



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:

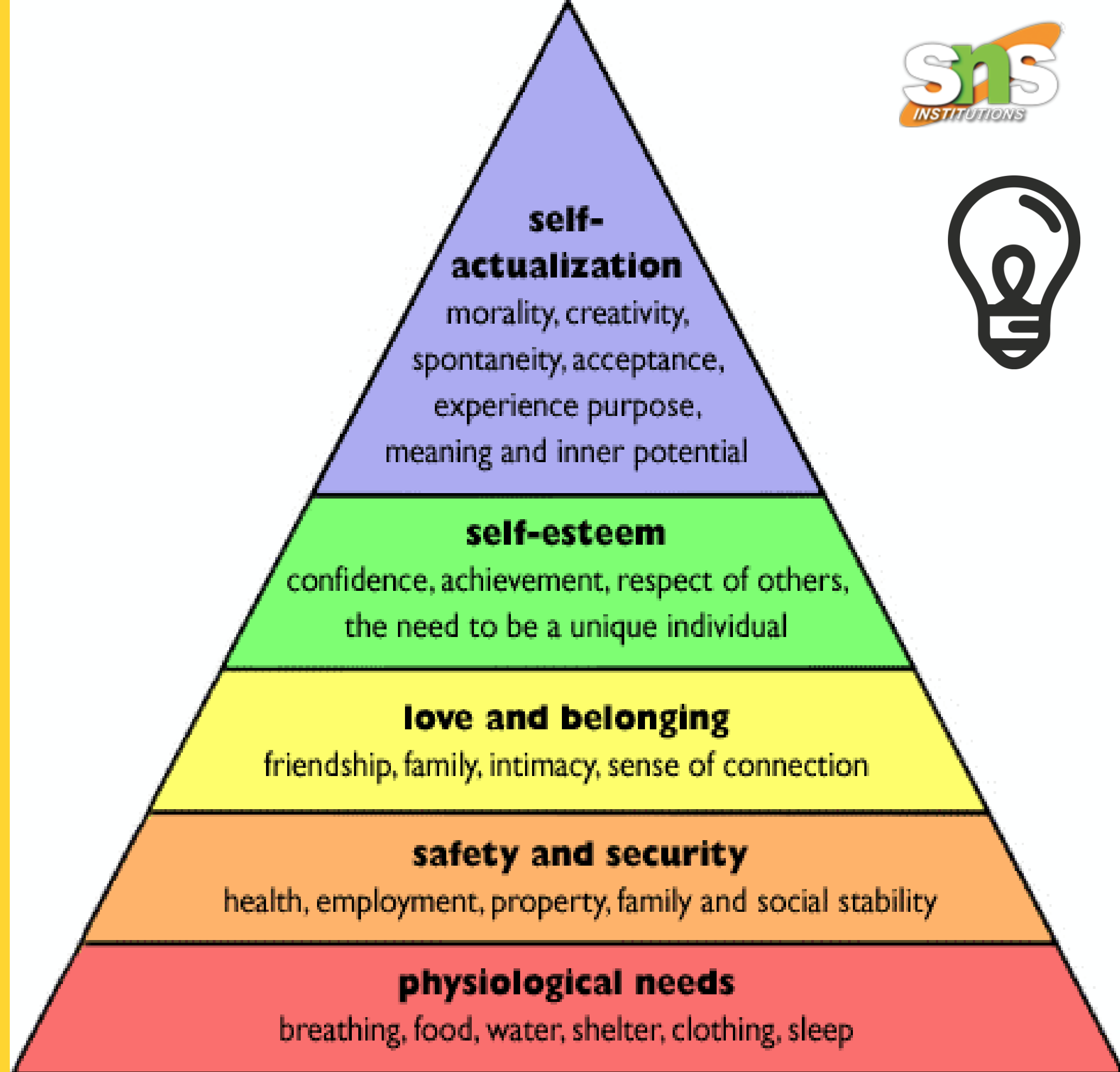
- The worth /value of a good or service
- Total satisfaction or benefit obtained from consuming a good or service





Needs:

