

# MODERN MACROECONOMICS

*Bridging Concepts to Realities*

Dr. Amritkant Mishra



Sultan Chand & Sons

**Modern Macroeconomics:  
Bridging Concepts to Realities**

*Dedicated to*  
*“My Mentor, Philosopher, Guru, and*  
*Source of Motivation*  
*Lord Shiv & Jagannath”*

# Modern Macroeconomics: Bridging Concepts to Realities

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## PREFACE

Welcome to the exciting journey of "Modern Macroeconomics: Bridging Concepts to Realities." This book represents my endeavour to elucidate the complexities of macroeconomic theory while establishing a meaningful connection between abstract concepts and the tangible intricacies of the real world. This book has been crafted to provide readers with a comprehensive and accessible guide to navigating the dynamic landscape of modern macroeconomics. The study of macroeconomics has evolved significantly over the years, shaped by global economic shifts, technological advancements, and transformative policy landscapes. "Modern Macroeconomics" invites readers to delve into this dynamic field, beginning with a firm grasp of fundamental principles and gradually advancing towards a sophisticated comprehension of their practical applications. The journey begins with an exploration of fundamental macroeconomic concepts, laying the groundwork for a deeper understanding of economic phenomena. From the classical models of aggregate demand and supply to the complexities of fiscal and monetary policies, each chapter aims to provide clarity and relevance. Yet, this book is more than a theoretical exposition; it seeks to bridge the gap between abstract concepts and the tangible realities that individuals and societies face daily. One of the distinguishing features of this work is its commitment to illustrating theory through real-world applications. Through the examination of financial crises, technological disruptions, and policy dynamics, readers will gain insights into how these concepts manifest in the complexities of our interconnected world. Recognising the interdisciplinary nature of modern macroeconomics, this book seamlessly integrates insights from finance, psychology, and other relevant disciplines. By exploring the interconnected nature of economic phenomena, this book delves into topics such as behavioural economics, quantitative macroeconomics and model building, the implications of digital currencies, and the role of economic institutions. This interdisciplinary approach enriches the reader's understanding and encourages a holistic perspective on the forces shaping our economies. This book also emphasises the vital role of policy discussions in influencing economic outcomes. A thorough analysis of historical and contemporary policy responses to economic challenges will equip readers with the analytical tools necessary to evaluate and contribute to ongoing macroeconomic debates. The focus on evidence-based policymaking serves as a guiding principle, enabling readers to critically assess issues like income inequality, unemployment, and sustainable development.

The vision of this book is to empower readers to think critically about macroeconomic concepts and their practical implications. This book encourages active engagement, urging readers to question

assumptions and cultivate a curiosity that extends beyond the confines of these pages. The challenges and opportunities presented by the global economy demand a nuanced understanding, and "Modern Macroeconomics: Bridging Concepts to Realities" aspires to be your companion on this intellectual journey.

In an era characterised by rapid change and uncertainty, this book aims to spark curiosity, ignite intellectual exploration, and serve as a valuable resource for those navigating the dynamic landscape of modern macroeconomics.

**Dr. Amritkant Mishra**



## ACKNOWLEDGMENTS

Completing a book is a journey that involves the contributions and support of many individuals. "Modern Macroeconomics: Bridging Concepts to Realities" has been a labour of love, and I extend my heartfelt gratitude to those who have played pivotal roles in its realisation.

First and foremost, I express my deepest appreciation to my family. Their unwavering support, understanding, and encouragement laid the foundation for this endeavour. Their patience during the countless hours spent researching, writing, and revising has been invaluable.

To my mentors and advisors, thank you for your guidance and insights throughout the development of this book. Your expertise and encouragement have been instrumental in shaping the content and ensuring its relevance in the ever-evolving landscape of macroeconomics.

I extend my gratitude to the colleagues and peers who generously shared their perspectives and engaged in thought-provoking discussions. The exchange of ideas and feedback has enriched the content and broadened the scope of this work.

To the editorial team at Sultan Chand & Sons, thank you for your expertise, professionalism, and dedication to bringing this project to fruition. Your meticulous attention to detail and commitment to excellence have been evident at every stage of the process.

I also want to acknowledge the researchers, economists, and policymakers whose work has laid the groundwork for the concepts explored in this book. Their contributions have been instrumental in shaping the field of modern macroeconomics, and I am honoured to build upon their legacy.

