



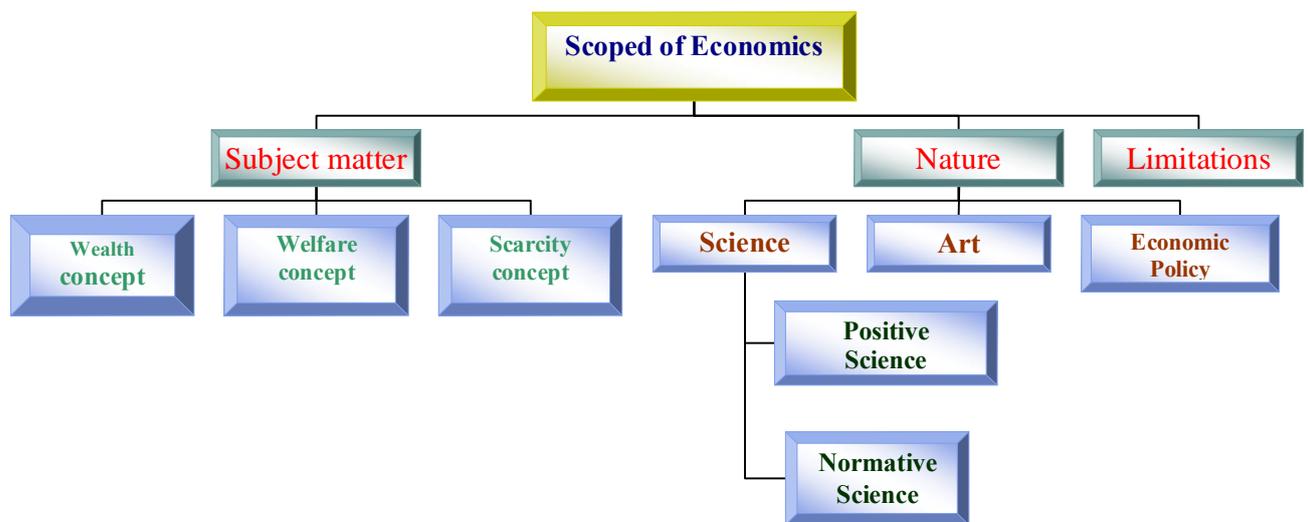
E -CONTENT-SERIES IN MICRO ECONOMICS
by
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SCOPE AND SUBJECT – MATTER OF ECONOMICS

Elementary/Primary Meaning of Scope

According to Prof. Keynes, the following three things should be studied under the scope of Economics:

- (i) What is the subject matter of Economics?
- (ii) What is the nature of Economics? i.e., is it a science or an art, or both? And
- (iii) What are the limitations of Economics?



(1) Subject – matter of Economics: In the first chapter, under the definition of Economics, we have studied various concepts under the different definitions given by Adam to Prof. Robbins. If we categories these concepts then three of them ó Classical concept, Welfare concept and Scarcity related concept, are mainly dominating. As a result of this, a variety has creped into the subject ó matter of Economics. On the basis of these concepts, we can make those things clear which the scholars of that era wanted to include in the subject matter of Economics.



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1. **Wealth oriented concept** – Adam Smith was the chief economist of classical economics concept and his followers considered Economics as ‘Science of Wealth’. They imagined an Economic man and the activities of this Economic man were made the topic for study. In other words, they studied, what is wealth in Economics? How wealth is earned? How it is distributed and used. In this manner wealth became main subject matter.
2. **Welfare oriented concept** – Prof. Marshall was the concept Marshall and Pigou gave main plan to human welfare over wealth and made this thing very clear that wealth is for man and that man is not for wealth. In this way according to welfare oriented view, in the subject matter of Economics ordinary business related economic actions of social men must be studied, which are related with the material welfare. Later the word mental welfare of welfare oriented view was bitterly criticized and scarcity related views brought significant change into the subject matter of Economics.
3. **Scarcity oriented concept** – Scarcity related views are gift of Prof. Robbins. According to him, in Economics, those persons are studied who are surrounded with the problem of selection. According to Prof. Robbins, ‘economic problem’ meaning ‘human nature aspects of selection’ and ‘description of limited resources’ etc. problems should be studied under the subject matter of Economics.
4. **Growth oriented concept** – Modern economists gave birth to Growth oriented concept in the modern era. Prof. Samuelson and his colleagues included ‘distribution of limited resources’ and ‘economic development’ into the subject matter of Economics. Even today, the problem of satisfying the unlimited requirements has not been solved by man. Taking all these things in view, five sub-divisions -- consumption, production, investment, distribution and public finance etc. and other actions are being studied, under the subject matter of Economics.
 - (1) Consumption -- Consumption is a chief subdivision of Economics. Some economists even consider consumption both as the beginning and end of Economics. Consumption has the capacity to end the utility of goods and services. Under consumption, nature of human requirement /needs, utility and its rules, demand and its rules, sequential analysis of utility etc. are studied.
 - (2) Production ó It is the second important sub-division. IN Economics, consumption generation is known as production. In this different parts of production like land, labor, capital, courage and characteristic and problems of organization are studied.
 - (3) Exchange ó It is required for the purpose of consuming the production of goods and for the fulfillment of requirements. Earlier it was done by



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the mutual exchange of goods or things but the invention currency has ended the exchange of goods. Now the work of exchange is done through currency. In this sub-division of Economics, cost determination, problem of market, currency/money, banking, insurance and business related issues are studied.

