

SNS COLLEGE OF TECHNOLOGY



(An Autonomous Institution)



FUNDAMENTAL CONCEPTS
IN ENGINEERING
ECONOMICS



What We'll Discuss





TOPIC OUTLINE

Basic concepts:

Goods

Utility

Value

Wealth

Consumption

Wants

Factors of production

Law of diminishing marginal utility





Goods:

- Items that satisfy human needs
- Available in scarce

Utility:

- The worth /value of a good or service
- Total satisfaction or benefit obtained from consuming a good or service



Goods and Services







Needs:

- State of deprivation
- Things/products essential for our survival
- Physical needs, Social needs, Individual needs





/ self- \ actualization

morality, creativity, spontaneity, acceptance, experience purpose, meaning and inner potential

self-esteem

confidence, achievement, respect of others, the need to be a unique individual

love and belonging

friendship, family, intimacy, sense of connection

safety and security

health, employment, property, family and social stability

physiological needs

breathing, food, water, shelter, clothing, sleep





Wants:

- Product desired by a customer that is not required for us to survive
- The complete opposite of need

Characteristics of Wants

- Unlimited
 - Preferences
- Recurring
- Seasons

Age

Culture

Gender

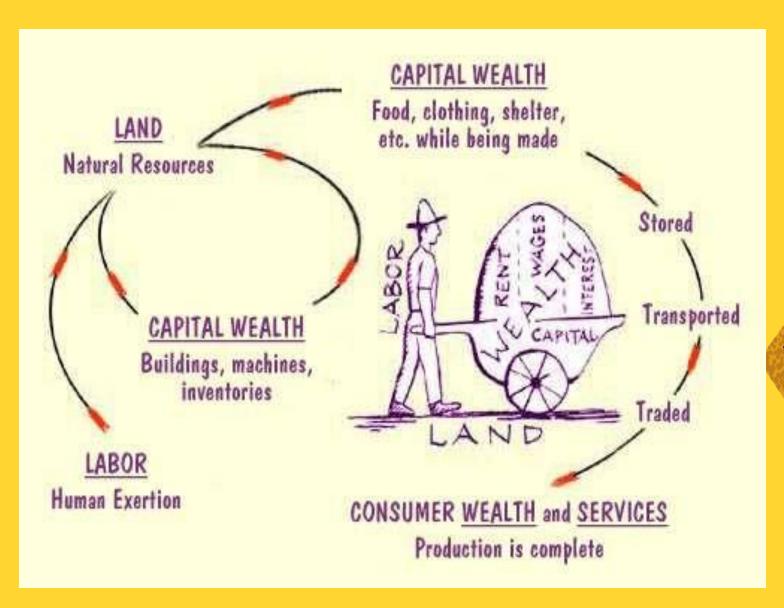
Types of Wants

- Economic & Non Economic
- Individual & Collective
- Necessity, Comfort, Luxury















FACTORS OF PRODUCTION



Factors of production are the inputs needed for creating a good or service











LAW OF DIMINISHING MARGINAL UTILITY

- When we consume more of an item, the amount of satisfaction produced by each additional unit of that good declines.
- The Law states that as a man gets more and more units of a commodity, marginal utility from each successive unit will go on falling till it becomes zero or negative.







THANK YOU