

e-notes of Economics

Page No.
Date : 11

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B.A. I Paper - 01.

Topic :→ Macroeconomics - Definition, Uses.

Macroeconomics :

Macroeconomics is a branch of economics that depicts a substantial picture.

It scrutinises itself with the economy at a massive scale and several issues of an economy are considered.

The issues confronted by an economy and the headway that it makes are measured and apprehended as a part of macroeconomics.

Macroeconomics studies the whole economy, that makes several market segments.

Macroeconomics deals with issues like:-

National Income.

Distribution

Employment

General Price level

Money.

Growth Rate

Inflation

Concept of Macroeconomics :-

The term "macro" has been derived from a Greek word "Macro" meaning large.

Thus macro-economics is the study and analysis of economy as a whole.

- Macroeconomics focuses on national, regional and global scale.
- Macroeconomics study the performance, structure, behaviour and decision making of an economy as a whole, rather than individual markets.
- For most microeconomists, the purpose of this discipline is to maximize national income and provide national economic growth.
- Macroeconomics involves the study of behaviour of an economic system as a whole.
- Macroeconomics also studies the aggregate and average concerning of the entire economy.

Scope of Macroeconomics :-

The scope of macroeconomics lies in the study of analysis of the following:-

1. Theory of employment.
2. Theory of Income.
3. Theory of Price level.
4. Theory of Growth
5. Theory of Distribution
6. Theory of National Income.

Macroeconomics thus studies national aggregate, studies about economic growth and gives the complete picture of economy as a whole.

Importance of Macroeconomics :-

- (1) It never neglect the relationship between demand and supply.
- (2) It can be used for development of microeconomic theories.

- (3) It gives complete picture about the economy as a whole hence it helps to understand working of whole economy.
- (4) It can be used for development of micro-economic theories.
- (5) It helps in formulation of economic policies.
- (6) It studies and analyses growth & development in an economy.