- (4) Distribution ó When collective production takes place through different factors of production, then the problem of distribution, between the resources arises. To counter this problem, help of destitution sub-division is taken. In this part, what is national income? How it is measured? As well a principle related with tax, labor, interest, profit etc. are also studied. In short, various things responsible of justifiable distribution and rise in economic welfare are studied under this sub-division.
- (5) Public Finance ó This fifth part of Economics includes public income, public expenditure, principles of public debt and finance management for debts etc. are some of the important portions studied under this subdivision. In the present time, this division affects the entire economic system. Reputation of a government of any country depends on it.

Modern economists do not completely agree with Robbins, as far as the subject matter of Economics is concerned, because at a given time, economic problem cannot only be the distribution of the given resource but also the development and growth of resources. Hence, modern economists are stressing upon the micro and macro economics and theory of cost as well as on the problems of income and employment. In this manner, at present, subject matter of Economics can be newly divided into two parts, as ó (1) Price of Micro Economics, and; (2) Income and Employment Theory and Macro Economics. These two principles play an important role in the study of economic activities.

II. NATURE OF ECONOMICS

Under the nature of Economics, it is studied whether Economics is a Science or Arts. If it is a science then whether it is real science or ideal science? Etc. All these things are described below in detail/

Meaning of Science

Organized knowledge of any subject is known as science. In the words of Poincare, óScience is built up of facts as a house is built up of stones, but an accumulation of facts



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is no more a science than a heap of stones in a house.ö According to this definition, presence of the following four things is very important:--

- (i) Observation
- (ii) Measurement
- (iii) Systematic study
- (iv) Verification

Whichever discipline satisfies the above mentioned conditions, is a science?

IS ECONOMICS A SCIENCE

(1) Arguments for being a Science ó following logic may b presented in the favor of considering Economics, a science:--

I) Use of Scientific methods ó According to the economists considering Economics as a Science, Economic utilizes scientific methods in creating or making of economic rules and principles. It does systematic study of people's behavior. It investigates concepts with scientific rules. Therefore, due to the utilization of scientific methods, Economics is called as a Science.

- ii) Creation of Principles ó Usually it is said that the conditions which are applicable on science are applicable on Economics also. Like science studies facts systematically by establishing a relation between cause and effect. This thing is applicable on Economics too. Hence, there is no reason for not considering Economics as a Science.
- iii) Systematic Study ó Economics is that branch which does the systematic study, systematic analysis and systematic collection of facts. For example, the entire subject mater of Economics has been divided into five parts and public finance respectively. In this way, Economics further comes closer to science.
- iv) Ascertainment or Establishment of Universal truth ó In Economics there are many rules and principles which ascertain/establish universal truths by making clear the relation between the cause and effect of diminishing marginal utility, and the law of demand and supply are its examples. They are as much authentic as are the principles of Physical science.
- v) Measuring rod of money ó Just as physical balance is helpful in expressing certainty and truth in physical science, exactly I the same manner, measuring rod of money helps in providing certainty to effects. This characteristic does not exist in other social sciences



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except for in Economics. As a result, money may bring certainty in the economic occurrences/happening.

- vi) Power of Prediction ó Just as science has the power to predict, similarly, even economics has this power. At present, the inclusion of maths or Econometrics into economics raised the power of prediction.

