



**Pakistan School**  
Kingdom of Bahrain

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

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# ❖ 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 ways of deriving economic laws.
  2. Analyze positive and normative economics.

# Deductive and Inductive Methods in study of Economics

- ① There are two ways that economists can use to derive economic principles.
  1. Deductive Method: In this method, some major known principle is used as base and through logical reasoning some untested principle ( called hypothesis ) is derived out of it.

2. Inductive Method: Inductive method moves from facts to theory. When facts are gathered and systematically arranged, it becomes possible to identify some patterns underlying the observed facts. The principle which appears to best describe the behaviour and relationship existing among the observed facts is put in “generalized words”. When such principle is accepted by all and has been tested against facts it is called as “economic law”.

# Positive & Normative Economics

- ① Positive Economics: Positive economics deals with observed economy.
- ② Normative Economics: Normative economics deals with desired economy.

# Closure

- ① Key points:
- ② There are two ways of deriving economic laws, deductive method and inductive method.
- ③ In deductive method we move from a generalized fact to a particular fact.
- ④ In inductive method we move from a particular fact to a generalized situation.
- ⑤ Positive economics deals with observed economy.
- ⑥ Normative economics deals with desired economy.



Thank you.  
See you in the  
next lesson.