

AN EXTRAMURAL SEMINAR
ON
“MACRO ECONOMIC POLICY IN INDIA”

Presented by:

Dr. Manoj Kumar Das
Asst Professor in Economics,
Ravenshaw University
Cuttack
On
03rd December 2019



Organised by:

DEPARTMENT OF ECONOMICS,
PATTAMUNDAI COLLEGE,
PATTAMUNDAI
KENDRAPARA-754215

REPORT

An extramural seminar for the session 2019-20 was organized by Department of Economics, Pattamundai College, Pattamundai on dated 03-12-2019 on the topic “*Macro Economic Policy in India*”. Dr Manoj Kumar Das, Asst Professor in Economics, Ravenshaw University, Cuttack joined in the seminar as the resource person.

The meeting was presided over by Capt. Manoj Parida, HOD, Department of Sociology, Pattamundai College, Pattamundai. The meeting was commenced at 11.00 A.M. with the lighting of candle by our respected Resource Person. Mr. Pradyumna Pradhan, Head Department of Economics gave a key note address of the topic and Mr. Subhasis Mishra, lecturer in Economics, Pattamundai College, welcomes and introduced the Resource Person on this occasion.

The meeting was ended with vote of thanks by Miss Baisakhi Dash, a student of +3 final year degree at 2.00 P.M.

Macro Economic policy in India

Dr. Manoj Kumar Das
Assistant professor in Economics
Ravenshaw University, Cuttack

Introduction

Microeconomics and macroeconomics—the two major divisions of economics—have different objectives to be pursued.

The key microeconomic goals are the efficient use of resources that are employed and the efficient distribution of output.

These two goals of microeconomics are encapsulated as 'efficiency' and 'equity'. But macroeconomic goals are quite different because the overall response of the economy must not match with the individual units. As macroeconomics looks at the whole, its objectives are aggregative in character. In other words, because of different level of aggregation, these two branches of economics focus on different economic objectives.

1. Macroeconomic Policy Objectives:

The macroeconomic policy objectives are the following:

- (i) Full employment,
- (ii) Price stability,
- (iii) Economic growth,
- (iv) Balance of payments equilibrium and exchange rate stability, and
- (v) Social objectives.

(i) Full employment:

Performance of any government is judged in terms of goals of achieving full employment and price stability. These two may be called the key indicators of health of an

economy. In other words, modern governments aim at reducing both unemployment and inflation rates.

Unemployment refers to involuntary idleness of mainly labour force and other productive resources. Unemployment (of labour) is closely related to the economy's aggregate output. Higher the unemployment rate, greater the divergence between actual aggregate output (or GNP/CDP) and potential output. So, one of the objectives of macroeconomic policy is to ensure full employment.

The objective of full employment became uppermost amongst the policymakers in the era of Great Depression when unemployment rate in all the countries except the then socialist country, the USSR, rose to a great height. It may be noted here that a free enterprise capitalist economy always exhibits full employment. But Keynes said that the goal of full employment may be a desirable one but impossible to achieve. Full employment, thus, does not mean that nobody is unemployed. Even if 4 or 5 p.c. of the total population remain unemployed, the country is said to be fully employed. Full employment, though theoretically conceivable, is difficult to attain in a market-driven economy. In view of this, full employment objective is often translated into 'high employment' objective. This goal is desirable indeed, but 'how high' should it be? One author has given an answer in the following way; "The goal for high employment should therefore be not to seek an unemployment level of zero, but rather a level of above zero consistent with full employment at which the demand for labour equals the supply of labour. This level is called the natural rate of unemployment."

(ii) Price stability:

No longer the attainment of full employment is considered as a macroeconomic goal. The emphasis has shifted to price stability. By price stability we must not mean an unchanging price level over time. Not necessarily, price increase is unwelcome, particularly if it is restricted within a reasonable limit. In other words, price fluctuations of a larger degree are always unwelcome.

However, it is difficult again to define the permissible or reasonable rate of inflation. But sustained increase in price level as well as a falling price level produce destabilising effects on the economy. Therefore, one of the objectives of macroeconomic policy is to ensure (relative) price level stability. This goal prevents not only economic fluctuations but also helps in the attainment of a steady growth of an economy.

(iii) Economic growth:

Economic growth in a market economy is never steady. These economies experience ups and downs in their performance. This objective became uppermost in the period following the World War II (1939-45). Economists call such ups and downs in the economic performance as trade cycle/business cycle. In the short run such fluctuations may exhibit depressions or prosperity (boom).

One of the important benchmarks to measure the performance of an economy is the rate of increase in output over a period of time. There are three major sources of economic growth, viz. (i) the growth of the labour force, (ii) capital formation, and (iii) technological progress. A country seeks to achieve higher economic growth over a long period so that the standards of living or the quality of life of people, on an average, improve. It may be noted here that while talking about higher economic growth, we take into account general, social and environmental factors so that the needs of people of both present generations and future generations can be met.