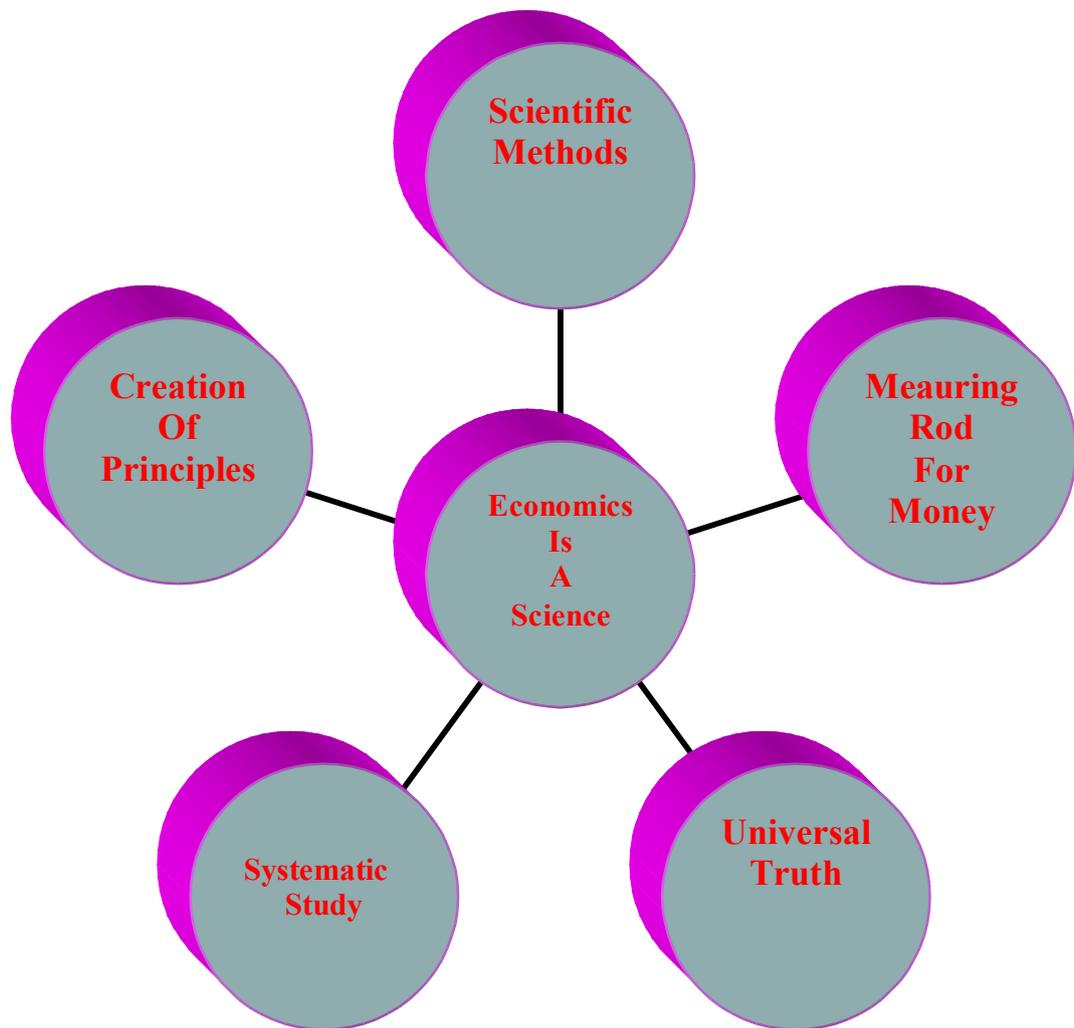
ARGUMENTS AGAINST ECONOMICS BEING A SCINECE

- (1) Different views of Economists ó If Economics was really a science then, the difference in the views of economists in relation with considering it a science, would not have existed. If we think seriously, then there is no solid base behind this logic. Because, (i) considering the speed with which the development of Economics is taking place, presence of difference of opinions among Economists is quite natural, (ii) Since scientific methods are utilized in economics hence it is a science, even if deference of opinion exists, among the economists.

