

Class XIIth

MACRO ECONOMICS

Chapter - 1

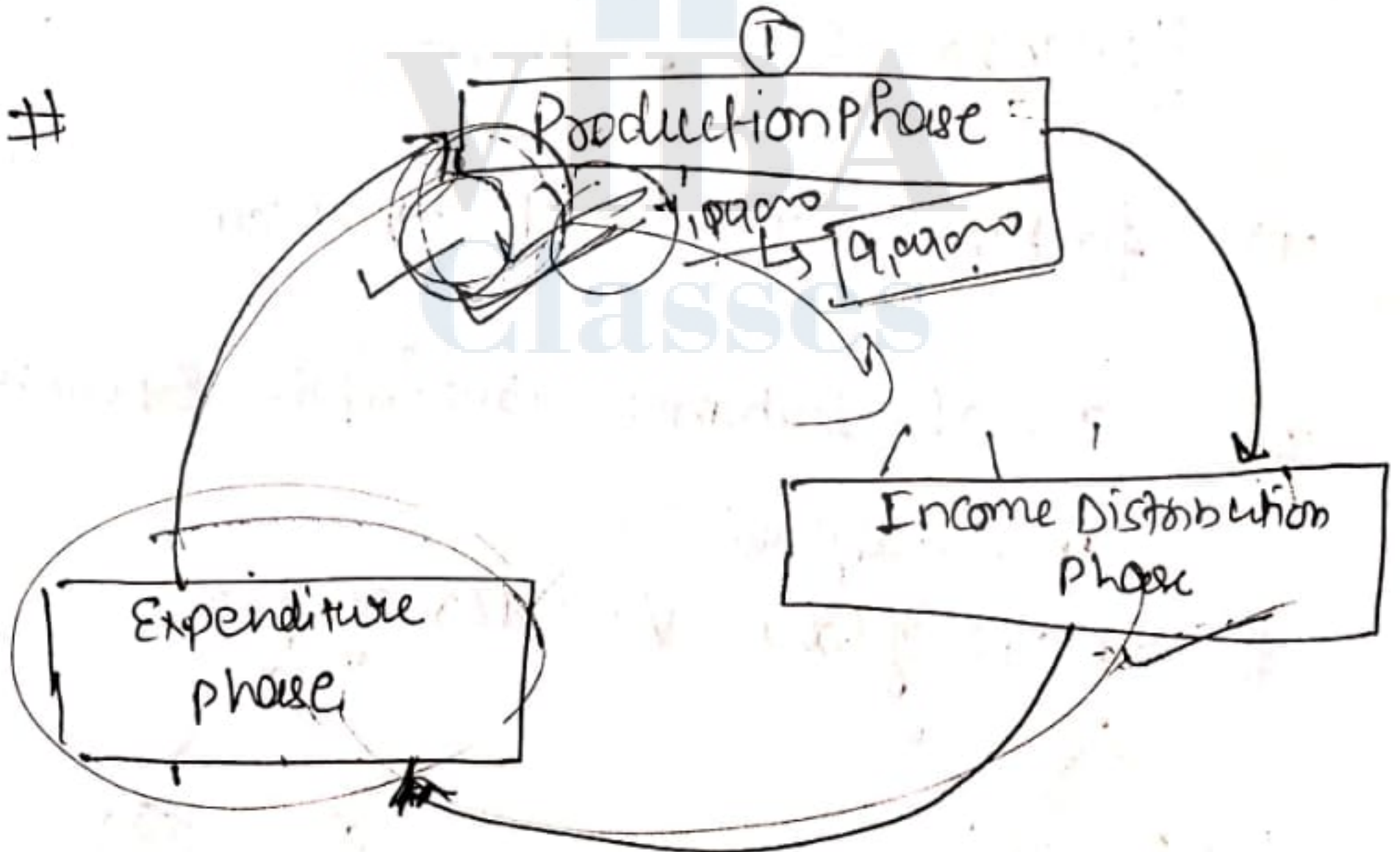
Circular flow of
income

Part 1

