

Nature, Scope and Limitations of Macro Economics

By

Dr. Anil Kolape

Assistant Professor,

Arihant College of Arts, Commerce and Science,

Bavdhan Bk, Pune – 21





❖ **Introduction:**

Macro economics is policy oriented. Macro economics is confirmed with the behaviour of the economy in total. It does not examine individual behaviour. Its policies are general. Macro economic theories provide explanation to interrelationship and causation among different macro economic variables and issues relating to the aggregate economic behaviour and the associated problems.



❖ **Nature of Macro Economics:**

- 1. Macro Economics is Aggregative in Nature -**
- 2. Use of Monetary Expression -**
- 3. No Separation between Consumers and Producers -**
- 4. Macro Economics One Man's Expenditure is other's Income -**
- 5. Income is the Key Variable -**
- 6. It studies the Behaviour of Aggregate Demand and Aggregate Supply -**
- 7. Equilibrium Condition in Macro Economics is more Complex -**

❖ **Scope of Macro Economics:**

The basis of Macro economics is deductive reasoning. It means that under deductive method, we derive an inference from general to particular. Here we study the economy as whole. Scope of macro economics can be discuss by the following points:-

1. **Theory of Income and Employment -**
2. **Theory of Economic Growth and Distribution -**
3. **Theory of Consumption and Investment -**
4. **Theory of Business Cycles -**
5. **Theory of Unemployment -**
6. **Theory of Inflation -**
7. **Theory of International Trade -**

❖ **Limitations of Macro Economics:**

There are certain limitations of macro economic analysis. These stem from attempts to yield macro economics generalization from individual experiences. Following are the limitations of macro economics which make the micro economics analysis necessary to supplement the macro economics analysis:-

1. **Aggregative Analysis -**
2. **Micro and Macro aspects have to be Studied -**
3. **Fallacy of Consumption -**
4. **Deceptive -**
5. **Uneven effects on various Sectors -**
6. **Unnecessary Stress on Aggregative Variables -**



Thank You...!