

# Scope of Economics

Scope means province or field of study. Different Economists have different views regarding the scopes of Economics.

The scope of Economics divided into two broad categories :

1. Micro Economics
2. Macro Economics

# Scopes of Micro Economics

The scope of Micro Economics includes mainly three theories.

## 1) In theory of product pricing

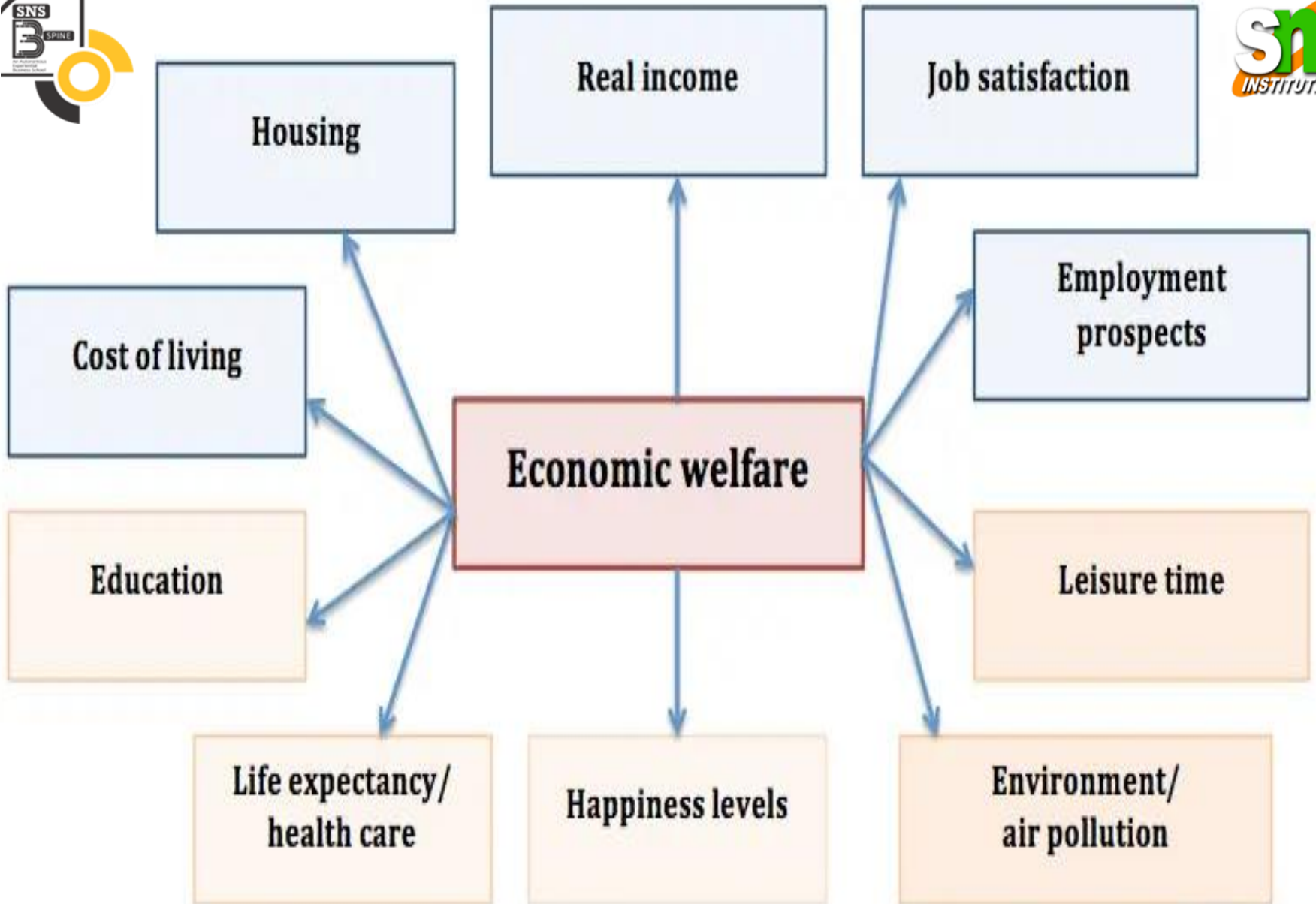
Price determination of consumption good is studied which includes both demand as well as supply sides.

## 2) In theory of factor pricing

Price determination of factor of production i.e. rewards to factors for their contribution in production is studied.

## 3) Theory of economic welfare

In micro economic analysis it is studied how to distribute the given quantities of goods and services among different consumers efficiently so as to maximise the economic welfare.







# Scopes of Macro Economics

## 1) Income and Employment Theory:

Macro Economics is concerned with the determination of the level of employment in the whole system and variations in it.

## 2) Theory of general price level and inflation:

Macro Economics studies the various components of money supply and effect of them on the economy.

## 3) Theories of Trade cycle:

Macro Economics studies the problems of 'boom' and 'depression' which every economy faces during the process of its development

#### **4) Theory of Economic Growth**

Macro Economics studies the problems relating to economic growth or increase in per capita real income.

#### **5) Macro Theories of Distribution:**

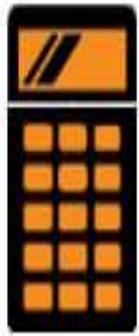
Macro Economics studies the equitable distribution of income among various factors of an economy.

# Per Capita Income

*[pər-'ka-pə-tə 'in-,kəm]*

A measure of the amount of money earned per person in a nation or geographic region in a given year.





**Per Capita  
Income  
Formula**

=

$$\frac{\text{Total Income of Area}}{\text{Total Population}}$$

