

# **Nalanda Open University**

## **Department of Economics**

- Name of Counsellor – Prof. (Dr.) D. N. Jha
- Name of Course Coordinator – Prof. (Dr.) D. N. Jha
- Course – BA Economics (Part – I)
- Paper – I (Micro Economics)
- Topic – Theory of Welfare by Marshall

# **‘Theory of Welfare’ an Introduction**

- Prof. Alfred Marshall introduced the concept of Theory of Welfare in defining economics.
- Book : ‘Principles of Economics’
- Year : 1890
- ‘Economics is the study of ordinary business of life’.

He further mentions that, part of individual and social action which is most closely connected with the attachment and use of material requisites of well being.

# Meaning of Welfare in Economics

- Economics is on one side the study of Wealth and on the other side and more important side is the study of man. By Marshall
- Important elements of Marshall's theory –
  - (a) Study of mankind
  - (b) Economic activities are concerned
  - (c) Objective of study of economics is human welfare.

# Criticism of Theory of Welfare

- Non-material goods are neglected in the study
- Ordinary and non-ordinary business of human may not be distinguished.
- Economic welfare not identified properly.
- Quantitative measure of welfare is not valid.
- Includes social man only and excludes saints and others who are cut-off from society.