

# PRINCIPLES OF ECONOMICS

## Lecture 6 SCOPE OF ECONOMICS

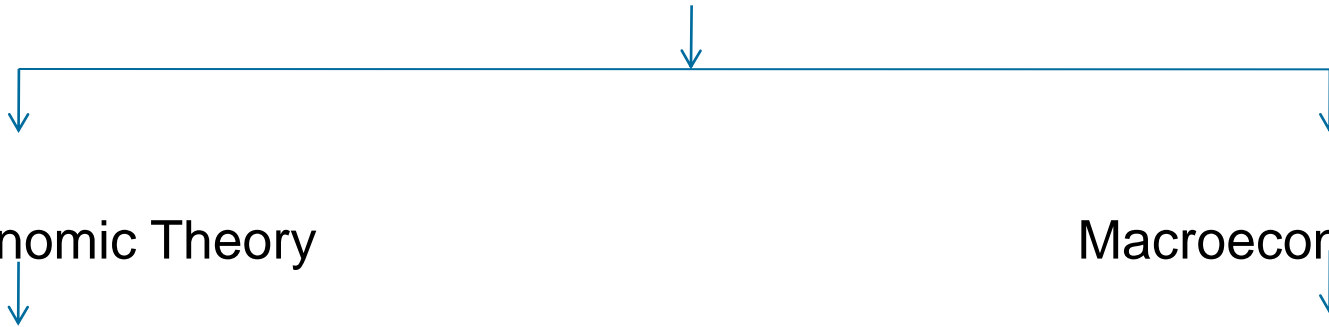
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# ECONOMIC THEORY

- studies the cause and effect relationship among economic variables.

## ECONOMIC THEORY



### Microeconomic Theory

- Theory of Demand
- Theory of Cost, Production
- Theories of Product Pricing
- Theories of Factor Pricing
- Welfare Economics

### Macroeconomic Theory

- Theories of Y,O,N
- Theories of Money
- General Price Level
- Theories of Growth
- International Trade
- Business Cycles

# MICRO VS MACRO ECONOMICS

- Microeconomics is the study of economics at an individual, group or company level. i.e. it focuses on how decisions are made by individuals and firms and the consequences of those decisions.
- Macroeconomics is the study of national economy as a whole. i.e. how the actions of all the individuals and firms in the economy interact to produce a particular level of economic performance.

# MICRO VS MACRO ECONOMICS

MICROECONOMIC QUESTION	MACROECONOMIC QUESTION
What determines the cost to Shoolini University for offering a new program?	What determines the overall level of prices in the economy?
What government policies should be adopted to make it easier for underprivileged students to attend University?	What government policies should be adopted to promote employment generation in the economy?
What determines whether Shoolini University opens a new office in foreign country?	What determines the overall trade in goods, services and financial assets between the India and other countries of the world?

**THANK YOU**