

## **Economic Theory, Managerial Theory and Managerial Economist's role and responsibilities**

### **Economic Theory:**

- deals with the body of principles
- has features of both micro and macro economics
- deals with a study of individual firm as well as individual consumer
- deals with a study of distribution theories of rent, wages, interest and profits
- based on certain assumptions
- both positive and normative in character
- studies only economic aspects of the problem

### **Managerial Theory:**

- deals with the application of certain principles to solve the problem of a firm
- has only micro characteristics
- studies only about individual firm
- deals with a study of only profit theories
- no assumptions due to practical situation
- essentially normative in nature
- studies both economic and non-economic aspects

### **Managerial Economist's role and responsibilities:**

- Study of the business environment
- Making business plan and forecasting
- Study of business operations
- Analysing the Demand of product
- Facilitating economic intelligence
- Participation in public debates
- Analysing the issues of concerned industry