

Chapter - 1

Nature & scope of Business Economics

Unit 1.

⊕ Introduction -

→ economics is derived from Greek word 'OIKONOMIA'
(means household),

→ Till 19th Century economics was known as
Political economy,

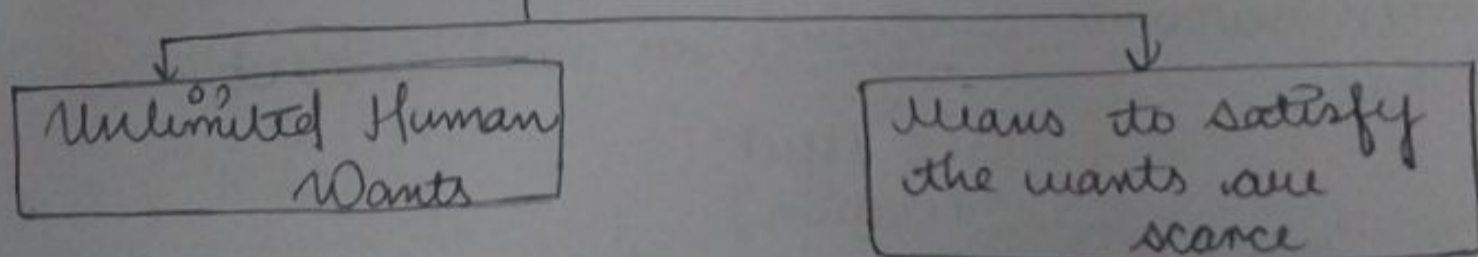
→ Father of economic - Adam Smith.

↓
Book - 'The Wealth of Nation'

in 1766.

→ economics is study of processes by which the relatively scarce resources are allocated to satisfy unlimited human wants.

→ Two fundamental facts -



NOTE -

⊕ But modern economist says that it is a narrow definition.

⊕ In day to day events there are various economic issues. (Global crisis 2008, Corona Pandemic 2019-20).

⊕ Study of economic cannot ensure that all the problems will be appropriately tackled, but it would enable us to examine a problem in its right perspective.

③ Business Economics -

The summary (+) \rightarrow various Theories & Techniques
& success of any business depends on sound decisions.

\rightarrow Business economics integrates economics theory with business practice.

\rightarrow It is also known as Managerial Economics

Applied Economics (OK)

\rightarrow It has close relation with economic theory (Micro, Macro, Statistics, Mathematics, Op. Research, etc.)

\rightarrow Joel Dean - defined business economics in terms of the use of economic analysis in formulation of Business Policies.

④ Nature of Business Economics - (Imp)

\rightarrow Business economics is science as well as art
(Cause & effect Relation) \downarrow (कला)

\rightarrow It is based on Micro Economics.

\rightarrow Incorporates elements of Macro Economics.

\rightarrow It uses Theory of Market.

