

*ECONOMICS

Economics is the study of the principles which govern the functioning of the economy and its various components.

*Scope of economics

- Subject matter
- As a science as well as an art
- Positive sense or a normative economics

* Importance of the study of Economics

1. Theoretical significance
2. Practical significance

* THEORETICAL SIGNIFICANCE

- **Increases knowledge:** The study of economics helps to understand the concepts of national income, employment, production , consumption, capital formation, balance of trade and balance of payment etc.
- **Help to develop analytical attitude:** creates and develop logical thinking towards various economic problems.

* PRACTICAL SIGNIFICANCE

- ❖ **Significance to consumers:** It helps in making best possible use of the limited resources available with them.
- ❖ **Significance for producers:** It helps to make the best use of available resources.
- ❖ **Significance to workers:** Enable them to understand their value of contribution to the production and reward for the contribution.
- ❖ **Significance to politicians:** Study of economics helps them to address issue faced by the people in a more effective way.

- ❖ **Significance to academicians:** Economic theories explain the concept of consumption, production, distribution, investment, etc.
- ❖ **Significance for administrations:** It will enable them to understand the sources of public revenue and debt.
- ❖ **Helpful to managers:** Economics provides analytical tools and techniques to the managers to achieve the goals of the organisation they manage.
- ❖ **Useful in price fixation:** It helps manufacturers to fix up price under different situations.