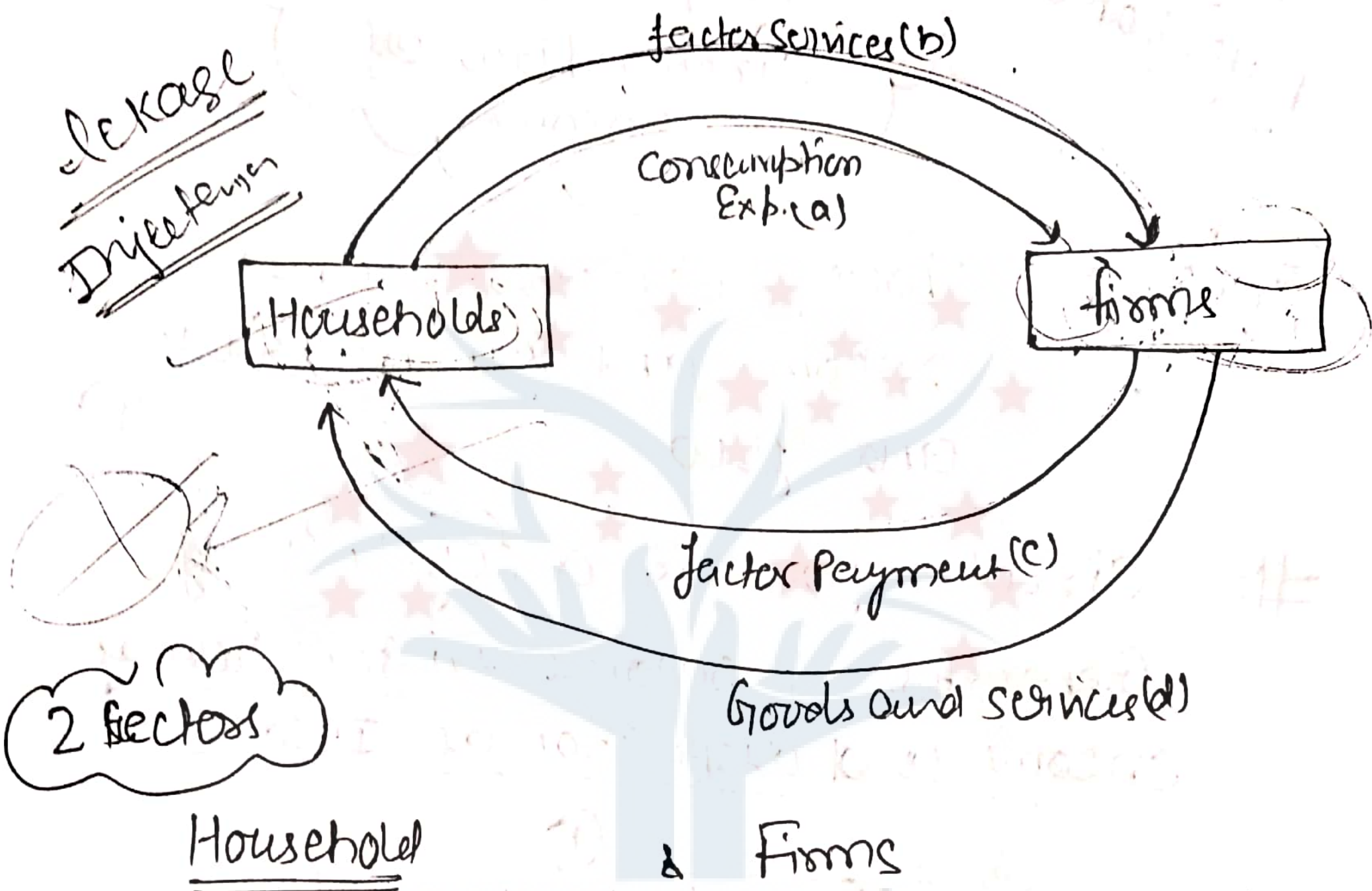
Full chapter

Topic :- Phases, Circular flow of
income and dif b/w stock
and flow (H)

