



SNS COLLEGE OF TECHNOLOGY

(An Autonomous Institution)



COIMBATORE-35

**Accredited by NBA-AICTE and Accredited by NAAC – UGC with A+ Grade
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**

DEPARTMENT OF ELECTRICAL AND ELECTRONICS ENGINEERING

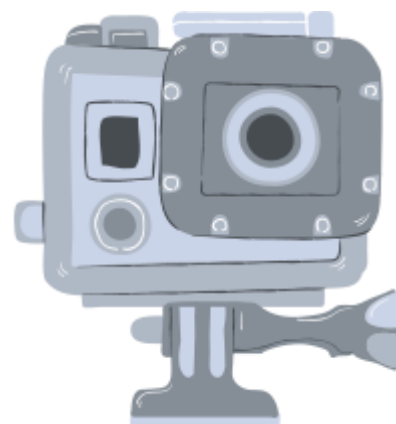
**COURSE NAME: 19MEE301/ ENGINEERING ECONOMICS AND COST
ANALYSIS**

III YEAR / V SEMESTER

Unit 1 – BASIC ECONOMICS

Topic 3: SCOPE OF ECONOMICS

05.08.2024



19MEE301/EECA/Mrs.B.CHRISTYJULIET/ AP/EEE



Scope of Economics

Traditional Approach:

- Economics is a social science.
- It studies man's behaviour as a rational social being.
- It considered as a science of wealth in relation to human welfare.
- Earning and spending of income was considered to be end of all economic activities.
- Wealth was considered as a means to an end – the end being human welfare.



