Macro Economics Introduction

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Definition:

Macroeconomic is derived from a Greek word ‘macros’ which means ‘large’.
It is one of the branch of economics which studies the economy as a whole. I studies the aggregate changes that take place in the economy, for example total employment, growth rate of economy, gross domestic product, National Income , total investment, total consumption,

Difference between micro and macro economics

Micro economics is derived from the Greek word ‘micros’ which means ‘small’, therefore micro economics is the study of individuals and small groups of individuals. The examples are consumers, firms, particular industry, particular commodity, and particular prices. Macro economics on the other hand is derived from a Greek word ‘macros’ which means ‘large’, therefore it is related with national income rather than individual income. It deals with General Price level and National income.

Micro economics is related on the demand side with the objective of maximization of utility but at the supply side it is related with maximization of profits and minimization of cost. Macro makes on the other hand is related with full employment price stability, economic growth and balance of payments.

The basis of Micro economics is price mechanism which works on the forces of demand and supply of a commodity while the basis of Macro economics is national income, Total production, full employment, general price level which is determined by total demand and total supply.

Micro economics is based on the assumption of 'other things being equal' relating with individual rational behaviour. Macro economics is related with the quantity of production that can be produced by planning the resources optimally, given the National income, general price level etc.

Micro economics is based on partial equilibrium analysis in which an individual consumer, 1 firm, 1 resource, 1 factor is studied which helps in establishing equilibrium while macro economics is based on general equilibrium analysis in which different economic variables and their inter-relationship and mutual inter-dependence is studied simultaneously.

Under Micro economics the equilibrium is studied 'at a point of time' therefore it is static analysis while macro economics equilibrium is studied 'over a period of time' in which the variables are studied in changed Economic conditions and expected prices changes, therefore it is dynamic analysis.

Micro economics is based on theories, assumptions and methodology to solve different problems while macro economics is based on solving problems at a practical and empirical level.

In both micro and macro economics we study aggregates but in micro economics the groups are different from the groups of macro economics. In micro economics groups the individual consumers are taken together to show the market demand, individual firms are taken together to form an Industry.and their mutual relations are seen in aggregation for example industry is an aggregation of firms while in macro economics the groups of total consumption, total savings, total investment, total production in the total economy is taken as a whole.

Note: study the different definitions given by different economists of macro economics.

Books:
Macro economics by ML JINGAN
Macro economics BY HL Ahuja
Macro economics by SN Lal
ALL THE BOOKS ARE AVAILABLE IN ENGLISH AND HINDI
BA Dwitiya warsh by sahitya bhawan prakashak{(ONLY HINDI)