ECONOMICS IS A SCIENCE



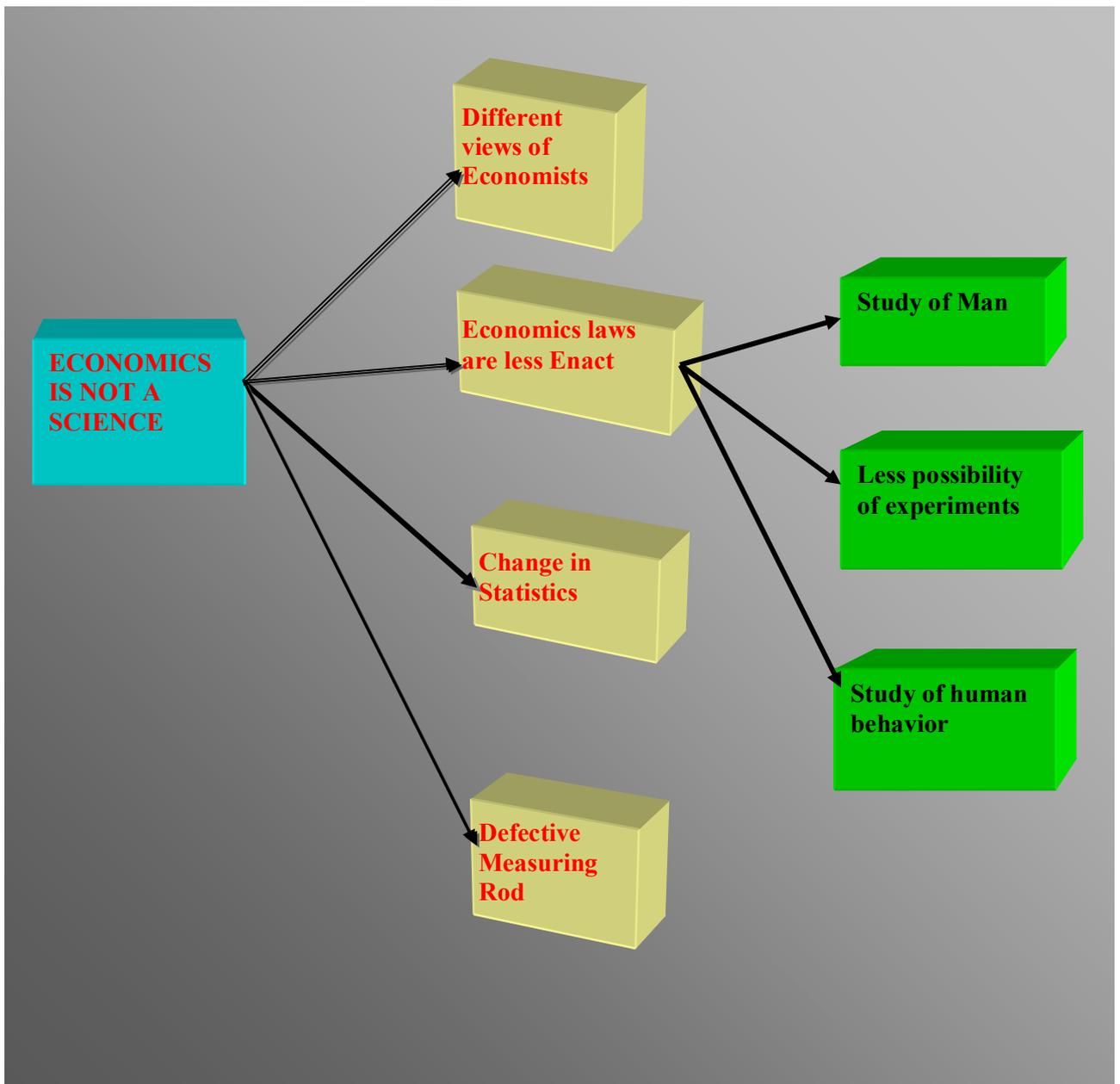
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ECONOMICS IS NOT A SCIENCE





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2. Economic laws are less exact than the Laws of Science: Economics is a study of human behavior which is changeable. Certain predictions cannot be made about uncertain behavior. But laws of science are certain and predictions made by them are usually true but words. Since economics laws are not certain as the laws of natural science, hence economics cannot claim to be a science.

If we give attention to the following points, then even this logic is not correct one:-

- i) Study of Man ó The main subject for study in economics is man, who has the power to think and understand, but the subject for study for natural sciences is non-living substances. In Economics human behavior is independent while non living substances have not desire of their own. If in Economics like Science non-living substances were studied then their conclusions would have been definite and true/ But human cannot be placed in the category of substances.
- ii) Less Possibility of Experiment: Natural science has a particular laboratory, wherein affecting variables are kept under control. But the laboratory of Economics is the entire world which regularly gets influenced by the internal and external environment. That is why economic laws do not have certainty in them.
- iii) Study of Human Behavior: In the end, we can say that in Economics, the human behavior is studied and predictions are made in regard to it, which usually do come true. Like ó rise and fall of price has effect on the rise and fall of collective demand. These things usually come true, though the demand of a particular man may increase with the increase in the price.
- iv) Change in data of Statistics: It is a fact that the data compiled by science are stable, certain and reliable. And the conclusion based on such data is irrevocable. But the data collected by economists are liable to change. Hence the conclusion derived by the economists on the basis of such data is not so irrevocable and may be false too.
- v) Defective measuring rod of money: It is wrong to consider Economics a science on the basis of the measuring rod of money as this scale is not scientific.

The argument given to prove the measuring rod of money as non scientific is not practical. It is true that rise and fall in the value of money takes place but it is not as frequent as it is believed to be. More so, economics has a measuring rod of money, no matter how rough it is, while other social sciences don not have any. Hence only a small fraction of doubt remains over the fact that economics is not a science.



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On the basis of the study above, this is clear that the arguments given in the favor of economics not being a science are without any solid base. In fact, economics is a science. In short, "As a result of utilizing scientific methods, economics has become eligible to be called as a science. As much as we may say that Economics is not a definite/certain science."

Now, the question before us is that , if economics is a science then, whether it is (i) a positive science or (ii) a normative science?

