

Macroeconomics Issues

Macroeconomics related problems are mentioned below, it is clear from that study of macroeconomics as a special branch is necessary.

Inflation:

Inflation is called such a condition in which at general price level (Average cost of all goods and services of economy) within a given period of time finds tendencies of continuously increasing. As a result, value of money decreases and people's real purchase power decrease. This is also a macroeconomics related problem, whose understanding and solution is very necessary.

Normal increment in price is helpful in economic growth. It causes increment in investment and whole level of economic activities is initiated. But inflation sometimes takes the form of galloping inflation or hyper inflation. In the condition of hyper inflation, factors of production become costly. Specially in investments' interest rate got tendency of heavy increment. As a result of this cost of production increases much and business competitiveness is becoming less, specially in world market. When the tendency of decrease in demand and rise in production cost are got then obstacles occur in production process. In such a case economy move towards boom to recession and great depression.

Common man suffers seriously due to inflation. His purchasing power decreases and his dissatisfaction towards government increases. General dissatisfaction finally takes the form of social restlessness. In fact, price control charity has become a part of election manifesto in countries like India. As a result, most welfare states have given priority on inflation controlling strategies. In this time for government prevails major policy problem is growth without inflation.

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