

Welcome

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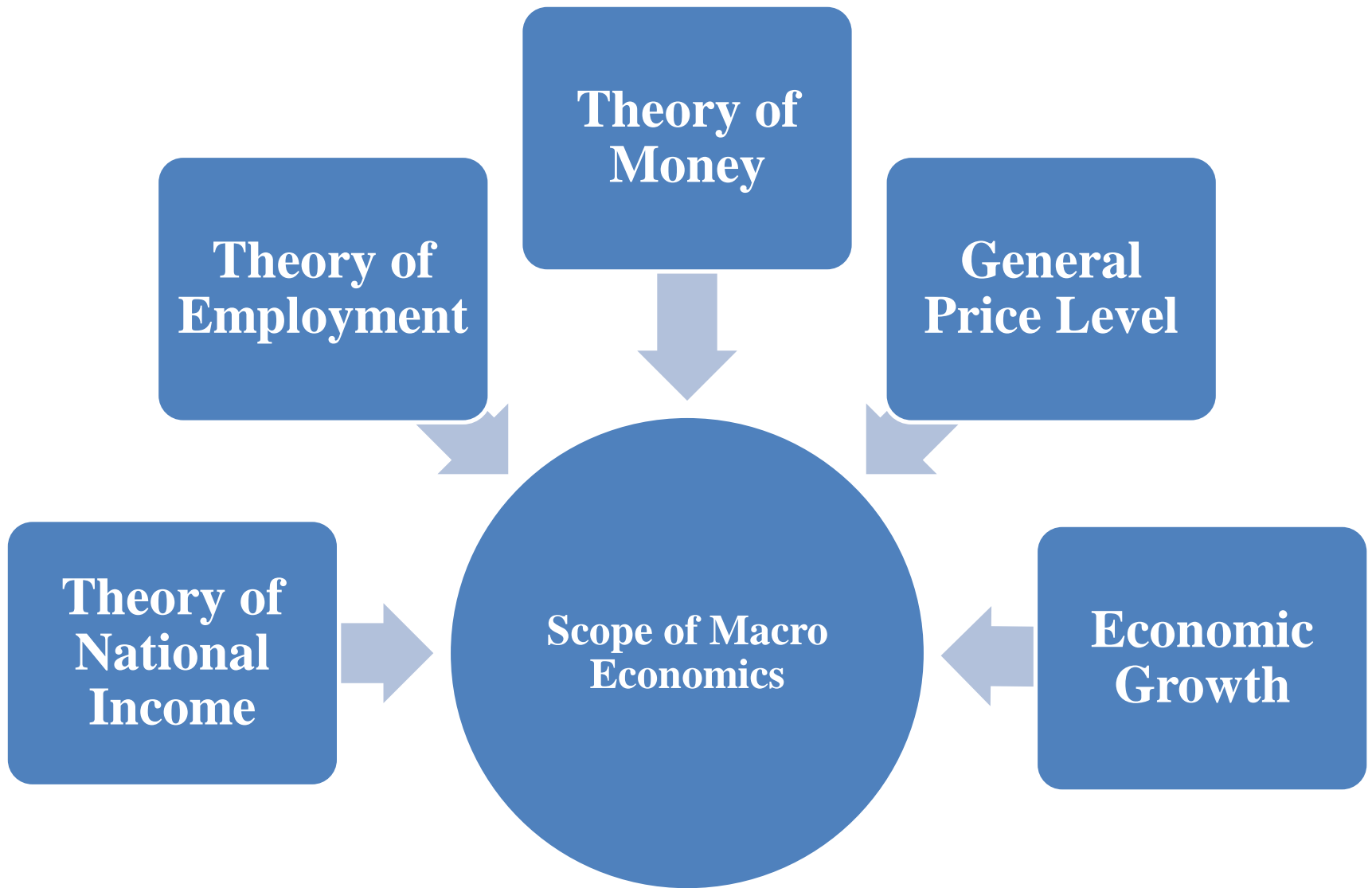


Macroeconomics

Definition: Macroeconomics is the branch of economics that studies the behavior and performance of an economy as a whole. It focuses on the aggregate changes in the economy such as unemployment, growth rate, gross domestic product and inflation.