Explanation in relation to this is given below in detail:

ECONOMICS IS AN ART OF ECONOMIC POLICY

MEANING OF ART

To do any work in a excellent manner is an art. In regard to art, Prof. Keynes has said, "an act is a system of rules for the attainment of a given end". Describing art, Prof. Cassa wrote that, "a science teaches us to know an act teaches us to do. In a word, science explains and expounds; art imposes precepts or proposes rules". Science determines principles/rules and art gives practical shape to those principles/rules. This is not all, positive science informs us about ground realistic while normative science presents a standard before us, but art tells us the modes and ideas to achieve standard. In this way it work as a bridge between positive and normative science.

Just as a dispute arose in regard to considering economic a positive or normative science, almost similar dispute exist in context of considering economics an art. Its details are given ahead

ARGUMENTS AGAINST ECONOMICS BEING AN ART

There is a section of economists, which does not consider economics an art. Economists belonging to this section have given following arguments in their favor:-

1.DIFFERENT NATURE- according to the economists of following this view, science and art are separate areas. When we have accepted economics as an art and have seen that it has scientific character, then it is wrong to associate it with arts

2.NATURE OF ECONOMIC PROBLEMS-generally it is said that none of the economic problem is purely economic. Economic problems get influenced/affected by many things, like-social,political and religious. Due to the tendency of economic problems getting affected by the inferior circumstances, it is possible that economists may make a suitable policy for solving the problems based on economic viewpoint only.

3.FOR SCIENTIFIC NATURE- it is also argued that if economics would continue to help in policy making, then its scientific character will die . for maintaining the scientific character of economics, it is essential to study while remaining stable towards the objects of economics.it is essential to desolate with policy making and to genuinely study while remain stable towards the objects of economics.



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4.ECONOMICS IS NOT HELPFUL IN DEFINITE CONCLUSION-generally it is said that economics is not helpful in deriving definite conclusion. It is only an indicator for conclusions. Analysis of economic problems and not policy making is the function of economist Keynes said on this subject that, "economic principle do not provide for such definite conclusions, which may be used as policy. It is a method and not a doctrine , it is an instrument of brain\mind and a technique for thinking, which helps its bearer to achieve right solution."

Few economists say that , since problems are not purely economic , hence they can not be solved based on economic views should be called as bade\foundation of art.acording to Marshall, " after making retires and leaves to common sense the responsibility of taking ultimate decision". Prof.pigon also affirmed this view that, "though for the economist the goal of social betterment must be held over is sight, his own special task is not to stand in forefront of attack but patiently behind the lines to prepare the armament of knowledge."

In this way , in the opinion of these economists the goal of economics is to increase social welfare but it is not the work of a economist to see how this welfare may be inclosed.

ARGUMENTS IN FAVOUR OF BEING AN ART

Following arguments may be given for this:-

1.ECONOMICS CAN NOT DISSASSOCIATE FROM ETHICS- the economists who do not consider economics an art, say that the work of economist is to establish a relation between cause and effect and nothing beyond it, this view is very laughable. If you go to a doctor and tell him about your illness, and the doctor will tell you after deep thinking that the illness was caused due to such and such reason. When you ask for the treatment you go to someone else, then under this situation such a thing will not be suitable. Similarly, when prices are rising in a country, And politician ask economist about the reason for such rise and for its (cost rise) end, then it is suitable that he also gives the solution of the problem or else he may become useless.

2. MAXIMUM PROBLEMS ARE PURELY ECONOMIC-it is also argued that since no problem is purely economic, hence economics can not make the best practical policy. No doubt , most of the problems are not purely economic and thus in addition to economic view , they should also be studied from social, religious and political view point too. For example, alcohol consumption may be supported on the economic basis but not on religious and cultural basis.

3.SOLUTION OF PRACTICAL PROBLEM- according to Prof Keynes, such conclusions do not come from economics, which they may be used immediately hence economics can not be an act . this statement of Prof Keynes is not correct, orthodox economists have shown special interest in economic problems and made economics useful in solving practical problems.

4.PURE ECONOMIC ACTIVITIES- there are so many problems which are purely economic in nature. Final decision on such problems may be taken by a economist only.



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For example, bank note and flight of capital, exchange rate, etc people who do not have knowledge about these problems , would not advice about their solution . as for example, if a man does not have the knowledge as to why and how flight of capital takes place, then he would not be able to stop this flight . we require a economists under such situation . if a economists is not interested in solving such problems then who would? Problems which are of mixed nature, we may say in their context that for them also study of economics may be required.

5.PRACTICAL ECONOMICS- during present times the scope of economics is practical. hence it is more proper to call it an art.

6.ECONOMICS IS A SCIENCE AND ACT BOTH- according to the people considering economics science , if economics is accepted as an art then its scientific character shall get ruined . this argument is not correct because by accepting economics an art, no harm is caused to the scientific character economics . according to Prof. pigon, ò we search for knowledge but not only for attempting it but our mentality is similar to that of a doctor, who is searching for knowledge to serve his patients.ö In this manner art or practical science gives us the knowledge about those ways through which we may search an ideal perspective.