Circular flow is a cycle of
Generation of income, Distribution of
income and disposition of Income



Circular flow in 2 Sector Economy

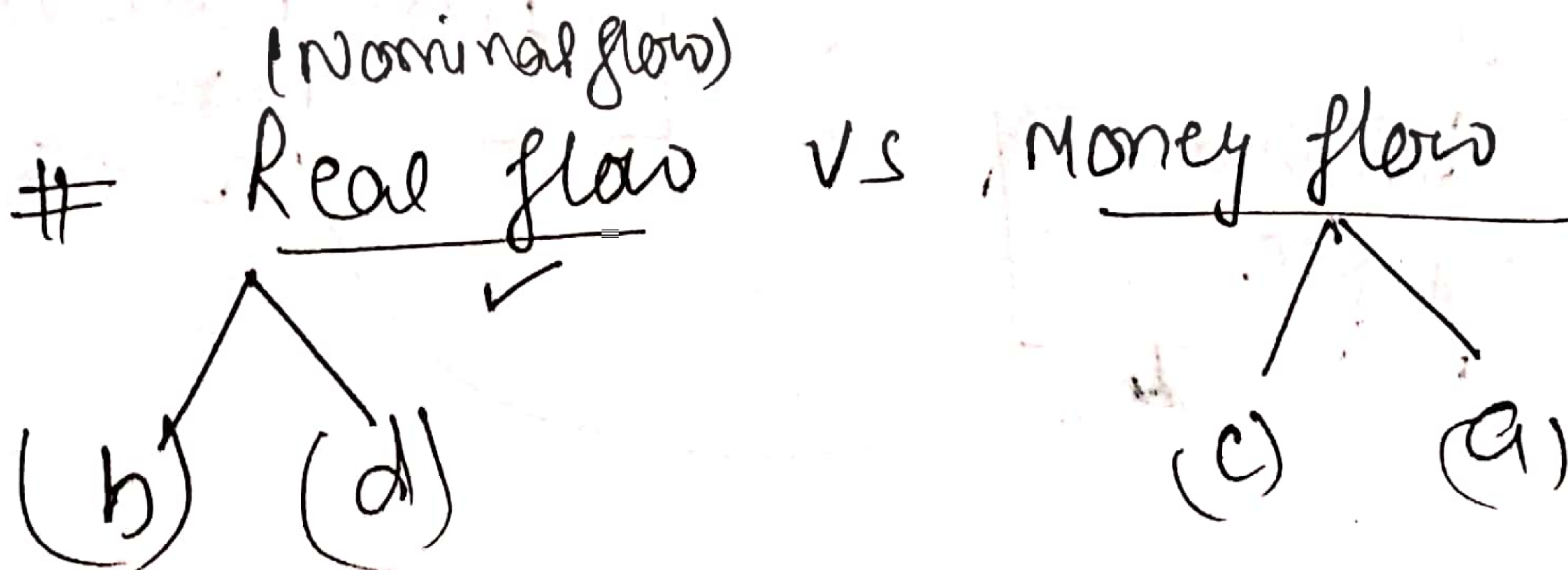


Household

& Firms

(1) factor payment = factor income

(2) Total Production = ^{Total} Consumption Expenditure



factor of production → factor payments

(✓) Land → Rent

(✓) Labour → wages

(✓) Capital → interest

(P) Enterprise (Risk) → Profit

30

31/3/2020
✓

Difference between stock and flow



✓
Stock

Flow

1. Variable that measured at particular pt of time

1. over a period of time

2. Does not have time dimension

2. Has time dimension

3. static concept

3. Dynamic concept

4. (a) Amt of Bank deposit on 31/3/2020

4. (a) Profit and Losses

(b) Nation wealth

(b) National Income

(c) Capital

(c) Saving