



[Glossary]

[Theories of Consumption & Investment]

Subject:	Business Economics
Course:	B.A., 4 th Semester, Undergraduate
Paper No. & Title:	Paper – 401 Macroeconomics-II
Unit No. & Title:	Unit - 1 Theories of Consumption & Investment
Lecture No. & Title:	1: Theories of Consumption & Investment (Part-I)

Glossary:

Consumption function: It is defined as the relationship between real disposable income and consumer spending.

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

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.