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Class 12 Macroeconomics

One-Liner Revision Notes

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National Income

- Macroeconomics studies the economy as a whole.
- GDP is the total value of final goods and services produced within a country.
- GNP = GDP + net factor income from abroad.
- Methods of measuring national income: value-added, income and expenditure methods.

Money & Banking

- Money functions: medium of exchange, measure of value, store of value.
- The RBI is India's central bank and controls the money supply.
- Commercial banks create credit through deposits and loans.
- CRR and SLR are tools of monetary policy.

Income Determination & Government Budget

- Aggregate demand and aggregate supply determine equilibrium income.
- Multiplier = 1 / (1 - MPC), where MPC is marginal propensity to consume.
- A government budget has revenue and capital components.
- Fiscal deficit = total expenditure minus total receipts (excluding borrowings).