In the end, we may say that practical knowledge is also essential along with theoretical knowledge.

This condition is applicable in the economic sector . mere knowledge of economic principles is not sufficient, but principles should be practical as well. Most of the economists urge on the point, by considering the objectives as given , they must help in making economic policy. In the words of Prof. pigon, ò our impulse is not the philosophers impulse, knowledge for the sake of knowledge, but rather physiologists knowledge for the healing that knowledge would help to bringö. Prof. cassa is a supporter of this fact that science and art are complimentary to each other. Thus under such situation art aspect can not be separated from economics.

III LIMITATIONS OF ECONOMICS

The chief\main limitations of economics may be kept in front order:

1.STUDY OF SOCIAL MAN: according to Marshall, trade related activities of , a social man are studied under economics. This makes clear this fact that under the subject matter of economics falls only the economic activities of social men, but Prof. Robbins include other activities of men , into economics too.

Marshall includes only the economic activities of a social man into the area of economics but Prof. Robbins does differentiate between social man and the man living outside of society. Whether the activities of such men are economic or no economic, he includes them within the area of economics. This makes the area of economics more wide.

2.STUDY OF REAL MAN- there are no placing for a imaginary or fictitious man under the economic area it only studies real man.



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3. **STUDY OF HUMAN ACTIVITIES**- It studies only human activities. Birds animals or substance matter are not studied under it.

4. **STUDY OF ECONOMIC ACTIVITIES**- under economic only economic activities are studied. According to Robbins, under economics , limited means related activities should be studied whether they are money\capital related or time related.

5. **STUDY OF AVARAGE MAN**- it includes , normal , ordinary man within its preview. Extra ordinary men like insane, or lunatics , criminal, miser etc are excluded.

1. **ECONOMIC LAWS ARE LESS EXACT** ó law of economics are less exact than laws of nature like ó in accordance with law of demand. This can not be said with conviction that if the cost of a good rises to its double , then the demand for such good will definitely decrease.

In the end, we may say that though economics is unable to give exact\definite decisions for solving practical problems, but its important is accepted. This is its main characteristic. For example, it gives answer to excess production how and why? It suggest modes for dealing unemployment and how to eradicate it ? etc things are answered by economics.

PROBLEMS RELATED WITH SCOPE OF ECONOMICS

Following are the main problems associated with economic area :-

- i) can economics solve practical problems?
- ii) Is economics natural as regards ends?
- iii) Economic theory and economic policy
- iv) What is the importance of economics?

I. CAN ECONOMICS SOLVE PRACTICAL PROBLEMS OR WHAT ARE THE FUNCTIONS IF AN ECONOMISTS?

Difference of opinions exist among the economists in regard to the functions that they are required to do . there are two views in this regard- according to one view , economist should only make and describe economic principles. And according to second view, in addition to describing the economic principles, economists must also be helpful in solving practical problems.

1. **ECONOMISTS CAN NOT SOLVE PRACTICAL PROBLEMS**- among the established\celebrated economists, J B. Say and Senior and from modern economists specially Prof. Robbins have claimed economics positive science. It has nothing to do with the virtues and shortcomings of the subject what should be done and what not should be done, etc. for example, bring a positive science economist would tell about the effect of taxes, which are imposed at the time of budget, on country's production and on distribution of money, but would stay silent on the subject that whether this imposition taxes was required or not.

According to senior, ò the economist could not add even one word of adviceö. The function of a economist is like a scientist, is to establish relation between cause and effect



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by collecting the economic elements on one hand and on the other is to make economic laws/principles. He is not supposed to advice in this regard . Hence economists can not solve practical problems.

2.AN ECONOMISTS CAN SOLVE PRACTICAL PROBLEMS- from the ancient times to this date, economists have always expressed their views on the virtues and the shortcomings of economic system of their own times. As for example, established economists have affirmed the traffic related rules from time to time, stopped the policy of laissez faire and supported the labor normative aspect of economics, when in the present times, problems related to economic development have become the focal point of economics. Hence the function of the economists is not only to explain and explore but also to advocate or condemn.

In fact, we can divide the functions of economists into three parts- a) to declare functions of economic system. b) to make and describe rules/laws related to them. c) to give suggestions for solving economic problems . hence their functions are descriptive, theoretical and applied, of three kinds.

II. IS ECONOMICS NATURAL AS REGARDS ENDS?

Difference of opinions exists among the economists in regard to this.

1.ECONOMICS IS NEUTRAL AS REGARDS ENDS- Prof. JB say, " what we owe to the public is to tell them how and why such and such a fact is the consequence of another. Whether the conclusion be welcomed or rejected it is enough that the economist should have demonstrated its causes but he must give on advice."

