



Q8. Distinguish between microeconomics and macroeconomics.

Ans:

	Points of Difference	Microeconomics	Macroeconomics
1.	Study matters	It studies about individual economic units like households, firms, consumers, etc.	It studies about an economy as a whole.
2.	Deals with	It deals with how consumers or producers make their decisions depending on their given budget and other variables.	It deals with how different economic sectors such as households, industries, government and foreign sector make their decisions.
3.	Method	The major microeconomic variables are price, individual consumer's demand, wages, rent, profit, revenues, etc.	The major macroeconomic variables are aggregate price, aggregate demand, aggregate supply, inflation, unemployment, etc.
4.	Variables	The major microeconomic variables are price, individual consumer's demand, wages, rent, profit, revenues, etc.	The major macroeconomic variables are aggregate price, aggregate demand, aggregate supply, inflation, unemployment, etc.
5.	Theories	Various theories studied are: 1) Theory of Consumer's Behaviour and Demand 2) Theory of Producer's Behaviour and Supply 3) Theory of Price Determination under Different Market Conditions	Various theories studied are: 1) Theory of National Income 2) Theory of Money 3) Theory of General Price Level 4) Theory of Employment 5) Theory of International Trade

