INTRODUCTION

Macroeconomics

It is defined as that branch of economics which studies economic issues or economic problems at the level of an economy as a whole.

	MICROECONOMICS	MACROECONOMICS
(i)	It deals with individual units	(i) It deals with aggregates.
(ii)	Consumer's demand and ~~consumer's~~ producer's supply.	(ii) Aggregate demand and aggregate supply.
(iii)	Macro variables are constant.	(iii) Micro variables are constant.
(iv)	Economic agents are individual consumers and producers.	(iv) Economic agents are RBI, SEBI, etc.
(v)	Focus on maximisation of personal gains.	(v) Focus on maximisation of social welfare.
(vi)	'Partial equilibrium analysis' is method of study.	(vi) 'General equilibrium analysis' is method of study.
(vii)	Per capita income	(vii) National income

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Scope of Macroeconomics

1. Estimation of National income and related aggregates.
2. Theory of employment.
3. Theory of money
4. Theory of general price level - Inflationary and Deflationary gaps.
5. Role of government (government budget)
6. Exchange rate and balance of payments.

Significance of Macroeconomics

1. Description of the economy.
2. Roadmap of growth and development.
3. Economic stability.
4. Balance of Payments (BoP) status of a country reveals performance of the economy in relation to rest of the world.
5. It gives deep understanding of problems of poverty and environmental pollution.
6. It extremely useful in the formulation of policies for growth and development of the country.

Inflationary	Deflationary
(I) Related to inflation (मँहगाई)	(I) Related to deflation (सस्ता)
(II) Increase in general price level of economy.	(II) Decrease in general price level of economy.

Ques- Describe the Great Depression of 1929.

Ans- The Great Depression 1929 was a financial crisis which occurred in 1929. It lasted for the next several years. The main cause of the Great Depression 1929 was higher investment and lower consumption. The demand of goods and services during 1929 declined drastically. Decline in the demand for goods and services forced the producers to reduce production. The unemployment level in USA increased from 3% to 25% due to reduction in production. Fall in employment leads to fall in GDP. GDP in USA fell by about 33%.

Ques- What is the difference between microeconomics and macroeconomics?

Ans-

Microeconomics	Macroeconomics
It deals with individuals units.	It deals with aggregates units.
Macro ~~economics~~ variables are constant	Micro variables are constant.
Motive - personal gains.	Motive - social welfare
Per capita income.	National income.
Economic agents are individual producers and consumers.	Economic agents are RBI, SEBI, etc.