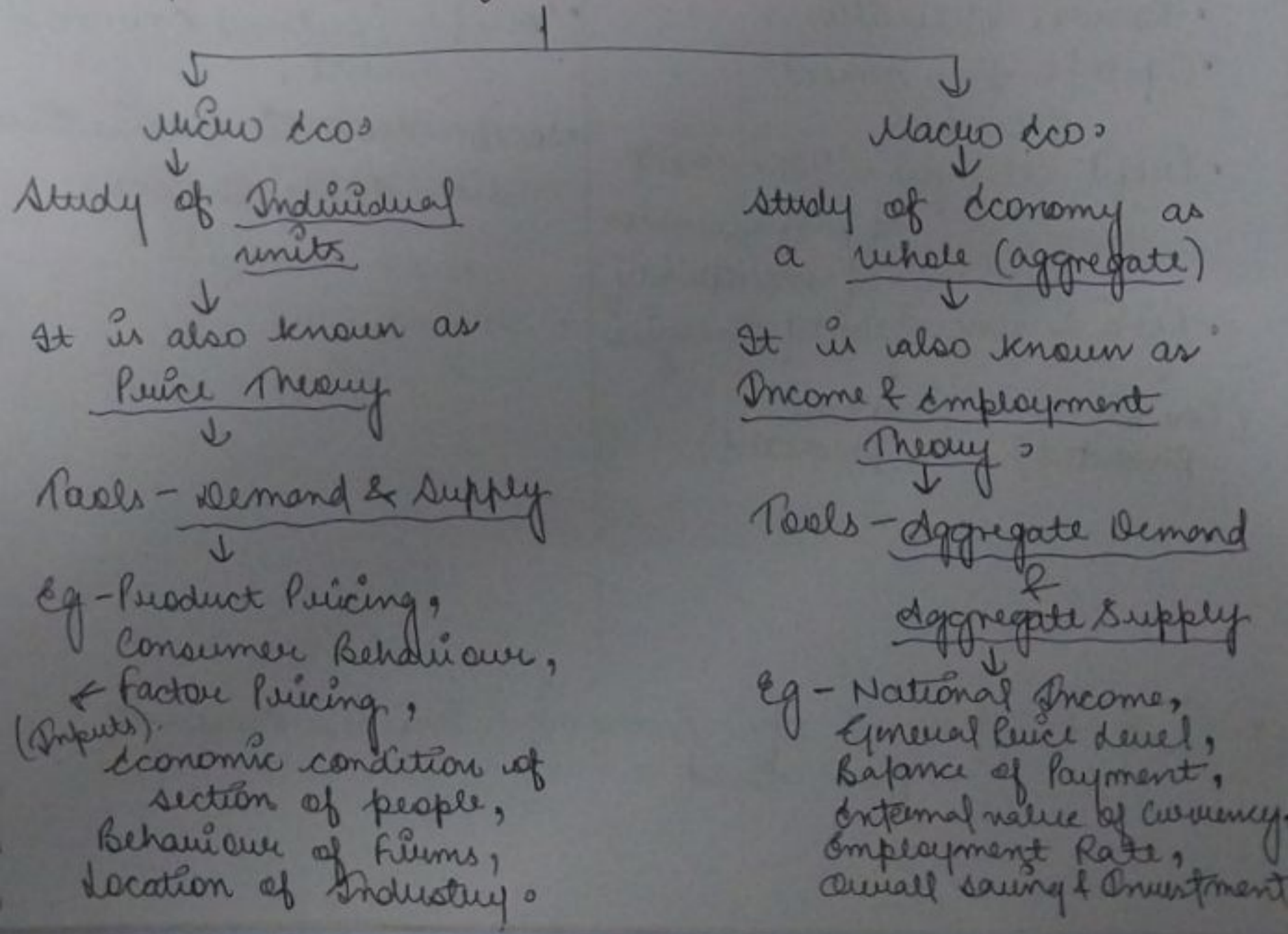
\rightarrow It is Pragmatic \rightarrow (Practical)

\rightarrow It is Interdisciplinary in nature.