A special thanks goes to the students who have been a source of inspiration. Your curiosity, questions, and enthusiasm for learning have fuelled my passion for making complex economic concepts accessible and engaging.

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Yeshwanthpur Campus; Dr. Guruprakash Singh, Assistant Professor, Economics, Gujrat Public Service Commission and my colleague Dr. Sahil Arora.

Moreover, I extend my appreciation to the readers who embark on this intellectual journey. It is my sincere hope that this book serves as a valuable resource, fostering a deeper understanding of modern macroeconomic concepts and their real-world implications.

Last but not the least, I would like to express my immense gratitude towards my almighty God, Lord Shiv (Mahakaal) and Lord Jagannath who have continuously showered their blessings in my life. I do not think I would have been what I am today if it was not for their blessings. My lord, please always keep me in the list of your much-loved children.

This book stands as a collaborative effort, and I am grateful to each and every individual who has played a part, no matter how small, in bringing “Modern Macroeconomics: Bridging Concepts to Realities” to fruition.

With heartfelt thanks,

***Dr. Amritkant Mishra***



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## LIST OF ABBREVIATIONS

|             |   |                |  |
|-------------|---|----------------|--|
| <i>AD</i>   | Aggregate Demand                        | <i>MD</i>      | Money Demand   |
| <i>APC</i>  | Average Propensity to Consume           | <i>MEC</i>     | Marginal Efficiency of Capital                         |
| <i>AS</i>   | Aggregate Supply                        | <i>MP</i>      | Marginal Product                                       |
| <i>BBM</i>  | Balance Budget Multiplier               | <i>MPC</i>     | Marginal Propensity to Consume                         |
| <i>BoP</i>  | Balance of Payments                     | <i>MPM</i>     | Marginal Propensity to Import                          |
| <i>BoT</i>  | Balance of Trade                        | <i>MPS</i>     | Marginal Propensity to Save                            |
| <i>C</i>    | Consumption                             | <i>MS</i>      | Money Supply   |
| <i>CC</i>   | Currency and Coins                      | <i>NDP</i>     | Net Domestic Product                                   |
| <i>CDR</i>  | Cash to Deposit Ratio                   | <i>NFI</i>     | Net Foreign Investment                                 |
| <i>CFI</i>  | Circular Flow of Income                 | <i>NFIA</i>    | Net Factor Income from Abroad                          |
| <i>CPI</i>  | Consumer Price Index                    | <i>NIT</i>     | Net Indirect Tax                                       |
| <i>CRR</i>  | Cash Reserve Ratio                      | <i>NNP</i>     | Net National Product                                   |
| <i>DAD</i>  | Dynamic Aggregate Demand Curve          | <i>NX</i>      | Net Exports (Exports-Imports)                          |
| <i>DAS</i>  | Dynamic Aggregate Supply Curve          | <i>OD</i>      | Other Deposit  |
| <i>DD</i>   | Demand Deposit                          | <i>OECD</i>    | Organisation for Economic Co-operation and Development |
| <i>EX</i>   | Export                                  | <i>PPI</i>     | Producer Price Index                                   |
| <i>FDI</i>  | Foreign Direct Investment               | <i>PPP</i>     | Purchasing Power Parity                                |
| <i>FPI</i>  | Foreign Portfolio Investment            | <i>PV</i>      | Present Value  |
| <i>FX</i>   | Foreign Exchange                        | <i>RDR</i>     | Reserve to Deposit Ratio                               |
| <i>G</i>    | Government Spending                     | <i>SAS</i>     | Short-run Aggregate Supply Curve                       |
| <i>GDP</i>  | Gross Domestic Product                  | <i>SCR</i>     | Statutory Cash Reserve                                 |
| <i>GNP</i>  | Gross National Product                  | <i>SLR</i>     | Statutory Liquidity Ratio                              |
| <i>GVA</i>  | Gross Value Added                       | <i>SR</i>      | Short-Run  |
| <i>H</i>    | High Powered Money                      | <i>SRAS</i>    | Short-Run Aggregate Supply                             |
| <i>I</i>    | Investment                              | <i>TA</i>      | Lump-sum Tax   |
| <i>IM</i>   | Import                                  | <i>T-Bills</i> | Treasury Bills   |
| <i>IMF</i>  | International Monetary Fund             | <i>TD</i>      | Term Deposit   |
| <i>IS</i>   | Investment-Savings Curve                | <i>TDR</i>     | Time/Term Deposit Ratio                                |
| <i>LAS</i>  | Long-run Aggregate Supply Curve         | <i>TR</i>      | Transfer Payment                                       |
| <i>LDC</i>  | Less Developed Countries                | <i>VMP</i>     | Value of Marginal Product                              |
| <i>LM</i>   | Liquidity Preference-Money Supply Curve | <i>WPI</i>     | Wholesale Price Index                                  |
| <i>LPC</i>  | Long-run Phillips Curve                 | <i>WTO</i>     | World Trade Organization                               |
| <i>LR</i>   | Long-Run                                | <i>Y</i>       | National Income/ Income/ Output                        |
| <i>LRAS</i> | Long-Run Aggregate Supply               | <i>YD</i>      | Disposable Income                                      |



