



Pakistan School
Kingdom of Bahrain

**A warm welcome to all
the students to our
virtual class.**

We are going to start our first online economics class today. I hope we all will enjoy and learn.

❖ Rules for class:

- 1) Be on time for all your classes.
- 2) Respect all the participants of the class.
- 3) Do not create any disturbance,
- 4) Pay attention to your teacher.
- 5) Raise hand if you have a question.
- 6) Entre into the class with your actual name.
- 7) Ask only questions relevant to the topic.

Chapter One

Nature and scope of
economics.

Lesson Objectives:

- By the end of this part of lesson, students will be able to:
 1. Understand the subject matter of economics.
 2. Analyze human wants.

Scope of Economics

- The scope of a subject refers to the fields they actually cover. The scope of economics can be finely understood if we classify it into heads viz:
 - 1. Subject matter
 - 2. Nature

- Why subject matter is necessary to understand?



- Because it tells us what we are going to study in that subject.

What is the subject matter of economics?

- ⦿ The subject matter of economics is concerned with wants, efforts and satisfaction.

The economic problem

- ⦿ Economic problem, in essence, is the problem of scarcity & choice.
- ⦿ It arises out of scarcity.
- ⦿ And is solved by making choices.
- ⦿ **“Economics is the study and management of scarce resources”**

Human wants.

- ⦿ What do you mean by want?
- ⦿ Certain goods and services are required to meet the requisites of human life. In economics these requisites are called wants.
- ⦿ Wants are of two kinds:
 - ⦿ i) Economic wants
 - ⦿ li) Non-economic wants

- ① Economic wants: These wants are satisfied by consuming goods and services, purchased for cash. E.g. food, shelter, clothing & other utilities etc.
- ② Non-economic Wants: The wants can be satisfied by free gift of nature i.e. air, sunshine, paternal love etc.

Classification of wants.

- Wants are again classified into necessities, comforts, and luxuries, according to their importance.
- Necessities: These are our fundamental wants and make our life possible, e.g. food, clothing, and shelter.
- Comforts: Man can do without satisfying wants because, they are of less importance. Anyhow if a man avail them; they give him comfort and comfy his life. comforts increase our efficiency to work e.g. comfortable furniture and house holdings, Radio TV fine dress and personal conveyance increase our efficiency.

- **Luxuries**: these wants are neither necessary for making life possible, nor increase our efficiency to work but lend dignity to our social status. Dignified residence, expensive convince, gems, jewellery and precious ornaments are a few examples of luxuries.

Characteristics of wants.

- ⦿ Wants are unlimited.
- ⦿ Wants re-appear
- ⦿ Wants are competitive.
- ⦿ Difference in importance.
- ⦿ Present wants.
- ⦿ Wants change.
- ⦿ Alternative means of satisfaction.
- ⦿ Wants are complementary.
- ⦿ Wants of various people throw light on their personalities.

- ① Why man is busy round the clock in doing work?
- ① Because the purpose of all human efforts is the satisfaction of human wants, and that is what we are studying in economics that how humans earn or create resources in order to satisfy their wants.

Recap

- Key points:
- Goods and services that are required to meet the requisites of human life are called wants.
- Wants can be economic as well as non-economic.
- In economics we discuss only economic wants.
- Our economic activities are meant for earning money, with the aim to satisfy our wants.
- Wants can be classified as necessities, comforts, and luxuries, according to their importance.
- Wants possess certain characteristics.

Thank you.
See you in the
next lesson.