To study the aggregate or average of whole economy.

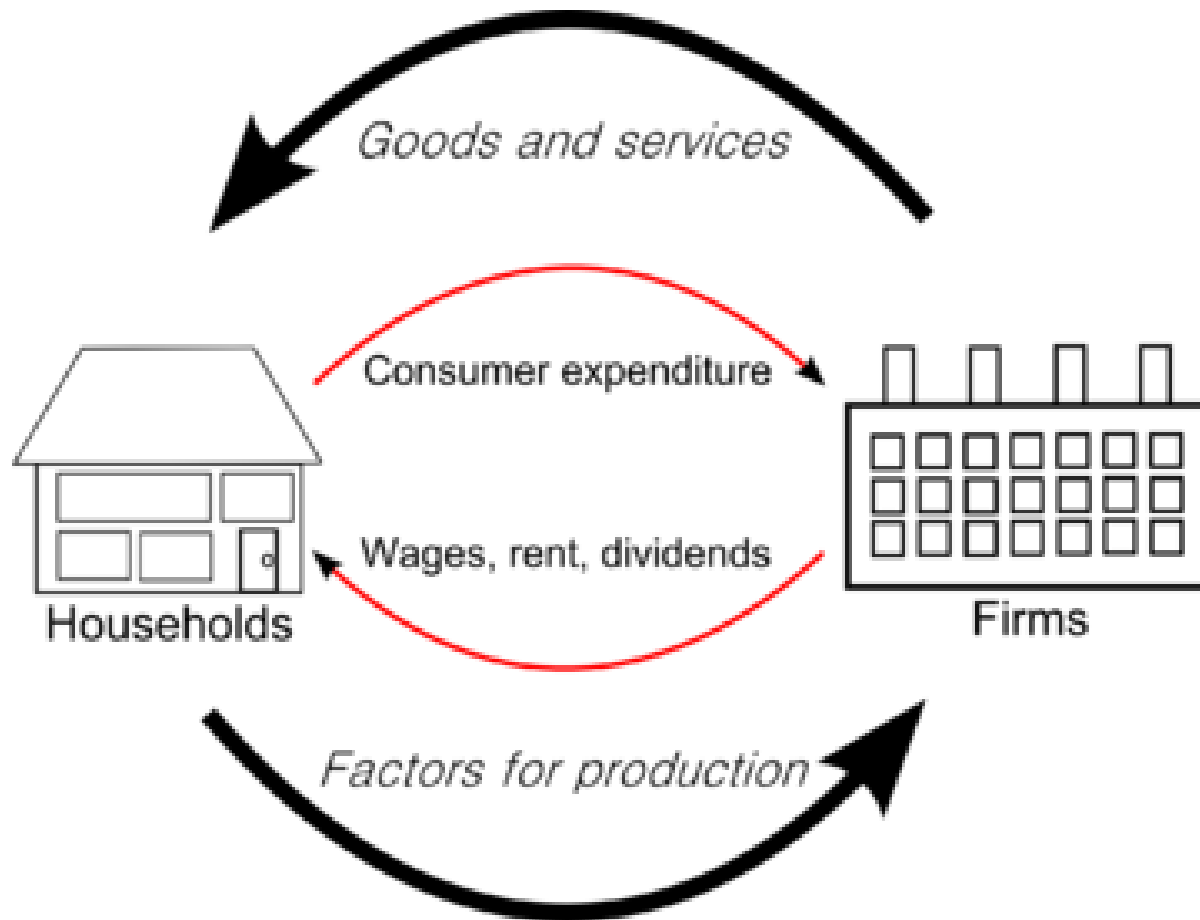
Aggregate includes: national income, total employment, aggregate savings and investment, aggregate demand, aggregate supply general price level, etc.



Circular flow of income

The **circular flow of income** or **circular flow** is a model of the economy in which the major exchanges are represented as **flows of money**, goods and services, etc. between economic agents.

