



BHARATI VIDYAPEETH
(Deemed to be University), Pune

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SCHOOL OF DISTANCE EDUCATION

BUSINESS ECONOMICS III



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S.Y.B.COM SEM III (C304)





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UNIT-I:

BASIC CONCEPT OF MACRO ECONOMICS

1.1 Meaning of Macro Economics

1.2 Nature and scope of Macro Economics

1.3 Significance and Limitations of Macro Economic

Introduction: Macro-economics is the study of the major economic "aggregates" or totals. It is the study of the aggregate behavior of the economy as a whole. Macro-economics is a policy-oriented subject. It deals with a number of policies of macro nature to solve many issues and problems. Macro-economics deals with economic affairs 'in the large', it concerns the overall dimensions of economic life.

1.1 MACRO ECONOMICS-MEANING

The economic science is one; but the field of study of economics is broadly divided into two parts; micro-economics and macro-economics. The word macro-economic was originally used by Ragnar Frisch, in 1933 in subsequent years it gained popularity. The macro approach, however, dates back to the physiocrats of the eighteenth century. The most important developments in macro-economic analysis however were triggered off by the publication of John Maynard Keynes's General Theory of Employment, Interest and Money in 1936. So great was the influence of the General Theory that the modern theory of output and employment still bears the label of 'Keynesian economics', through several developments have taken place in macro-economic analysis since the death of Keynes in 1946.

As an introduction to macro-economics, an look into how various economists have described the subject-matter of macro-econ

- In the opinion of R. G. D. Allen, "the term 'macro-economics' applies to the study of relations between broad economic aggregates". The theory of income, employment, prices and money constitutes macro-economic theory in the eyes of J. M. Culbertson.
- Macro-economics, in the eyes of Kenneth Boulding, "that part of economics which studies the overall averages and aggregates of the system.
- Ackley views macro-economics "the study of the forces or factors that determine the levels of aggregate production, employment and prices in an economy, and their rates of change over time".

The various attempts at describing the subject-matter of macro-economics shows that:

- (ii) Macro-economics deals with the functioning of the economy as a whole. Macro-analysis conceives of equilibrium between demand and supply in the economy as a whole.

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