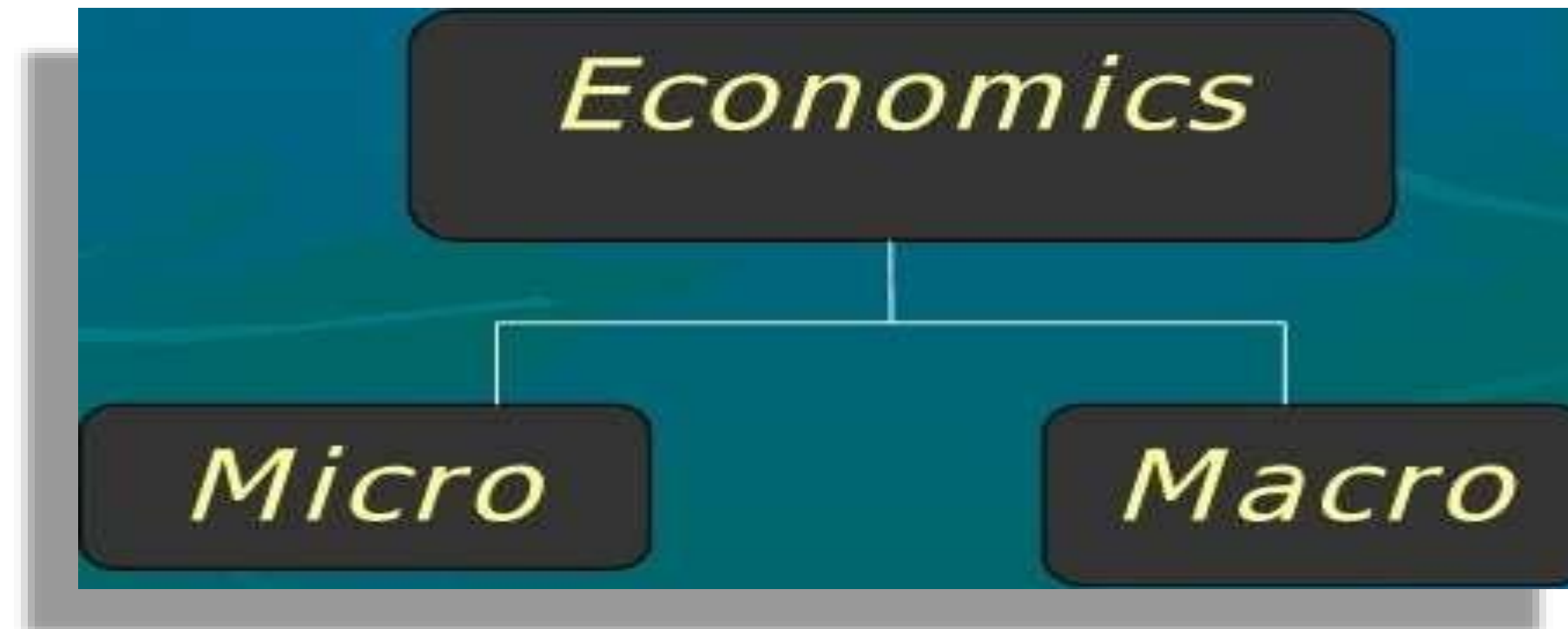
Scope of Economics

Modern Approach

- An individual, either as a consumer or as a producer, can optimize his goal is an economic decision.
- The scope of Economics lies in analyzing economic problems and suggesting policy measures.
- Social problems can thus be explained by abstract theoretical tools or by empirical methods.
- In classical discussion, Economics is a positive science.
- It seeks to explain what the problem is and how it tends to be solved.
- In modern time it is both a positive and a normative science.
- Economists of today deal economic issues not merely as they are but also as they should be.
- Welfare economics and growth economics are more normative than positive.



Scope of Economics





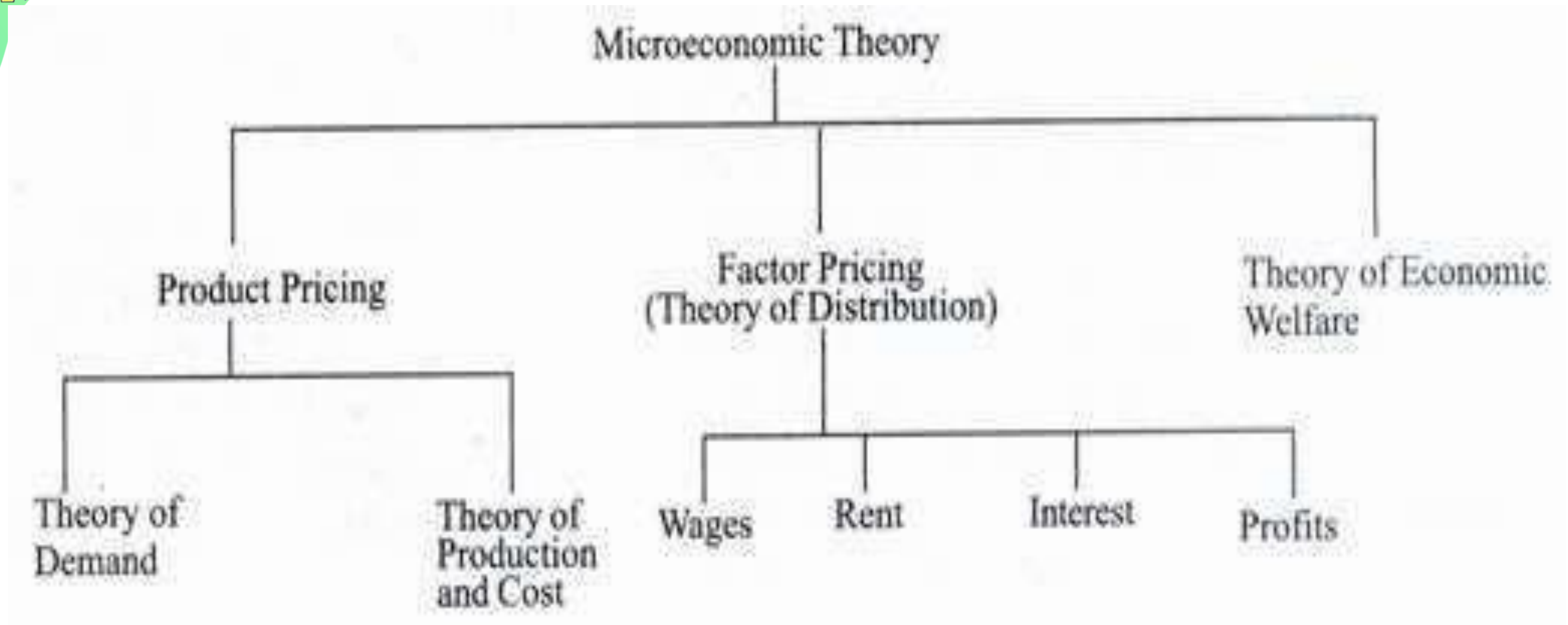
Micro economics



- **Micro economics studies the economic behaviour of individual economic units.**
- **The study of economic behaviour of the households, firms and industries form the subject-matter of micro economics.**
- **It examines whether resources are efficiently allocated and spells out the conditions for the optimal allocation of resources so as to maximize the output and social welfare.**
- **For example, micro economics is concerned with how the individual consumer distributes his income among various products and services so as to maximize utility.**
- **Thus, micro-economics is concerned with the theories of product pricing, factor pricing and economic welfare.**