Two sectors Circular Flow of Income (Households and Firm)



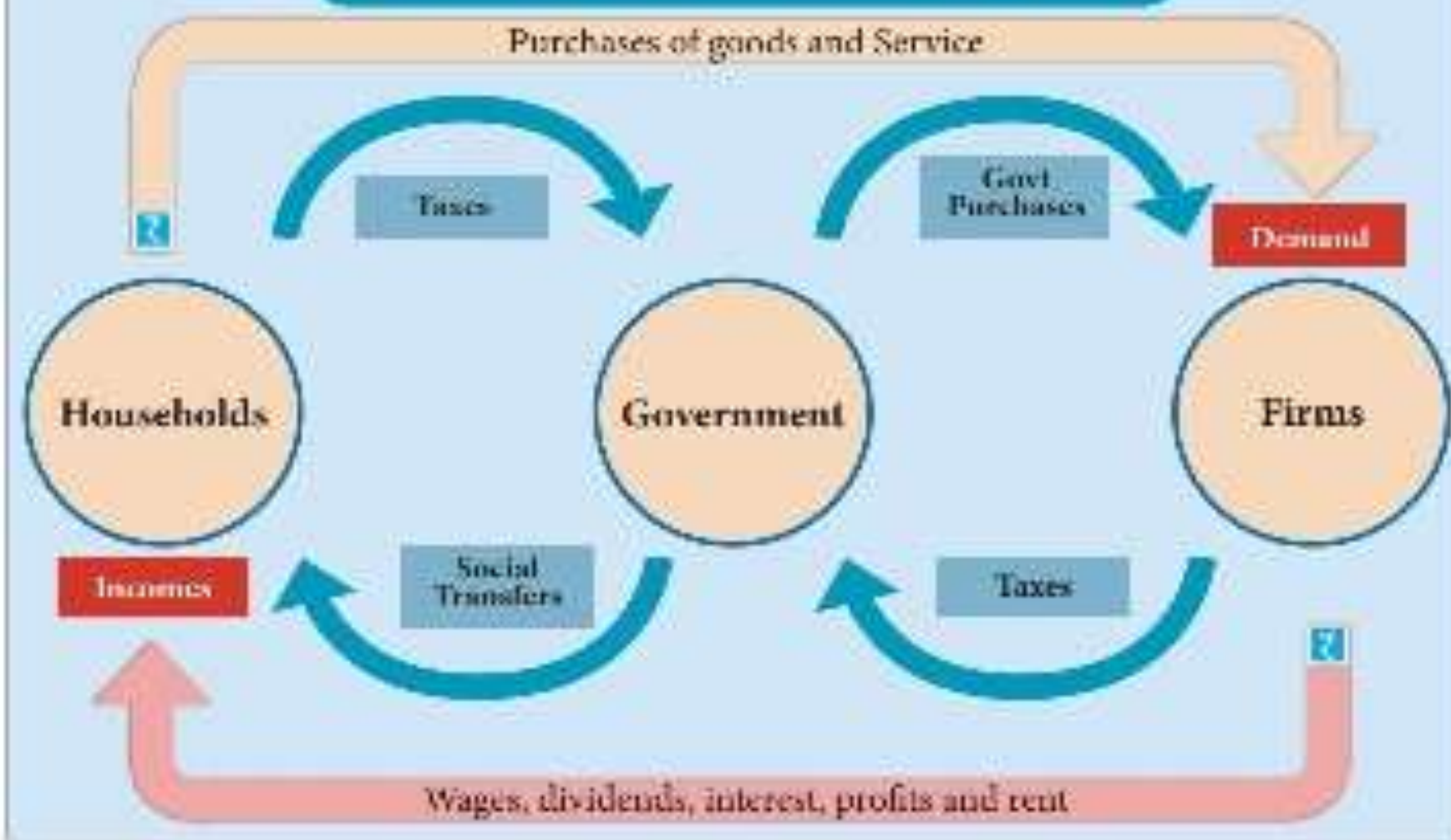
Household Sector

- Provide Factors of Production to Firm sector e.g. Land, labour, Capital
- Consumption Expenditure on goods and services

Firm Sector

- Provide Goods and services to household sector
- Wage and rent given to household sector

The Domestic Circular flow of Income & Spending



1. To Study of Problems of Disequilibrium
2. Effects of Leakages and Inflows
3. Link between Producers and Consumers
4. Creates a Link to Network of Markets
5. Importance of Trade Policies
6. Inflationary and Deflationary Tendencies

THANK YOU