**Microeconomics**

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**Microeconmics Vs Macreconomics:**

Many economist relate macroeconomics with microeconomics. They think that it is necessary to know about the microeconomic to understand macroeconomics . Microeconomics is the study of behavior of individuals and firms with respect to available resources. We know that resources are scares while human desires are unlimited. Therefore mcroeconomics help us to understand the decision making of the indiduals to obtain the maximum level of satisfaction. On the other hnd macroeconomics tell us wide phenomena. It helps the government to take best decision for the economy as a whole.

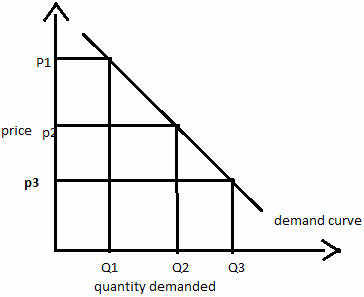
Therefore claim of the economists that it is necessary to understand microeconomics in order to understand macroeconomics is true. As microeconomics provide us the detail about the individuals behavior and their decision making over the limited resources. By adding the decision of the individuals we determine the economy or macroeconomics measures. In other words,microeconomics works on the puzzle of individual’s peace of economics while microeconomics tries to solve those puzzle by fitting them together (“Microeconomics - Econlib,” n.d.).

For example, there is a fixed income for two individuals A and B, i.e. 20 dollars. Now individual A buys 10 apples for 15$ and 2 oranges for 5$ while individual B buys 10 oranges for 10$ and 10 apples for another 10$. Now it tells us the behavior of individuals separately which means it is studied in microeconomics. But if we add the income and units of apples and oranges consumed by the both individuals then it provides us the combined detail, which we study in macroeconomics. Just like this when we add economic factors like unit produce by all the firms, consumption of all the inviduals, income of all the individuals through microeconomics, we get macroeconomic factors like economic production, total income, and consumption. Therefore, it is significant to understand microeconomics first then it becomes easier to study macroeconomics.

**Law of Demand:**

Law of demand is defined a the law which tells us the quantity of goods that an individual is willing to consume is inversely realted to the price level while other factors remain constant. This means when price of the goods and services increases, the quantity that consumer are willing to consume decreases, while when price of commodity decreases, then quantity of willingness to consume increases (“Definition of Law Of Demand | What is Law Of Demand ?,” n.d.).

Example of the law od demand in real world can be the milk price. An individual buys a certain amount of milk according to the price. If the price of the milk increases, then the demand of milk will decrease and vice versa. Second example of law of demand is petrol price. Whenever petrol price decreases, its demand starts increasing while when the price go up, then individual starts demanding petrol less. Here it is necessary to remember all other factors like taste and preference, price of substitution goods, etc remain constant.



Above the demand curve. The downward sloping line indicating the inverse relationship between price of the commodity and quantity demanded. Fot instance, an individual buys Q1when price is P1. Let suppose price decreases and reach to P2 then quantity demanded will increase upto Q2. With further decrease in price upto P3 will leads to the quantity demanded on Q3. By combining all the points we can construct a negatively sloped demand curve.

Law of demand and demand curve are similar because both tell us about the negative relationship between the prices and quantity demanded of goods and services. So, we can say that the demand curve is the graphical representation of law of demand.

References

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