



Macro economics



"Macro economics deals not with individual quantities as such but with aggregate of these quantities; not with individual incomes but with national income; not with individual prices but with the price level; not with individual outputs but with the national output."

- Prof. Boulding

The prefix 'macro' is derived from the Greek word 'makros' meaning, 'large'.

Macro economics is the study of the economy as a whole.

Macro economics " deals with the functioning of the economy as a whole."



Subject-Matter of Macro Economics



Theory of National Income

Theory of Output and Employment

Theory of General Price Level

Theory of Economic Growth

Theory of International Trade

Theory of Money



Microeconomics

It deals with an individual's economic behavior.

It deals with the pricing of a particular commodity in an industry.

Price is the basic parameter of micro economics.

Study of micro economics is important for resource utilization, public finance, and for taking business decisions.

Macroeconomics



It deals with aggregate economic behavior of the people in general.

It deals with the general price level in the economy, National income accounting, etc.

Income is the basic parameter of macro economics.

Study of macro economics is important for formulation of economic policy of the whole nation.



Microeconomics

The concepts of micro-economics are independent concepts.

The concepts were popularized by the famous Alfred Marshall.

These concepts have more theoretical value.

Bottom up view of the economy

Macroeconomics



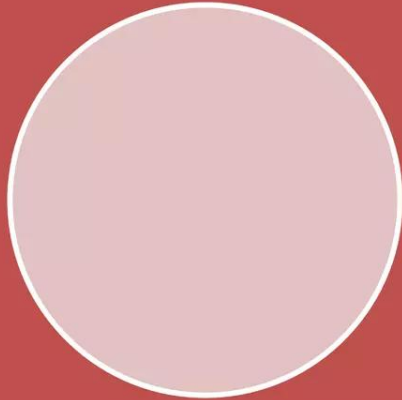
The concept of macro economics are interdependent on one another.

The concepts were popularized by the famous Lord J.M. Keynes.

These concepts have more practical value.

Top down view of the economy

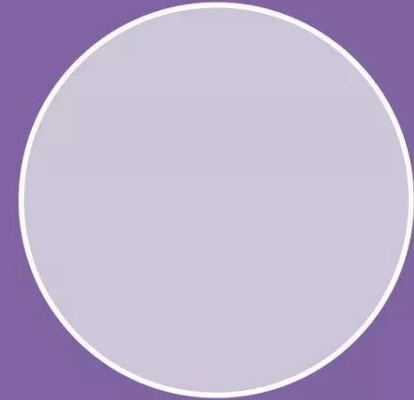
Interdependence of Microeconomics & Macroeconomics



Prof. Paul A. Samuelson has aptly remarked, *"There is really no opposition between micro and macro economics. Both are vital. You are less than half-educated if you understand one while being ignorant of the other."*



Macro economics deals with 'big' issues of economic life but the entire economy is made up of its parts.

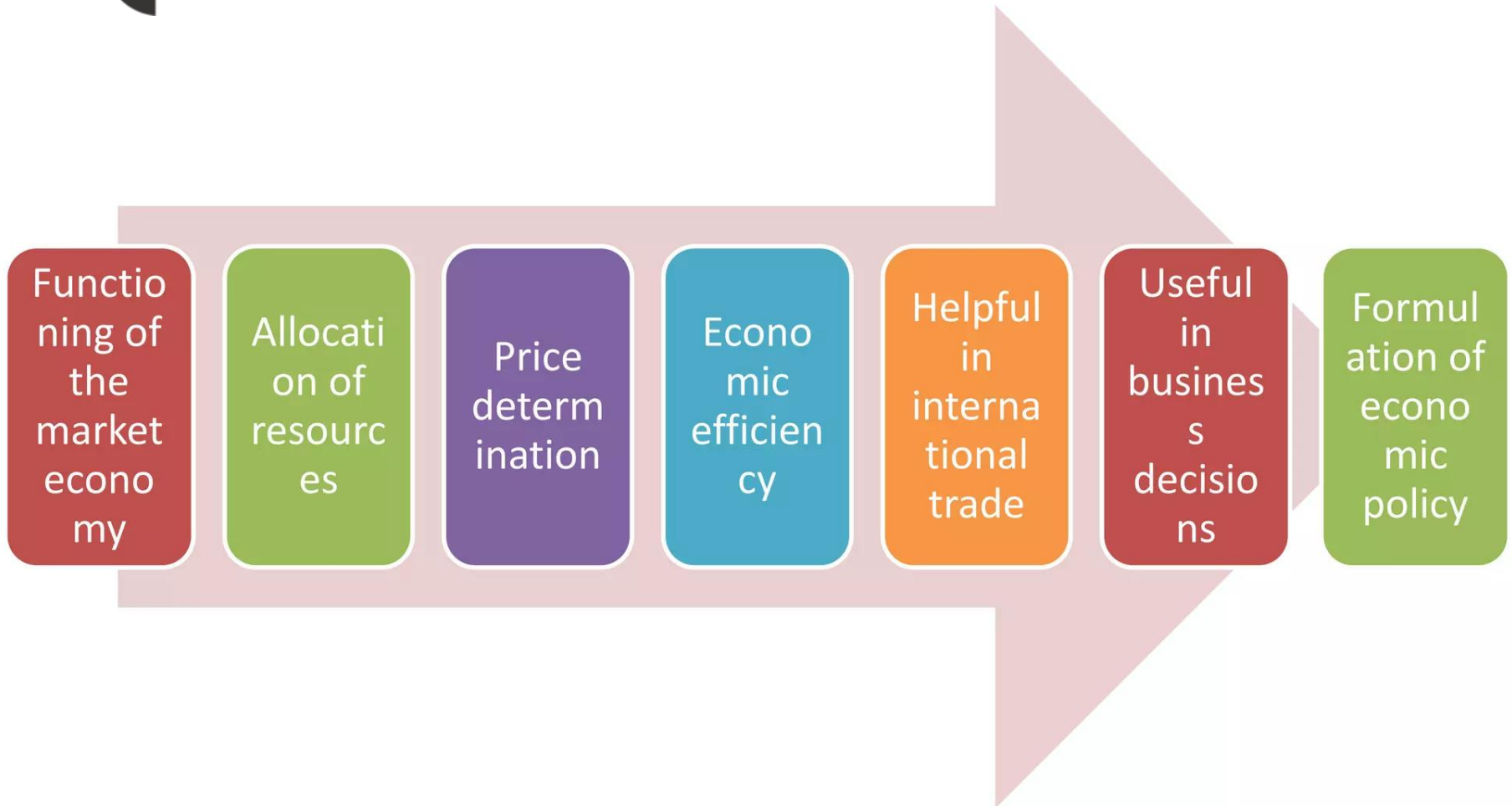


Basic goal of both micro economic and macro economic theories is the maximisation of material welfare of the people and the entire economy.





Importance of Micro economics





Importance of Macro economics



Understand
the
working of
the
economy

Understand
the
major
issues
facing the
economy

Study of
national
income

Insight
into micro
economics

Useful in
formulating
government's
economic
policies

International
comparison