



[Glossary]

Aggregate Supply and Aggregate Demand Model - II

Subject:	Business Economics
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Unit No. & Title:	Unit – 3 Aggregate Supply and Aggregate Demand Model
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Glossary

APC: The ratio of aggregate or total consumption to aggregate income in a given period of time.

Consumption function: It is defined as the relationship between real [disposable income](#) and [consumer spending](#).

MPC: The marginal propensity to consume (MPC) is the proportion of an aggregate raise in pay that a consumer spends on the consumption of goods and services, as opposed to saving it.