
WELCOME



TOPIC

- MICRO ECONOMICS
- MACRO ECONOMICS



MICRO ECONOMICS :



Meaning :

- Micro has been derived from GREEK word “MIKROS” which mean small .
- It is a study of the individual units of economic system .
- In other words a small part of economy & not the whole economy .



DEFINATION :

- Prof. Mac cannell, “micro economics is a study of the specific economic units and a detailed consideration of the behavior of these individual units ” .
- Prof.Boulding, “micro economics seeks to explain the working of individuals,firms,households,individual prices,wages,particular industries ” .



Subject-matter :

- It deals with determination of product prices and factor of prices .
- In short , it is concerned with the determination of prices like theory of production,theory of rent,wages.Interest,profit & economic welfare .
- It also known as PRICE THEORY .



Merits :

- A worm's eye view of a small specific unit.
- Formulating economic policies and scarce resources of the country.
- Achieve maximum output with minimum costs.
- It is helpful for macro economic studies.



Limitations :

- It does not give the correct pictures of the working of the economy .
- It does not provide solution to certain economic problems .
- The area of study covered by it is limited .
- It cannot be abruptly applied to the study of macro economic problems .

MACRO ECONOMICS :





Meaning :

- Macro is been derived from the Greek word “MAKROS” which means LARGE.
- Macro economic is the study of large part of the economy i.E., The whole economy.
- The study of economic behaviour of the economy as a whole & not the individual economic units of the economy.



DEFINITION :

- Prof. Boulding, “ Marco economics deals not only with individual quantities but with the aggregates of these quantities , not with the individual incomes , but with national income , not with individual prices , but with prices level , not with individual outputs but with the national output ” .



Subject Matter :

- It deals with total consumption, total savings , total investment , total output, total or national income, inflation & deflation economic growth, etc.
- In other words it is concerned with the analysis of income & employment in the economy as a whole .
- Theory of income & employment .



Merits :

- A bird's eye-view of the entire economy .
- Macro economic is more useful in solution to economy problems.
- It is quite helpful in formulation of GOVT. Economic policies.
- Study of macro economic is useful to micro economic studies.



Limitations :

- The study of individual units becomes more useful than study of aggregates.
- It is useful for for develop countries for solving their problems but less useful or undeveloped country.
- It studies the economy in general or in detail .



Conclusion :

- ❖ It is true that macro economic is more realistic and more useful than micro economic . but this is not that micro economic should be given up . in fact both cannot adequately explain working of economic system .
- ❖ Both the approaches are inter-related inter-dependent & complementary to each other .
- ❖ Both are necessary for a perfect study of economics.