

Need of Economics

1. Study of Economics helps to conquer poverty

Economics studies the, vital question of satisfying human wants with scarce resources. The present day poverty and the poor standard of living of the people of many backward countries are due to poor resources, little production and lack of technology. The knowledge of economics is essential to eradicate poverty of a nation and to raise their living standards.

2. Economics teaches the knowledge of economic systems

The knowledge of the subject tells how the complex forces work in the economic systems. It explains the relationship between the producer and consumer, the labor and the management etc. It explains how the action in one sector affects the other sector. Without the knowledge of the working of the economic systems, administration will not be effective and it may even be impossible.

3. Economics teaches modern methods of production

In practical life, the subject helps the businessmen, the industrialist and the banker as well as the labor leader. It gives the businessmen and industrialists the knowledge of modern methods of production and production at low cost.

4. Study of Economics helps in proper budgeting

Economics is useful to the householder. With the knowledge of economics, the householder is able to utilize his little income to get the maximum satisfaction for his family by proper budgeting and careful spending. This increases the happiness of the family.

5. Study of Economics helps to increase national wealth

By studying economics, we can discover new factors that may lead to increase the national wealth. Modern governments are actively engaged in economic Planning. The purpose of planning is to remove poverty by increasing the national income and wealth and also by effectively distributing the wealth. Without the knowledge of economics, this is absolutely impossible.

6. Study of Economics helps to formulate budget

The knowledge of economics is very essential for the Finance Minister, It helps in framing the just system of taxation. It helps in formulating the budget for development and for removing unemployment. Supply of money, effective credit system, efficient working of the

banking system can be had in the country only by having a thorough knowledge of economics by the people who administer these sectors.

7. Study of Economics helps to frame law

The knowledge of economics is very essential for the legislators and parliamentarians. They will be able to frame laws effectively only by having knowledge of the subject. As citizens and voters and people electing the representatives, the knowledge of economics will be much helpful. It will help the people to understand many economic programmes presented by the political parties in their 'Election Manifesto'. The people can wisely judge the truth of the statements in the Manifesto.

Economics is not a bundle of theories and principles. It is a practical social science. The study of the subject is not undertaken merely for the sake of knowledge. It is done to lay down principles and policies for removing poverty and increasing human welfare.