Senior " " the business of a political economist is neither to recommend nor to dissuade but to state general principle which it is fatal to neglect, but weather advisable nor perhaps practicable to use as the role or even the principal guide in the conduct of affairs". Similarly Cairness investigates laborers and labor unions and Ricardo participated in the debate for rules for given and precious metal. Mell suggested to impose taxes with progressive rates on enjoined income. Marshall discussed those laws, which can remove poverty from any country. Modern economists Keynes is also not lagging behind. He created "new economics" for the eradication of unemployment. In this way, the object of all the economists was how to increase economic welfare

Economists associated with the planning commission not only describe the principles of planning but also till the kinds of plans required and the factors they depend on.

CONCLUSION- how two thoughts are prevalent:-

- a) under the first thought is Prof. samuelson- according to him, " basic questions concerning right and wrong goals to be persuaded cannot be settled by science as such". An economist should tell about the results/effects of economic activities like a scientist or specialist. In the words of Prof.Boulding, "the economists studies the choices, he does not judge them".
- b) second thought includes economists like Frazer, Henderson Quandt, Hilborner etc- according to them , we can not overlook.



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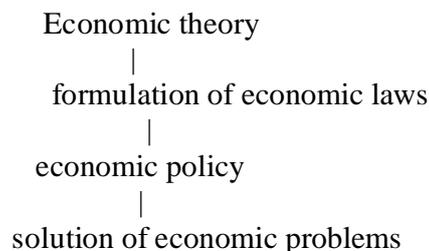
Prof. Robbins- modern economist Prof. Robbins too consider and economics a science. According to him, the function of economics consists of exposing and explaining and not advocating and condemning.

He made this fact clear that economics is neutral as regards ends. That is economists stays the views of Prof. Robbins that economics and the economists has nothing to do with virtues and shortcomings. According to Robbins, the functions of a economist is like a specialist who may only be able to tell that a particular work shall have this particular effect, but would be unable to say anything about its requirement.

2.ECONOMICS IS NOT NUETRAL AS REGARDS ENDS- according to this thought economics can not be neutral. It can give advice on virtues and shortcomings while positive science stays neutral as regards the virtues and shortcomings of alcoholism, the normative science not only tells about its virtues and shortcomings but takes this decision also that a person should or should not consume alcohol. While considering economics a normative science, Pigon wrote that , economics is chiefly valuable neither as an intellectual gymnastic nor as a means of winning truth for its own sake but as a hand maid of ethics and servant of practice.

It is clear from above mentioned description that many economists do not consider economics neutral as regards ends. In short economics investigates ends and is not impractical towards them.

III ECONOMIC THEORY AND ECONOMIC POLICY



i) ECONOMIC THEORY- It denotes the description of the causes of economic event . a theory attempt to explain why The meaning of laws\rules, which tell why economic event takes place?

economic theory is created through study of human behavior , forecast, survey and analysis for this purpose one has to go through the following five stages:-

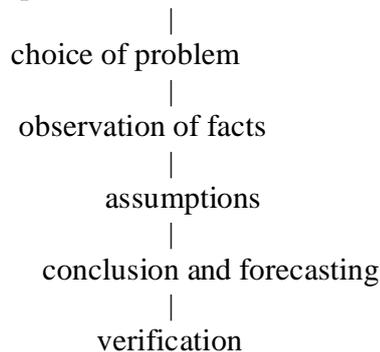
- a) CHOICE OF PROBLEMS- First of all economist chooses a problem and study it based on a questionnaire. For example, when we make law of demand then for it we study the behavior of consumer,study the factors affecting demand , and other factors like; population , quantity of production , trends, fashion ets, are also considered.
- b) OBSERVATION OF FACTS OR OBSERVATIONS- facts related to the problem are being collected . there are two ways of collecting facts. 1. Through experiment and.



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- 2.through the medium of statistics . economics has small scope for experiments .that is why statistics is frequently used collecting facts.
- c) **ASSUMPTIONS AND HYPOTHESIS-** assumptions or hypothesis are made for economic theories. Like income , location, time trend , fashion, etc factors which affects human behavior. Like- what changes in demand shall take place as a result of change in cost. Study of consumer behavior based on assumptions is called the theory of consumer behavior.
 - d) **CONCLUSION AND FORECASTING-** conclusions are derived and forecasting in relation to future behavior is done by testing the theory made on the bases of assumptions, through logic.
 - e) **VERIFICATION-** conclusions are verified by applying them on to real life.

Steps of formation of economic theory



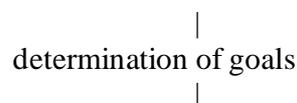
ii) **ECONOMIC POLICY-** the word policy denoted the mode of achieving a particular objective. This till what ought to be. According to Prof Edward G.Nourse, economic policy is related to the use of suitable resource\ways to decide the objects to be achieved and to actually achieve those objects.

