

Dr. Faheem Hasan

Associate Professor

Dept. of Economics

Shia P.G.College, Lko.

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Paper III (Industrial Economics)

Economics: Economics is the study of how human beings make choice to allocate scarce resources to satisfy their unlimited wants in such a manner that consumers can maximise their satisfaction, producers can maximise their profits and the society can maximise its objectives.

Classification of Economics:

* **Micro Economics:** is the economics of individual economic unit like a firm, an industry, a producer and the factors of production.

* **Macro Economics:** relates to the growth of national income, aggregate demand, aggregate supply, aggregate investment level and economy as a whole.

Industrial Economics

- * Industrial Economics is a distinctive branch of economics which deals with the economic problems of firms and industries and their relationship with society.
- * It is known by several names such as 'Economics of Industry', 'Industry and Trade', 'Industrial Organization and Policy' and 'Business Economics' etc.
- * The name 'Industrial Economics' was adopted in the early fifties through the writings of P.W.S. Andrews.
- * It has both micro aspect and macro aspect.

Elements of Industrial Economics:

There are two broad elements of industrial economics:

- * First one known as the descriptive element. It is concerned with the information content of the subject. It deals with the information about the competitors, natural resources and factors of production and government rules and regulations related to the concerned industry.
- * The second element of the subject is concerned with the business policy and decision making. This is the analytical part dealing with topics such as market analysis, pricing, choice of techniques, location of plant, investment planning, financial

decision, product diversification and so on.

Objectives of Industrial Economics:

- * Achieving industrial development.
- * To maintain and develop good and healthy relations between employees and employers or operatives and management.
- * The secondary objective of industrial economics is to establish and foster sound relationship between workers and management by safeguarding their interest.

References:

- * Barthwal, R.R., Industrial Economics
- * Desai, B., Industrial Economy in India
- * Sinha, V.C., Industrial Economics
- * From Wikipedia