"Economics is the study of how people and society end up choosing, with or without the use of money, to employ scarce productive resources that could have alternative uses to produce various commodities, over time, and distribute them for consumption, now or in the future, among various persons or groups in society. Economics analyses the costs and the benefits of improvmg patterns of resource use." .

Characterstics of Samulesons definition

Which we found in his definition the main characteristics of this growth oriented definition are as follows:

1. Like Robbins, Samuelson has emphasized the problem of scarcity of resources in relation to unlimited wants. He has also accepted the alternative uses of resources,

2. Prof, Samuelson includes time element in his definition when he refers to "over time" which makes the scope of economics dynamic. Herein lies the superiority of Samuelson's definition over that of Robbins,

3. Samuelson's definition is applicable even in a barter economy where money measurement is not possible. A barter economy has also to face the problem of scarcity of means in relation to ends.

4. He gives importance to the problem of distribution and consumption along with that of production. He emphasises on the consumption of various commodities produced overtime and on their distribution and for future economic growth.

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7 Stonier & Hague, a textbook of economic theory (3rd edition), p. 3.
8 Samuelson, Economics (9th edition), Ch. 1.
1 Watson, Price Theory and Its Uses, (1968).
8 Lipsey, an introduction to positive economics, Ch. 4.

5. By studying the problems of growth, Samuleson also highlights the study of macro-economics.

6. Samuelson lays stress on the use of modem technique of "cost-benefit analysis" to evaluate the development programme for the use of limited resources.

7. Samuelson has linked the growth aspects with the scarcity of productive resources.

8. Samuelson regards economics as a social science, unlike Robbins who regards it as a science of individual behaviour.

In this way, this definition has universal appeal. Despite various similarities with Robbins' definition, it is an improvement over his scarcity definition and is also more comprehensive and realistic than the earlier definitions.

(M.L. Jhingan, Micro economics theory 7th Edition)

The Scope of Economics

Positive (or Descriptive) Analysis versus Nor tive Analysis: There are different views regarding the scope of economics. According to Pigou, "Economics is a positive science of what is dtends to be, not a normative science of what ought to be". This view narrows the field to study of Economics too much. It is sometimes "mpossible to discuss "what is, was and will be" without a reference to "what ought to be".

Objectives of study: To determine the scope of Econom-

Pigou, Memorials of A/fred Marshal/, p. 84.
Samuelson, Foundations of Economic Analysis, p. 9.
Lipsey, an introduction to positive economics.

ics we must refer to the objectives of studying economics. It was Marshall's firm conviction that, "economic science is chiefly valuable either as intellectual gymnastic nor even as means of winning truth for 'ts own sake, but as a hand-maid of ethics, and a servant of practice". From this it follows that Economics is concerned not simply with a theoretical analysis of economic phenomena but also with the practical applications of such analysis. Economics is not only "light-bearing" but also "fruit-bearing".

Conclusion: Modern economists believe that it is not proper to limit the scope of Economics to a narrow field. The boundaries of a science ought to be kept elastic. Thus Samuelson' observes as follows:

"...logically there is nothing fundamental about the traditional boundaries of economic science. In fact, a system may be as broad and as narrow as we please depending upon the purpose at hand; and the data of one system may be the variables of a wider system depending upon expediency. The fruitfulness of any theory will hinge upon the degree to which factors relevant to the particular investigation at hand are brought into sharp focus."

Economic problems. It is possible to state the scope of economic studies in more specific terms[5] :

1. What are the problems relating to consumption, production, exchange and distribution of goods and services?

2. What goods and services are being produced and in what quantities?

3. How the efficiency of production can be increased?

4. Are the country's resources being utilized fully or partially only?

5. What are the causes oflow productivity, depression, unemployment and poverty? What steps can be taken for the removal of these evils from the economic system?

6. How the distribution of national product takes place in the society?

7. How economic development and growth can be expedited?

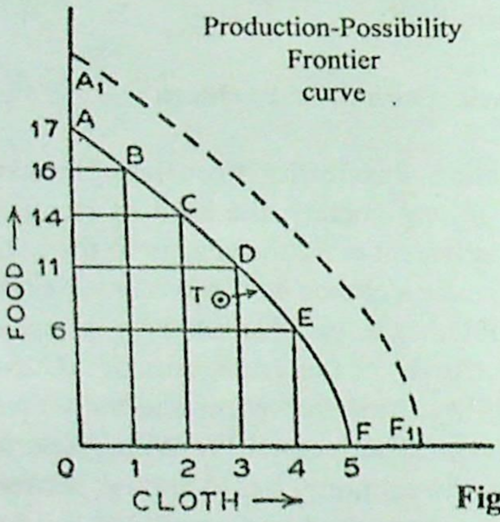
8. Does the economy's capacity to produce goods and services change over time or remain static?

9. How the value of commodities and the volume of employment are determined?

The Basic Economic Problem

Society's Production Possibility Frontier. The basic economic fact is that in any society, the total of resources capable of producing. different commodities, is limited. It is therefore necessary to make a choice between relative scarce commodities. The problem can be illustrated by means of Production Possibility Curve[6] or the Transformation Curve. The Production Possibility Curve represent alternative production possibilities open to an econollIY. With given resources and technology the economy has to choose between different goods. The resources could be employed for production of various alternative goods and it has to be decided which goods would be produced more and which is to be produced less.

In deciding what amounts of goo'ds 'are to be produced, the society is really deciding the allocation of resources. among different possible goods. In order to simplify the analysis it is assumed that there are only two goods in the economy, namely, Cloth and Food, each goods being represented by the axis X and Y as shown in fig. 1. The goods may also be represented by other goods, namely, Industrial Goods and Agricultural Goods or Guns and Butter. The example of two commodities is used to illustrate the problem of choosing; the same analysis applies to any choice of goods. It is assumed that there is a given amount of productive resources and that those resources are fully employed. It is further assumed that there is no change in technology.



Production-Possibility Schedule
Million Units

	Cloth	Food
A	0	17
B	1	16
C	2	14
D	3	11
E	4	6
F	5	0

Fig–1

Concept of Equilibrium : The concept of equilibrium laks an important place in economic theory. And it is most essential in modern economy.

The term equilibrium express the state of balance or rest of the situation. When two opposite forces balance each other on a particular thing or an object, then that thing may be said to be in state of equilibrium. On the other hand equilibrium does not mean an absence of movement. If so happen, if there is no movement then economic system would collapse.

According to Prof. Scitorosky "A person in equilibrium when he regards his actual behaviour as long as circumstance remain unchanged. The same is true of the equilibrium of a firm. A market or any other group of persons and firms is in equilibrium when none of its members feels impelled to change the behaviour."

An consumer is in equilibrium, when he gets the maximum satisfaction spent on different goods and services from a given income. After getting this points if his position changes, it will reduce his satisfaction. Just like, when a firm is in equilibrium then he get the maximum profit which minimise of its losses. If after reaching this points, the firm again go further, then his production cost increases with expands output. So firm also donot want to displace from this situation. So we can say that, it is a position where producere or consumer get the maximum satisfaction, and after getting this produced or consumer donot want to displace from this position.

In economic concept equilibrium can be classified under several heads. These are

(a) Static, comperative static and Dynamic equilibrium.

(Scitovosky, Tibor, welfare and compitition (1952) P-231.