# Principles of Marketing

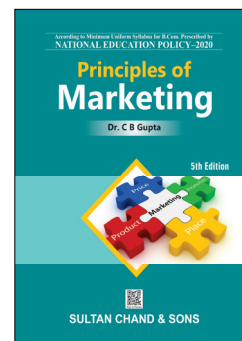
According to National Education Policy-2020

Dr. C.B. Gupta

## About the Book

The objective of the 5th Revised Edition of the book “Principles of Marketing” is to provide basic knowledge of concepts, principles, tools and techniques of Marketing and to provide knowledge about various developments in the Marketing. The book covers basic concepts of marketing, marketing philosophies and environmental conditions affecting marketing decisions of a firm. It describes the dynamics of Consumer Behaviour and Process of Market Selection. It analyses the process of value creation through marketing decisions involving product development and many more.

The present book exclusively covers the course contents of the paper ‘Principles of Marketing’ in B.Com. (Hons.) and B.Com. (Prog.) of all Indian Universities as per the Revised Curriculum based on National Education Policy – 2020 (NEP 2020).



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- Chapter Outline to give an overview of topics covered in each chapter.
- Systematic and sequential arrangement of topics as per the revised syllabus.
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- The book is well illustrated with more than 50 Figures, 70 Tables and nearly 35 Case Studies.
- More than 460 ‘Test Questions’ at the end of each chapter to facilitate problem solving apart from an Online Question Bank of more than 230 Questions and 22 University Question Papers.

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- Evolution of Marketing Philosophies
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### Unit V: Promotion Decisions and Developments in Marketing

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- Rural Marketing
- Social Marketing and Digital Marketing

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"Modern Macroeconomics: Bridging Concepts to Realities" is an essential textbook for postgraduate (MA, M.Com. and MBA) and undergraduate (BA, B.Com. and BBA) students studying macroeconomics, covering both basic and advanced macroeconomic concepts. Aligned with NEP 2020, it offers up-to-date content that meets current educational standards. The book stands out for its inclusion of mathematical modeling, enabling students to apply theory to real-world scenarios. It is also a valuable resource for civil service exam preparation, providing comprehensive coverage of key topics. Overall, this book is a well-rounded resource that effectively bridges theory and practice, making it indispensable for both students and educators.

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- **Multi-Disciplinary Appeal:** Suitable for students of economics, commerce, and management, offering a holistic understanding of macroeconomics across disciplines.

## About the Author

**Dr. Amritkant Mishra** is an accomplished academician and researcher, currently serving as an Assistant Professor in the Department of Economics at Birla Global University, Bhubaneswar, India. Holding a Ph.D. from the Department of Humanities and Social Sciences at the Jaypee Institute of Information Technology (JIIT), Noida, UP, India, Dr. Mishra brings more than six academic years of invaluable experience in research and teaching to his role. His educational journey includes an undergraduate degree from Delhi University and a Master's degree from Annamalai University. Driven by a passion for understanding economic intricacies, his specific research focus lies in the domains of macroeconomics, and quantitative analysis. In addition to his commitment to education, Dr. Mishra has made significant contributions to the field of macroeconomic research. His expertise extends to undertaking and successfully completing numerous research assignments for national and international agencies. His research outputs are widely recognized, as reflected in his extensive publication record in both national and international journals of repute, with a particular emphasis on macroeconomics, financial economics, and econometric analysis.



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