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





Wants:

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

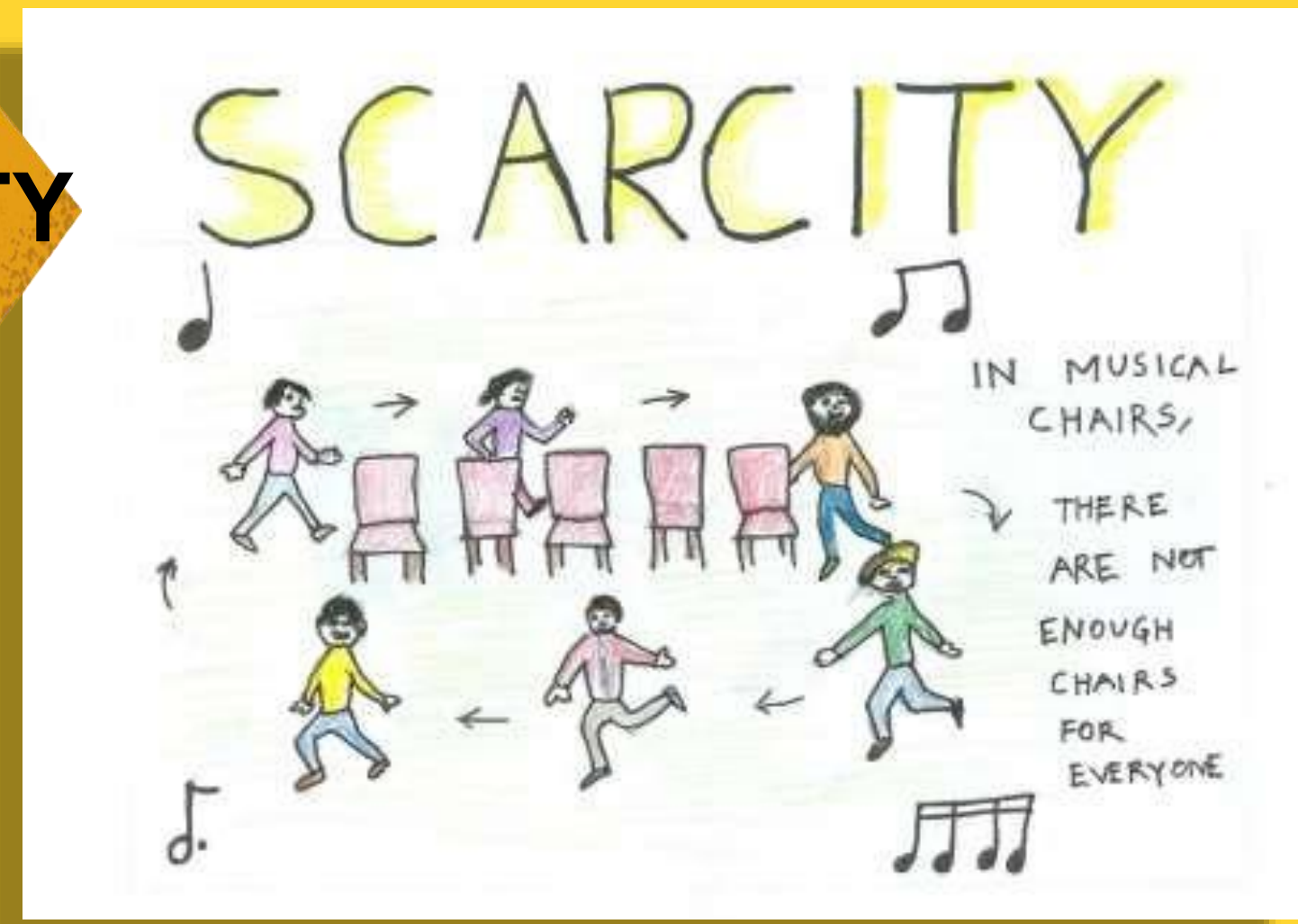
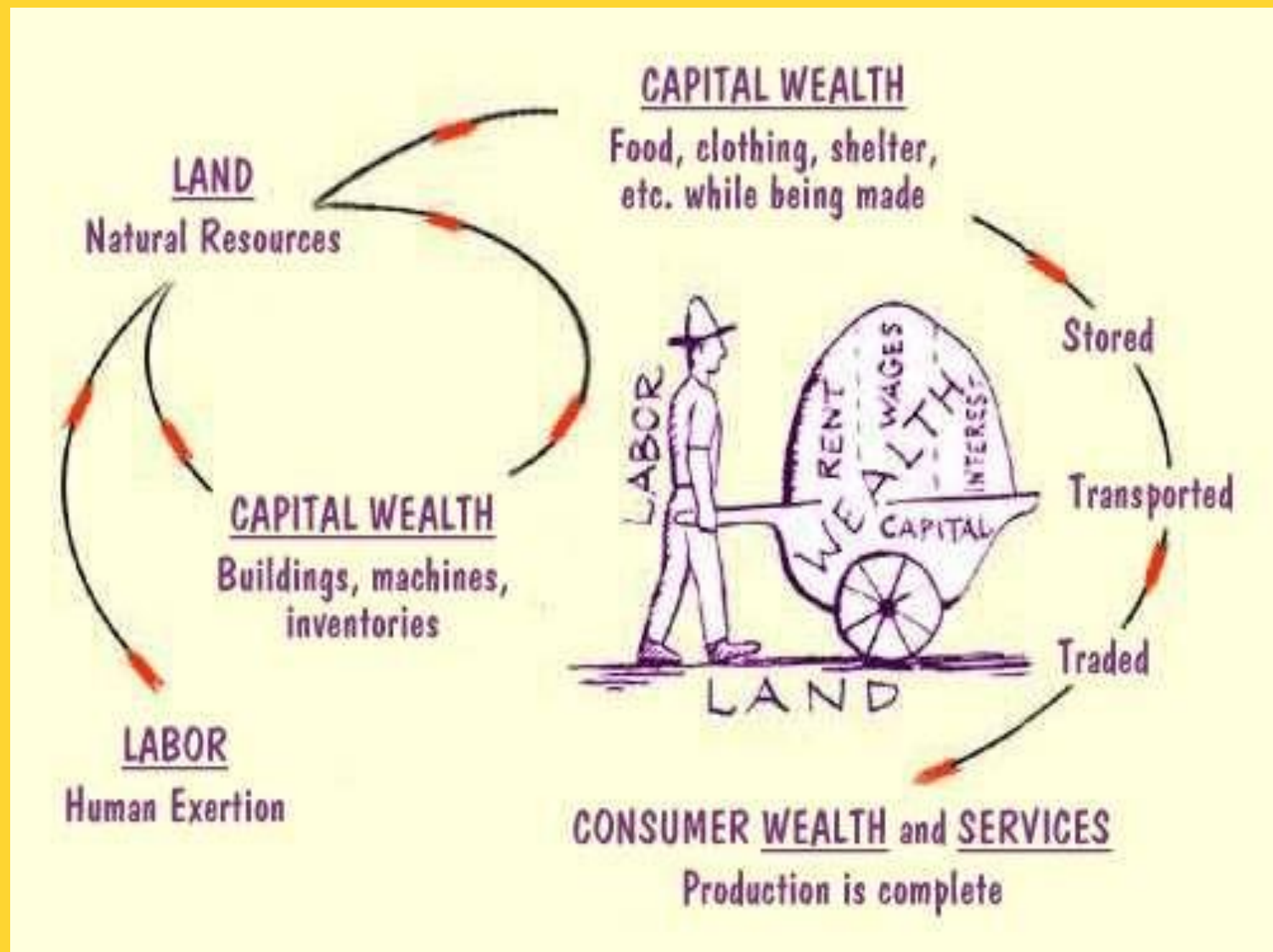


Characteristics of Wants

- Unlimited
- Recurring
- Age
- Gender
- Preferences
- Seasons
- Culture

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

1

LAND

2

LABOR

3

ENTREPRENEUR

4

CAPITAL



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