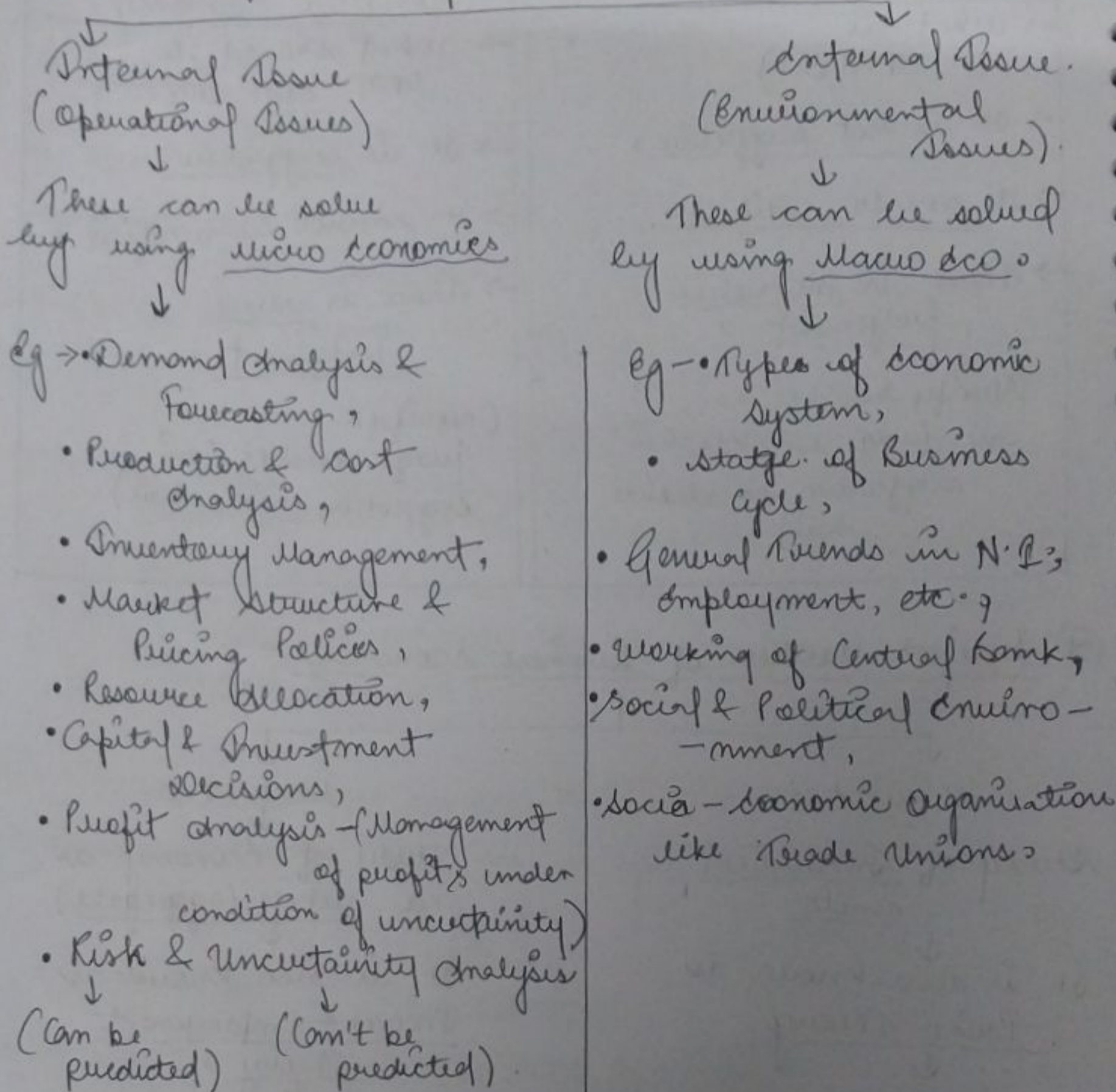
\rightarrow Business economics is Normative.

Positive Economy	Normative Economy.
<p>→ what is (क्या है?)</p> <p>→ It is <u>not suggestive</u>.</p> <p>→ It <u>can be verified</u>.</p> <p>→ There is <u>no value judgement</u>.</p> <p>(Verify ho sakte hai, nahi judge ke sakte hai, suggestion nahi de sakte hai)</p>	<p>→ what should be (क्या होना चाहिए).</p> <p>→ It is <u>suggestive</u>.</p> <p>→ It <u>cannot be verified</u>.</p> <p>→ There is <u>value judgement</u>.</p> <p>(Verify X judge ke sakte hai suggestion de sakte hai)</p>

* Subject Matter of Business Economics -



* Scope of Business Economics -



* Read Differences b/w Economic & Business Economics from Book.