Pramod Sapkota

National College

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**RELEVANCE OF MICROECONOMICS IN DAILY LIFE**

**Microeconomics is the branch of economics that studies the behavior of individuals, households and firms concerned with the decision making and allocation of resources. The study of microeconomics deals with what choices people make, what factors, influence their choices and how their decisions affect the goods, markets by affecting the price, the supply and demand. It generally applies to markets of goods and services and deals with individual and economic issues. Principles of microeconomics can be usefully applied to decision making in everyday life due to limitations in amount of time and money they cannot buy or do anything they want so they tend to make microeconomics decisions on how to use their limited resource amount and time to maximize their personal satisfaction.**

**Microeconomics includes every factors related to the economic problem (scarcity and choice), theory of demand and supply, elasticity, government policies and equilibrium of the market. Microeconomics helps us to solve problems, understand status of market, make proper decisions, make proper allocation of resources so, by knowing or unknowingly everyone has influence of microeconomics in daily life.**

**Microeconomics deals with the scarcity and choice for example, in Kathmandu the problem of drinking water always has been a big issue despite Nepal being so rich in water resources the proper allocation of water resources is inefficient so to combat the issue of drinking water government started the Melamchi drinking water project in 1998 the project has been successful just in 2020 the project took a huge amount of time to complete which shows inefficiency in factors like technology, labor, budget people living in the city only have the choice of buying and consuming water for their welfare which directly relates with the topic of scarcity and choice as microeconomics study shows if there is scarcity people have to make different choices in order to satisfy themselves. Nepal is very rich in herbal plants and medicinal plants but sill Nepal is dependent to other countries for medicines there are few factories, ayurvedic companies that are trying to make medicines in Nepal from available resources the production seems to be very inefficient capital goods for production seems to lack so to produce justifiable amount of consumer goods which is impossible so, in this case the Production Possibilities Frontier(PPF) seems to shift inwards which means improper allocation of raw resources and human resources or labor as well as lack of proper and advanced technology in order to shift PPF outwards expansion of resources(labor and capital) and improvement in technology and techniques of production can be done.**

**In this situation of pandemic demands for medical masks, sanitizers is very high because the government and health specialist have made compulsion to use masks and sanitizers which definitely determined the demand for example, the mask named kN95 was just Rs 30-40 before lockdown but after the lockdown due to less supply and high demand we heard the cases where local retailers charged upto Rs 300-400 for one KN95 mask which shows high demand leads to high fluctuation in price. After the first lockdown the import of automobiles was massive as well as demand for two wheelers was very high which led to increase in price of petrol at the time of lockdown price of petrol was decreased to Rs 97 but as soon as lockdown opened price of petrol hiked to Rs 121 even though it has not effected the consumption of petrol as we all know automobiles and fuels go hand in hand which can be a perfect example of complement goods. Government paid full salary to all the government staffs in lockdown so it did not affected the income of people who work for government so, in such case consumption of normal goods in the family of government officials did not seem to be affected while people working for daily wages consumption pattern of normal goods in their family was affected. Before 4-5 years ago the consumers of real juice found that real juice wasn’t paying attention to the quality of their product and a incident happened in which people found harmful substances inside the pack of real juice it was all over media which directly affected the demand and consumption of real juice for some time in such case the demand curve of real juice shifts inward which means decrease in quantity demand.**

**Supply of shivam cement has been increased after it has issued IPO to public 2019 after this they gained capital to improve technology, efficiently allocate resources and Improved their factors of production this can be the perfect example that how change in structure of technology and factors of production helps to increase supply. Huge amount of textiles is imported every year in Nepal from china but last year due to covid the import of textile was directly affected as borders were closed so in such case supply curve would shift leftwards which means decrease in quantity supply. As the supply of Chinese textiles was less people started to shift towards textile produced from Nepali garment as the price of Chinese textiles were high in comparison of textile produced in Nepal which can be great example to show that increase or decrease in price of related goods can make a shift in supply curve.**

**Market equilibrium is a state in which quantity demanded and quantity supplied are in balance for example, the Wai Wai noodles has the perfect market equilibrium as it is available everywhere at the same price. After covid businesses in area of Thamel is enormously affected there are lot of trekking gear stores who were doing good business before but after covid lockdown their products are selling at a very slow pace we can relate this to low demand and high supply which means surplus and there is no market equilibrium in context of trekking gears. Governments various decisions and policies totally influence market and economy for example, governments can deduct the tax rate in electric vehicles to discourage the use of automobiles that require fuel to run and can also aware, advertise about electric vehicles to people which can increase the demand of EV in the market. If the income of normal consumer increases normal goods will have positive income elasticity of demand for example, people in festive seasons get bonuses extras from their job and they tend to spend a little more in foods, clothes than other times of a year.**

**Conclusively, market and economy these days are very complex it is very necessary to use concepts of microeconomics to know how millions of consumers producers make decisions, to know market status and also to formulate policies and many more. Individuals and firms have unlimited needs and wants which is difficult for economist, policy makers and authorities to find out solutions to fully utilize the resources. Hence, one most prioritize their needs and wants in order to use the resources efficiently. There are lots of microeconomics concepts which can be applied in real world to maximize welfare of human satisfaction so, in this way microeconomics concepts should be applied and should be relevant in our daily life to maximize the welfare of ourselves and resources.**