

## Explain the Nature and Scope of Economics in Detail

Economics is a social science that studies how individuals, businesses, governments, and societies allocate their limited resources to satisfy their unlimited wants and needs.

It is a field of study that seeks to understand how people make choices, how markets function, and how societies can best utilize resources to improve their well-being. The nature and scope of economics are broad and encompass a wide range of topics and areas of study.

### Nature of Economics:

1. **Social Science:** Economics is a social science because it deals with human behavior and interactions. It examines how individuals and societies make decisions about the allocation of resources.
2. **Scarcity:** One of the fundamental concepts in economics is scarcity, which refers to the limited availability of resources (such as land, labor, capital, and natural resources) in the face of unlimited wants and needs. Economics seeks to address the problem of scarcity.
3. **Choice:** Economics is about choices. Individuals and societies must make choices about what to produce, how to produce, and for whom to produce. These choices involve trade-offs and opportunity costs.

### Scope of Economics:

The scope of Economics refers to the extent to which it deals with the Economic life of the people. This broad statement covers all that has so far been written on the subject of Economics. Hence, it is not possible to cover all this in a few lines. However, there are three general aspects of the subject that we must cover.

1. Subject matter of Economics
2. Individual or aggregate Economics as a social science
3. The question whether Economics is a science or an art

#### 1. Subject Matter of Economics

We know that there is a difference among economists regarding the subject matter of Economics. Adam Smith was concerned with the nature and causes of the wealth of nations. Marshall introduced the concept of welfare in the study of Economics.

So, Marshall's definition clearly laid emphasis on man and attached secondary importance to wealth". Robbins focused on a multiplicity of ends to be satisfied by scarce means which have e alternative uses.

Thus, in spite of the difference of opinions, Economics is basically a science of wealth because it is only wealth which is either used to promote the welfare or used to satisfy human wants. There is no concept of Economics without wealth.

Since Robbins definition of Economics is the most accepted definition of the subject in the world these days the subject matter of Economics will be discussed with reference to his definition.

These rewards or incomes are resources of the people. They convert these (limited) monetary resources into real resources by buying goods and services certainly in an alternative fashion. These goods and services gushed to satisfy wants.

Even after getting satisfaction, people again want unlimited satisfaction. the cycle goes on and on. this truly represents the Economic life of the people. Hence, it is the core of Economics or, in other words, the subject matter of Economics.

### 2. Economics as a Social Science

From the discussion on the definition and the scope of Economics so far we can easily realize that Economics studies the aggregate Economic behavior of the society.

Hence, it is a social science. In this subject, even the individual' Economic behavior is studied as part of the general Economic tendencies of the people. For example, we take the demand and the supply of a product. these are the individual aspects of an economy.

These aspects necessarily represent the general behavior. So in Economics, we study the Economic activities of a society and therefore Economics is a social science.

### 3. Is Economics a Science or an Art?

Now comes towards the important question of whether Economics is a science or an art? Before we go to take up the question, we will, first of all, define what a science is and what is an art?

#### SCIENCE

Science can be defined as the collection of facts of a certain nature through observations, experiences or experiments.

Moreover, science includes the analysis of facts of the same nature to create a link between causes and consequences of the facts.

For example, if we collect facts regarding matter i.e. facts about light, heat, space, atom etc, this will make a science called Physics. And, if we collect facts about the general human behavior, it makes a science called psychology. There are two kinds of science.

1. Positive Science
2. Normative Science

**(i) POSITIVE SCIENCE:** In this kind of science, the analyses of a certain nature are stated as they are or the facts are accepted as given. Hence, in positive science, no critical evaluation of the face is made.

For example, in Geography, we study that earth is round, the earth revolves, around the sun and so on. Similarly, in Physics, we study that there is always an equal and opposite reaction to an action and there exists a gravitational pull etc.

Since these facts are accepted as they are, therefore, Geography, Physics and Chemistry are positive sciences.

**(ii) NORMATIVE SCIENCE:** In this type of science, analyses of facts of a certain are made to critically evaluate the facts in order to say, how these facts ought to have happened).

For example, in Sociology, the problem of population in analyzed and the conclusion is that population explosion should be controlled.

Similarly, in Political Science, the politics of a country is studied and the established conclusion is that basic rights of the people should be protected through democratic institutions.

Thus, Sociology, Political Science, Psychology One can have both the aspects i.e. positive and normative. For instance, when we say that the doctor has raised his consultation fee, this is the positive side of the fact.

But when we give our opinion on the matter as, “The doctor shouldn’t have raised the fee” this becomes a normative side of the fact. Thus, in positive science, we explore what it is? And, in normative science, we explain what ought to be?

### ART

All sciences have great practical relevance. Hence, when the facts of a certain nature studied in a science are followed in real life, it makes the science an art. For example, a doctor studies Anatomy, Dermatology etc in a medical college, basically he studies science.

But after becoming a doctor when he puts his knowledge into practice by attending patients, he makes the science an art or, in other words, the science becomes an art.

Similarly, a student of Political Science studies about democracy as a science. But, when he actually goes to polling to cast his vote, he finds the science an art.