



Competitive Exams: Micro-Economics & Macro-Economics

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Micro-Economics

The term micro has been derived from the Greek word micros. Which means small. In micro-economics attention is concentrated on a very small part of individual units. The micro-economics is the study of the particular firms, house hold, individual prices, wages, incomes ext. It studies for example the motive of a business man in diverting his capital from the cotton textile industry to the Weller industry for increasing the production of commodity A rather than B. WIKKIAN FELLNER has termed micro economics as the study of individual decision making units. It implies that an individual buyer or seller's behavior in the marketing the face condition of demand or supply of a particular commodity, is the object of study in micro-economics

Scope of Micro-Economics

Micro-economics analysis explains the allocation of resources assuming that the total resources are given. The following chart given of view of the scope of micro-economics.

Macro-Economics

This also derived from Greek word macros, meaning large. It implies the study of economics aggregates or the wholes. The problems like full employment, unemployment, economic stability and economic growth cannot be accurately investigated through the examination of infinitesimally Small units like individual consumer, producer, workers or firms. The action of a single employer cannot have a perceptible impact upon the employment situation of a country. The production or investment by a single firm is unlike to generate cyclical fluctuations. The proper analysis of such problem requires an aggregated thinking. Full employment, economic growth and instability are concerned with entire economic system. Their analysis and solution in the right perspective can be possible only if a macro approach and aggregative instrument of analysis and policy are employed.

HANSON has interpreted macro economics as that branch of economics which considers relationship between large aggregated such as volume of employment, total amount of saving and investment, the national income, etc.

This indicates that the scope of our analysis is not simply restricted to the investigation of the total magnitude of the economic variable but their inter relations too are essential part of the macro-economic analysis

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