Micro economics





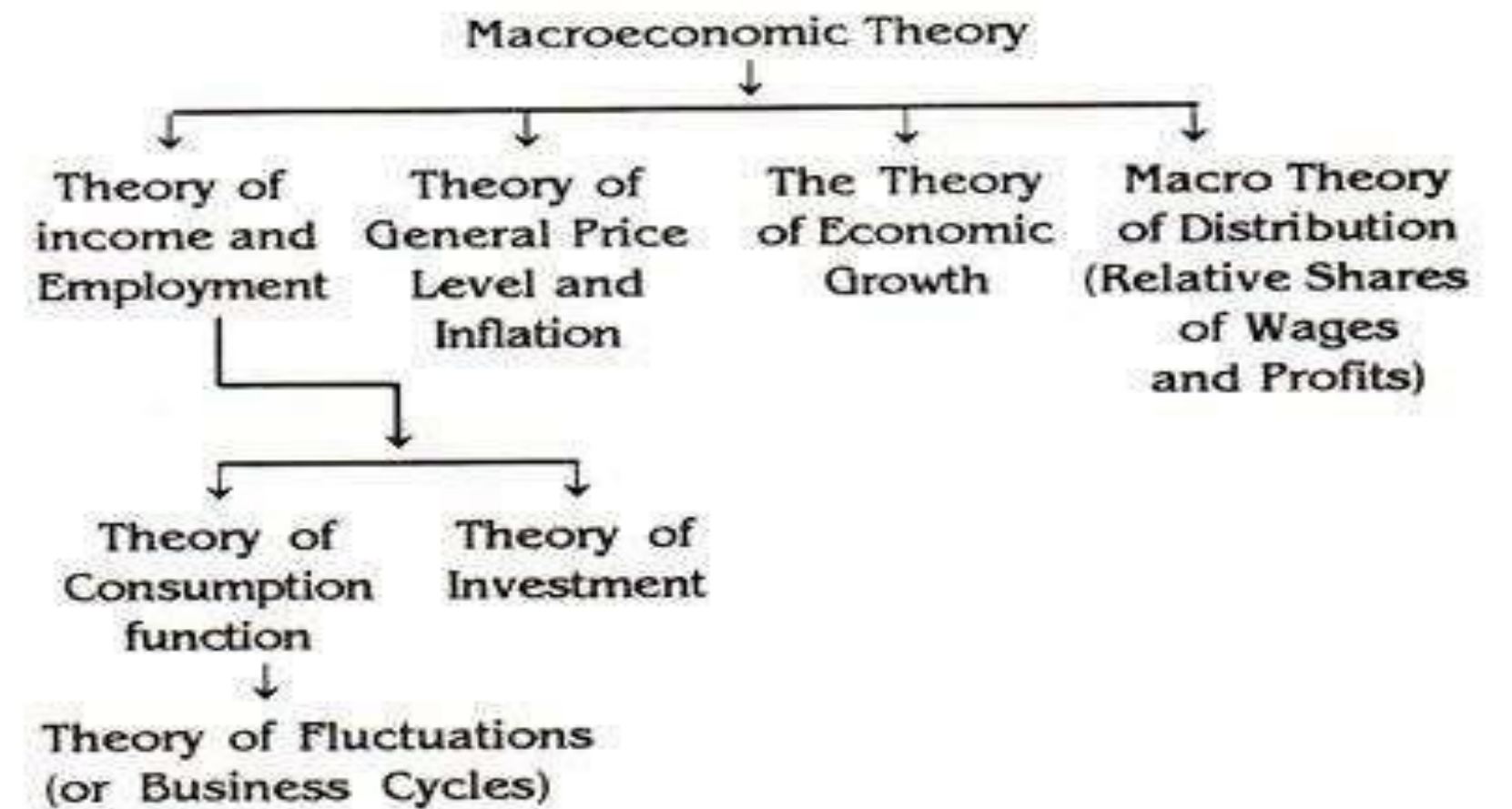
Macro economics



- Macro economics deals with the functioning economy as a whole.
- *The study of economic behaviour of the households, firms and industries form the subject-matter of micro economics.*
- It examines whether resources are efficiently allocated and spells out the conditions for the optimal allocation of resources so as to maximize the output and social welfare.
- *For example, micro economics is concerned with how the individual consumer distributes his income among various products and services so as to maximize utility.*
- **Thus, micro-economics is concerned with the theories of product pricing, factor pricing and economic welfare.**



Macro economics





*Thank
You!*