



## View

unemployment is perhaps the most complex macroeconomic issues of the day. Every country in the world is now struggling hard to fight the disease of stagflation.

5:Economic growth :The trend in the nation 's total output over the long period is known as economic growth. It refers to an expansion of society's production capacity such as bringing new land under cultivation or setting up new factories. Growth is measured by the annual rate of increase of per capita income and is illustrated by a rightward shift of the production possibility curve.

6:Exchange rate and the balance of payment : The balance of payment is a systematic record of all economic transactions between the members of the home country and the rest of the world in an accounting year. These transactions are largely influenced by the exchange rate. It is the rate at which a country's economy is exchanged for another currency (or gold). The trend in the value of the rupee in terms of dollar has been downward in the last two decades.

Economists are always eager to discover the cause and consequences of such changes.

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## View

change in the pattern of income distribution. Therefore one of the objectives of govt policy is to ensure price level stability which implies the absence of inflation and deflation.

3:The trade cycle :It refers to a periodic fluctuations in the levels of economic or business activities. The periods of good trade alternate with periods of bad trade ,or, boom periods of high output and high employment alternate with slump periods of low output and low employment.

In boom periods, employment is low but the rate of inflation is high. In periods of depression unemployment is high and the rate of inflation is moderate. In macroeconomics we study the causes of business cycles and suggest remedial measures.

4:The stagflation :Most modern mixed economics suffer from the disease of stagflation which implies the coexistence of inflation and unemployment in a stagnant economy. The trade-off between inflation and unemployment is perhaps the most complex macroeconomic issues of the day. Every country in the world is now struggling hard to fight the disease of stagflation.

5:Economic growth :The trend in the nation

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## View

Topic :Basic macroeconomic issues :  
Macroeconomics seeks to analyze those issues that affect the economy as a whole :such issues can not be adequately studied with reference to an individual product, firm or industry. Therefore, these are studied in macroeconomics.

The basic macroeconomic issues are as follows :

1:Employment and unemployment :Unemployment refers to involuntary idleness of resources including manpower. If these problems exist ,society 's actual output will be less than its potential output. So one of the objectives of govt policy is to ensure full employment which implies absence of involuntary unemployment of any type.

2:Infation:It refers to a situation of constantly rising prices of commodities and factors of production. The opposite situation is known as deflation. During inflation some people gain and most people lose. So there is a change in the pattern of income distribution. Therefore one of the objectives of govt policy is to ensure price level stability which implies

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