


**Chapter 1**  
**Introduction to**  
**MACROECONOMICS**




# What is macroeconomics ?

- Macroeconomics studies the economic problems from the point of view of the entire economy eg, aggregate demand, supply, aggregate consumption, national income, aggregate savings and investments, general price level etc.
- *Macroeconomics is defined as a study of aggregates of the economy and concerns itself with wider economic issues like aggregate demand and supply, aggregate savings and investments, national output, general price level and money supply, international trade etc.*

# Scope of macroeconomics

The scope of macroeconomics may be classified as under

- Theory of National Income
  - Theory of Employment
  - Theory of Money
  - Theory of General Price level
  - Theory of Economic Growth
  - Theory of International Trade
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# Significance of macroeconomic studies

- Helpful in understanding the functioning of the economy
- Study of National Income
- Formulation of Economic Policy
- Study of trade cycles
- Change in General price – level
- Economic growth
- Helpful in study of Micro economics

# Significance of macroeconomic studies

- ▶ Estimate of Material Welfare
  - ▶ International Comparisons
  - ▶ Economic planning
  - ▶ Inter – relationship among different sectors
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