Now it is essential that we should understand the meaning of economic policy. Generally economic policy is taken to mean national economic policy and under such condition, the organization imposing this policy is called government or state.

Economic policy is related to two things:

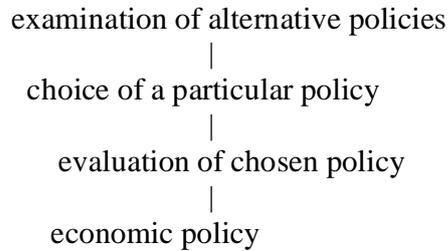
- 1.what we want? Or what are our needs?
2. how to attain these ends?

Formation of economic policy





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RELATION BETWEEN ECONOMIC THEORY AND ECONOMICS POLICY-

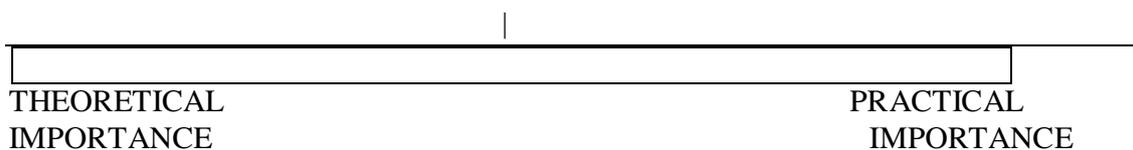
economics is closely related to economic policy:

1. Theoretical economics are helpful in making economic policy. Every consumer wants to attain position of balance. While making the policy in relation to it, he has to take help of from economic theory.
2. Economic policy helps in assessing economic theory and also helps in making new economic theory.

WHAT IS THE IMPORTANCE OF ECONOMICS ?

Knowledge of economics is essential for the removal of economic problems. This is the reason why the study of economics has become so important.

IMPORTANCE OF THE STUDY OF ECONOMICS



Economics is studied for fulfilling the both objectives. In the words of Marshall, "the object for study of economics is to attain knowledge for knowledge and to show path in the practical like specially in social area".

According to Durbin, "economics is the mind religion of today's era".

a) **THEORITICAL IMPORTANCE-** following are the main points:

1. increase in knowledge:- the study of economics makes you aware of many economic events like using there in equitable distribution of wealth in country.why is the tare of economic development so high or so low? What is the reason behind class conflict . the study of economics is a kind of mental exercise.
2. Development of power and reasoning analysis:- a number of economic laws are framed on the basis of which we try to understand human behavior. The study of economics improves the logical faculty and inspecting powers of human mind. Prof Marshall praised economics by calling it "an engine for discovery of truth"



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- b) **PRACTICAL IMPORTANCE-** according to Pignon, "economics is chiefly valuable neither as an intellectual gymnastic nor even as a means of winning truth for its own sake, but as a handmaid of ethics and a servant of practice."

PRACTICAL BENEFITS OF ECONOMICS ARE :-

1. **ADVANTAGES TO CONSUMERS-** The aim for a consumer is to achieve maximum satisfaction from limited income, which he achieves through the laws of economics. The law of marginal utility tells him to spend his limited income for fulfilling his different requirements, in such a manner that he gets equal marginal utility from each good on which he is spending his limited income, and he gets maximum satisfaction out of it. In the same manner, house owners get to know their family budget so that they are able to lessen their expenditure on harmful things like alcohol etc and get a chance to spend on other useful commodities.
2. **ADVANTAGE TO BUSINESSMEN AND MANUFACTURERS-** It is essential for the businessmen and manufacturers to know about market rates, to understand the nature of production and demand for commodities. They can organize their business through economics.
Modern production system is very complicated. Big problems arise before traders and businessmen quite frequently. Economics makes us aware of the resources for production, modes for production, what are the problems prevalent in this field and how to remove these problems.
3. **ADVANTAGE TO FARMERS** - Through economics, farmers get to know about the art of agriculture in different countries. They get the knowledge about agricultural marketing. They get the information as to from where they can get manure, capital, tools and seeds, all these things are helpful in increasing the agriculture.
4. **ADVANTAGES TO LABOURERS-** the study of economics makes the laborers aware of exploitation and the ways of eradicating it. Through economics the laborers become capable to prove that the state of labor given to them by the employers is lesser than their marginal productivity.
5. **ADVANTAGES TO POLITICIANS-** it helps the politicians to understand better the economic issues of any country. On the basis of this knowledge they try to solve the problems of their areas. For a finance minister, economics is nothing short of a religious book.
6. **ADVANTAGES TO SOCIAL REFORMERS** - its knowledge is very important for a social reformer too. Problems like poverty, unemployment etc are very difficult to solve without the proper knowledge of economics.
7. **ADVANTAGES TO SOCIETY-** it investigates those personal problems which are harmful to the society and tells the modes to stop those activities, which are harmful for the society.

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