

MEANING OF ECONOMICS

As a subject, Economics is not very old. However, there is no harmony on its definition. Different economists have defined it in different ways, which has led to a lot of disputes and misconceptions. Various definitions of economics developed during the course of history have been broadly divided into four parts:

1. Wealth Definition by Adam Smith
2. Welfare Definition by Alfred Marshall
3. Scarcity Definition by Lionel Robbins
4. Growth Oriented Definition by Samuelson

1. Wealth Definition by Adam Smith

Economics is the science of wealth. (book)

- In the ordinary language, wealth means money.
- But in economics, the term 'wealth' has a special meaning. In Economics, wealth refers to those goods which satisfy human wants.
- According to Adam Smith, the issues resulting from people's pursuit and use of wealth are the focus of economics.
- His primary area of interest was researching strategies for raising global wealth.

2. Welfare Definition by Alfred Marshall

Economics is the study of people going about their daily lives. It asks where he obtains his money from and how he spends it

- As a result, it is both the study of wealth and, more significantly, a component of the study of man

- Marshall argues that promoting material wellbeing, which is a subset of human welfare, is the main goal of economics.
- This is the reason that the focus has changed from money to wellbeing.

3. Scarcity Definition by Lionel Robbins

'Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses'

- **Unlimited Wants:** Man's desires are limitless, meaning that he will never be able to totally satisfy them. As soon as one want is met, another one appears.
- **Scarcity of Resources:** The term "scarcity" describes how a commodity's supply is limited in comparison to its demand. Scarcity is a global concept that affects all people, groups, and nations.
- **Alternative uses:** Not only are resources limited, but they can also be used in a variety of ways. It increases the significance of resource selection.

4. Growth Oriented Definition by Samuelson

"Economics is the study of how man and society choose, with or without the use of money, to employ scarce productive resources, which could have alternative uses, to produce various commodities over time and distribute them for consumption now and in the future among various people and groups of society."

ECONOMIC AND NON-ECONOMIC ACTIVITIES

Economic Activities

Activities carried out with the intention of making a living are referred to as economic activities. All activities involving the production, consumption, and distribution of products and services that are not freely available are considered economic activities. Therefore, there should be three primary economic activity in every economy:

- (1) **Consumption:** Utilizing products and services to fulfill human needs is the economic activity of consumption. Consumption activities include things like eating bread, drinking milk,

wearing watches, and listening to music. In consuming, we examine desires, their sources, types, and attributes, as well as the legal framework that governs them.

- (2) **Production:** it is the process by which raw materials are transformed into completed goods. All operations carried out to generate income and satisfy human needs by producing commodities and services are referred to as production. The four factors of production are entrepreneurs, capital, labor, and land. Production includes the work done by farmers, carpenters, traders, teachers, doctors, shopkeepers, and others. In production, we examine the essential characteristics of the means of production as well as the laws that control them.
- (3) **Distribution:** As is well known, production is the outcome of the four components of production - land, labor, capital, and entrepreneurs combined. Distribution is the area of economic study that looks at the distribution of income among these production elements. It is concerned with calculating the distribution of the gross domestic product (GDP), or total income from the production process, among the factors of rent, wages, interest, and profit, in that order.

Non-Economic Activities

Non-economic activities are those that don't involve the creation of wealth or money. There is no expectation of financial gain or reward in non-economic activity. They are done out of love, sympathy, sentiments, and sentimental inspiration.

- (i) charitable endeavors like blood drives and providing free education to deserving students;
- (ii) social gatherings and partying;
- (iii) political actions carried out by various political parties;
- (iv) religious pursuits like praying to the Almighty.

