

# MODULE 1

Unit 2 :Understanding

Sub unit a,b,c

# UNIT 2 A,B,C

## ◉ A) Meaning, Importance and Scope of Economics

Economics is the science that deals with production, exchange and consumption of various commodities in economic systems. It shows how scarce resources can be used to increase wealth and human welfare.

Definitions:

1. Adam Smith : (1723 - 1790), “Economics is a science of wealth.”
2. Alfred Marshall (1842-1924), “Economics is a study of mankind in the ordinary business of life, it examines that part of individual and social action which is most closely connected with the attainment and with the use of material requisites of well being.”

◎ Theoretical Importance: -

The subject imparts us many kinds of theoretical knowledge:-

1. Economics truth: Economics conducts research in many economics truths through deductive method.
2. Economics makes individuals conversant with many economics problems. Economics present problem in clean way – correct problem & correct efforts to solve that problem.
3. Analytical study of economics problems through inductive system.  
Formulate general principles of important aspects of human life.

4. We have to collect data regarding different economic fields in order to solve economic problems – make classifications – analysis & explanation.
5. Economics brings about an increase in overall human knowledge & human possibilities.
6. Being a normative knowledge, Economics presents before us many high ideals of life in the form of an art it presents the means of obtaining of those ideals. In this way it helps to bring about human progress

## ○ Importance of Economics:

A) Theoretical Importance

B) Practical Importance:

- Benefits to Consumers.
- Importance for Producers.
- Importance for Businessman.
- Importance for Labourers.
- Importance for Politicians.
- Importance for Society.
- Importance for Social Reformers.
- Importance for Students.
- Poverty and development

- ◉ Useful for Leader
- ◉ Useful for the Finance Minister
- ◉ Useful for the Distribution of National Income
- ◉ Cultural Value
- ◉ Economic Planning
- ◉ Optimum Utilisation of Resources
- ◉ Creates the sense of responsibility
- ◉ Solution for Economic Crisis

## **Scope of Economics:**

- ◉ A) Subject - matter of economics
- ◉ B) Economics is a Social Science
- ◉ C) Economics is a Science as well an Art
- ◉ D) Economics whether positive or normative science

## ○ A) Subject Matter of Economics:

- Economics can be studied through a) traditional approach and (b) modern approach.
- a) Traditional Approach: Economics is studied under five major divisions namely consumption, production, exchange, distribution and public finance.
  - 1. Consumption: The satisfaction of human wants through the use of goods and services is called consumption.
  - 2. Production: Goods that satisfy human wants are viewed as —bundles of utility. Hence production would mean creation of utility or producing (or creating) things for satisfying human wants. For production, the resources like land, labour, capital and organization are needed.

- ◉ 3. Exchange: Goods are produced not only for self-consumption, but also for sales. They are sold to buyers in markets. The process of buying and selling constitutes exchange.
- ◉ 4. Distribution: The production of any agricultural commodity requires four factors, viz., land, labour, capital and organization. These four factors of production are to be rewarded for their services rendered in the process of production. The land owner gets rent, the labourer earns wage, the capitalist is given with interest and the entrepreneur is rewarded with profit. The process of determining rent, wage, interest and profit is called distribution.
- ◉ 5. Public finance: It studies how the government gets money and how it spends it. Thus, in public finance, we study about public revenue and public expenditure.

- ◉ B) Economics - A Social Science: In order to understand the social aspect of economics, we should bear in mind that labourers are working on materials drawn from all over the world and producing commodities to be sold all over the world in order to exchange goods from all parts of the world to satisfy their wants. There is, thus, a close inter-dependence of millions of people living in distant lands unknown to one another. In this way, the process of satisfying wants is not only an individual process, but also a social process.

- ◉ C)Economics - A Science and an Art
- ◉ Economics is a science: Science is a systematized body of knowledge that traces the relationship between cause and effect.
- ◉ Economics is also an art. An art is a system of rules for the attainment of a given end. A science teaches us to know; an art teaches us to do. Applying this definition, we find that economics offers us practical guidance in the solution of economic problems. Science and art are complementary to each other and economics is both a science and an art.

