good to another good or one good by money etc.
- 5. Public Finance:** Public Finance deals with the income and expenditure of public authorities like Central, State and Local Governments with the adjustment of one to another.

# ECONOMICS

- **Definitions**

- **Wealth Definition – Adam Smith**
- **Welfare Definition – Alfred Marshall**
- **Scarcity Definition – Lionel Robbins**
- **Growth Definition – Paul Samuelson**

# Wealth Definition

**Adam Smith defines Economics as the Science of Wealth. According to Smith, Economics was regarded as the Science which studies about production and consumption of wealth.**



Adam Smith

*An Inquiry into Nature and Causes of  
Wealth of Nations - 1776*



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