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Salient Points on the Difference between Microeconomics and Macroeconomics

Degree of Aggregation: There is the difference in economic factors of microeconomics and macroeconomics. Microeconomics studies those economic problems which are related to single economic unit as a single firm or small group of economic units as a single industry. Microeconomics studies economic problems of firms of an economy. Microeconomics studies only a small part of economic factors whereas macroeconomics studies important aggregates of economic variables.

Focus of Study: The focus of study of microeconomics theory is related to optimum distribution of factors and, study of problems and policies. Just its contrary macroeconomics focuses on study of employment status of resources tends in economy, resources development related theory, study of problems and policies.

Methods of Study: At the time of formation of microeconomics' theories we assume, "Other things being equal". For example, in law of demand, we study about relation between price and quantity of demand. Other factors affecting demand, as a consumer's income, his habit, his interest, price of related goods etc. effects assume constant. This method of study is called Practical Equilibrium Analysis. Just its contrary in macroeconomics, economic factors are classified in important aggregates, as total demand, total supply, total investment etc. interdependence of these factors is focus of study of macroeconomics. The meaning of this method of study is called – Quasi General Equilibrium Analysis.

Set of Assumptions: Microeconomics and macroeconomics are based on group of various assumptions. In microeconomics generally it is assumed that in country full employment's conditions are found. Total production and total expenditures are also assumed constant. On the basis of these assumptions, it is tried to determine, how optimum allocation of resources and how various economic units get equilibrium condition. Just its contrary, it is general assumption of macroeconomics that allocation of resources is optimum. On this assumption, it is tried to know that how national resources get full employment.