### **Comparison Chart**

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| **BASIS FOR COMPARISON** | **MICROECONOMICS** | **MACROECONOMICS** |
| Meaning | The branch of economics that studies the behavior of an individual consumer, firm, family is known as Microeconomics. | The branch of economics that studies the behavior of the whole economy, (both national and international) is known as Macroeconomics. |
| Deals with | Individual economic variables | Aggregate economic variables |
| Business Application | Applied to operational or internal issues | Environment and external issues |
| Tools | Demand and Supply | Aggregate Demand and Aggregate Supply |
| Assumption | It assumes that all macro-economic variables are constant. | It assumes that all micro-economic variables are constant. |
| Concerned with | Theory of Product Pricing, Theory of Factor Pricing, Theory of Economic Welfare. | Theory of National Income, Aggregate Consumption, Theory of General Price Level, Economic Growth. |
| Scope | Covers various issues like demand, supply, product pricing, factor pricing, production, consumption, economic welfare, etc. | Covers various issues like, national income, general price level, distribution, employment, money etc. |
| Importance | Helpful in determining the prices of a product along with the prices of factors of production (land, labor, capital, entrepreneur etc.) within the economy. | Maintains stability in the general price level and resolves the major problems of the economy like inflation, deflation, reflation, unemployment and poverty as a whole. |
| Limitations | It is based on unrealistic assumptions, i.e. In microeconomics it is assumed that there is a full employment in the society which is not at all possible. | It has been analyzed that 'Fallacy of Composition' involves, which sometimes doesn't proves true because it is possible that what is true for aggregate may not be true for individuals too. |