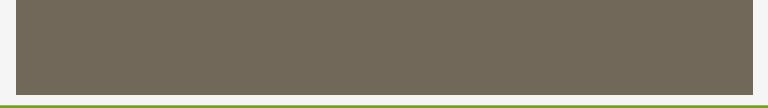




## **Importance of microeconomics in Business Reporting**

Microeconomics has both theoretical and practical importance.

- i. It helps in formulating economic policies which enhance productive efficiency and results in greater social welfare.
- i. Microeconomics explains the working of a capitalist economy where individual units are free to take their own decision.

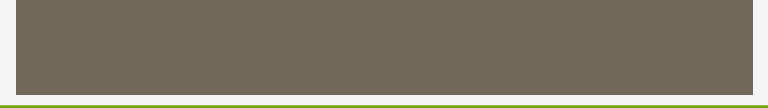
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- iii. It describes how, in a free enterprise economy, individual units attain equilibrium position.
  - iv. It also helps the government in formulating correct price policies. It helps in efficient employment of resources by the entrepreneurs. A business economist can make conditional predictions and business forecasts with microeconomic studies.
  - v. It is used to explain gains from trade, disequilibrium in the balance of payment position and determination of international exchange rate.

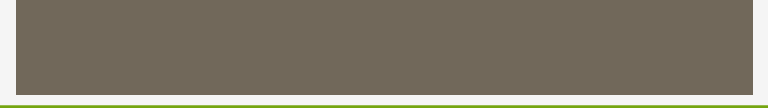
## MACRECONOMICS

### **Importance of Macroeconomics in Business reporting**

- i. It helps to understand the functioning of a complicated modern economic system. It describes how the economy as a whole functions and how the level of national income and employment is determined on the basis of aggregate demand and aggregate supply.
- ii. It helps to achieve the goal of economic growth, higher level of GDP and higher level of employment. It analyses the forces which determine economic growth of a country and explains how to reach the highest state of economic growth and sustain it.



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- iii. It helps to bring stability in price level and analyses fluctuations in business activities. It suggests policy measures to control Inflation and deflation.
  - iv. It explains factors which determine balance of payment. At the same time, it identifies causes of deficit in balance of payment and suggests remedial measures.
  - v. It helps to solve economic problems like poverty, unemployment, business cycles, etc., whose solution is possible at macro level only, i.e., at the level of whole economy.
  - vi. With detailed knowledge of functioning of an economy at macro level, it has been possible to formulate correct economic policies and also coordinate international economic policies

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- vii. Last but not the least, is that macroeconomic theory has saved us from the dangers of application of microeconomic theory to the problems of the economy as a whole



Any  
Question?

