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Notes

Economics

The Economic Problem : Scarcity & Choice

The Economic problem arises when an individual & a society as whole have scarce resources and unlimited wants; furthermore using those limited resources to attain maximum satisfaction.

Scarcity of resources

Since, there is scarcity of resources, one cannot attain full satisfaction, hence choices are made.

Choices

Choices are best allocation of goods & resources which will help to attain maximum possible satisfaction.

Central problems of an economy

The scarcity of resources relative to human wants gives rise to various basics problems, issues or questions which have to be solved by an economy if it is to fulfill its purpose

- What to produce
- How to produce
- For whom to produce
- What provision (if any) be made for economic growth

What to produce

It means what goods in what quantities should be produced by the society. This dilemma is long since it is important to produce goods that will satisfy the maximum part of society