- ◉ D) Positive and Normative Economics : Economics is both positive and normative science.
- ◉ a) Positive science: It only describes what it is and normative science prescribes what it ought to be. Positive science does not indicate what is good or what is bad to the society. It will simply provide results of economic analysis of a problem.
- ◉ b) Normative science: It makes distinction between good and bad. It prescribes what should be done to promote human welfare. A positive statement is based on facts. A normative statement involves ethical values.

## B) OBJECTIVES OF TEACHING ECONOMICS AT HIGHER SECONDARY LEVEL

- ◉ To acquire the knowledge of facts, terms, concepts, conventions, trends, principles and generalizations, assumptions, hypotheses, problems, processes etc. in Economics.
- ◉ To develop an understanding and trends, principles and generalizations, assumptions, hypotheses, problems, processes etc. in Economics.
- ◉ To apply the acquired knowledge and its understanding to unfamiliar situations like analyzing the unfamiliar situation or problem, establishing relationship, suggesting alternative methods for solving the problems, drawing inferences and making generalizations and predicting outcome of a giving situation.
- ◉ To acquire of economics skills essential for the study of economics like drawing maps, charts, tables, diagrams, graphs, etc. from the given data, translating data from one from of presentation to another, and preparing models,
- ◉ To develop interest in the subject and problems related to the economic life of people.
- ◉ To develop desirable attitudes necessary for developing a broader outlook.

## B) OBJECTIVES OF TEACHING ECONOMICS AT HIGHER SECONDARY LEVEL

- To understand the processes of economic and social change and development with examples from modern and Contemporary India and other parts of the world.
- Critically examine social and economic issues and challenges like poverty, child labour, destitution, illiteracy and various other dimensions of inequality.
- To understand the rights and responsibilities of the state in the fulfillment of constitutional obligations.

# C) VALUES OF TEACHING ECONOMICS

- ◉ A) Global citizenship :
- ◉ 1. To work towards reduced income and asset poverty
- ◉ 2. To make economic and social engagement an important aspect.
- ◉ 3. To strive towards Sustainable livelihoods.
- ◉ 4. Economics and social well-being should be the ultimate goal.
- ◉ 5. Rights for and responsibilities to self, family, and others.
- ◉ 6. Value of money, prices, savings and belongings should be made aware to the students.

## C) VALUES OF TEACHING ECONOMICS

- Teacher's role in inculcating these values:
- 1. Awareness of social and financial matters
- 2. Making sure that children and youth are financially included and are exposed to quality education.
- 3. Empowering and engaging students with the learning content.
- 4. Teacher can help build a strong asset base, complemented by financial literacy, social values and entrepreneurship skills.
- 5. Emphasise social and livelihood issues alongside financial education.

# ENTREPRENEURSHIP:

- It is the process of designing, launching and running a new business which is often initially a small business and the people who create these businesses are called entrepreneurs.
- 1. Foster key entrepreneur traits
- 2. Make it as 'real - world' as possible
- 3. Emphasize soft skills and high level thinking
- 4. Study the success stories

# ENTREPRENEURSHIP:

- Develop the ability to influence
- Teacher's role in inculcating these values:
  - 1.Introduce extra-curricular
  - 2.Shaping of students attitudes towards understanding the relationship between the market system , themselves and the quality of life.
  - 3.In-depth discussion on the topics as the student goes higher.
  - 4.Simple explanation of the market system should be given to students.
  - 5.Teachers should adapt methods of assessments that will encourage creativity in student.
  - 6.A functional library should be provided at all Home economics departments to serve as resource centre.

# CONSUMERISM:

- Consumerism is the culture or ideology of excessive consumption of material goods or services.
- Role of teachers in inculcating these values:
  - 1.Explain the importance of understanding financial contracts
  - 2.Perform a market analysis exercise
  - 3.Educate about the ways to avoid identity theft and fraud
  - 4.Help analyze prudent steps in the selection of healthcare, childcare, eldercare

# CONSUMERISM:

- 5. Impart knowledge on how government, business and the consumer interact for the mutual benefit of each other in the market place.
- 6. Distinguish the roles of labels, warranties, guarantees, and advocate groups in wise consumer behaviour.
- 7. Identify and explain the purposes and features of private and government agencies providing assistance, information and published materials that are consumer resources for decision making.