However, promotion of higher economic growth is often hampered by short run fluctuations in aggregate output. In other words, one finds a conflict between the objectives of economic growth and economic stability (in prices). In view of this conflict, it is said that macroeconomic policy should promote economic growth with reasonable price stability.

(iv) Balance of payments equilibrium and exchange rate stability:

From a macro-economic point of view, one can show that an international transaction differs from domestic transaction in terms of (foreign) currency exchange. Over a period of time, all countries aim at balanced flow of goods, services and assets into and out of the country. Whenever this happens, total international monetary reserves are viewed as stable.

If a country's exports exceed imports, it then experiences a balance of payments surplus or accumulation of reserves, like gold and foreign currency. When the country loses reserves, it experiences balance of payments deficit (or imports exceed exports). However, depletion of reserves reflects the unhealthy performance of an economy and thus creates various problems. That is why every country aims at building substantial volume of foreign exchange reserves.

Anyway, the accumulation of foreign exchange reserves is largely conditioned by the exchange rate the rate at which one currency is exchanged for another currency to carry out international transactions. The foreign exchange rate should be stable as far as possible. This is what one may call it external stability in price.

External instability in prices hampers the smooth flow of goods and services between nations. It also erodes the confidence of currency. However, maintenance of external stability is no longer considered as the macroeconomic policy objective as well as macroeconomic policy instrument.

It is, however, because of growing inter-connectedness and interdependence between different nations in the globalised world, the task of fulfilling this macroeconomic policy objective has become more problematic.

(v) Social objectives:

The list of objectives that we have referred here is by no means an exhaustive one; one can add more in the list. Even then we have incorporated the major ones.

Macroeconomic policy is also used to attain some social ends or social welfare. This means that income distribution needs to be more fair and equitable. In a capitalist market-based society some people get more than others. In order to ensure social justice, policymakers use macroeconomic policy instruments.

We can add another social objective in our list. This is the goal of economic freedom. This is characterised by the right of taking economic decisions by any individual (rich or poor, high caste or low caste).

2. Macroeconomic Policy Instruments:

As our macroeconomic goals are not typically confined to “full employment”, “price stability”, “rapid growth”, “BOP equilibrium and stability in foreign exchange rate”, so our macroeconomic policy instruments include monetary policy, fiscal policy, income policy in a narrow sense. But, in a broader sense, these instruments should include policies relating to labour, tariff, agriculture, anti-monopoly and other relevant ones that influence the macroeconomic goals of a country. Confining our attention in a restricted way we intend to consider two types of policy instruments the two “giants of the industry” monetary (credit) policy and fiscal (budgetary) policy. These two policies are employed toward altering aggregate demand so as to bring about a change in aggregate output (GNP/GDP) and prices, wages and interest rates, etc., throughout the economy.

Monetary policy attempts to stabilise aggregate demand in the economy by influencing the availability or price of money, i.e., the rate of interest, in an economy.

Monetary policy may be defined as a policy employing the central bank’s control of the supply of money as an instrument for achieving the macroeconomic goals.

Fiscal policy, on the other hand, aims at influencing aggregate demand by altering tax-expenditure-debt programme of the government. The credit for using this kind of fiscal policy

in the 1930s goes to J.M. Keynes who discredited the monetary policy as a means of attaining some of the macro- economic goals—such as the goal of full employment.

As fiscal policy has come into scrutiny in terms of its effectiveness in achieving the desired macroeconomic objectives, the same is true about the monetary policy. One can see several rounds of ups and downs in the effectiveness of both these policy instruments consequent upon criticisms and counter- criticisms in their theoretical foundations.

It may be pointed out here that as there are conflicts among different macroeconomic goals, policymakers are in a dilemma in the sense that neither of the policies can achieve desired goals. Hence the need for additional policy measures like income policy, price control, etc. Further, while the objectives represent economic, social and political value judgements they do not normally enter the mainstream economic analysis. Ultimately, policymakers and bureaucrats are blamed as trouble-shooters.

Department of Economics
Pattamundai College, Pattamundai
Departmental Seminar on "Macro Economic Policy in India"
on Dt.03.12.2019

Students Attendance

Sl No	Name of the Student	Roll No	Signature of the Student
1	Dipti Mayee Nayak	BA-18-172	7608821008 Dipti Mayee Nayak
2	Archana Tripathy	BA-18-203	8917566752 Archana Tripathy
3	Satyajit Mandal	BA-18-23	9337920859 Satyajit m
4	Eusobit Lenka	BA18-229	9348694257 Eusobit lenka
5	Sarita Nath	BA18-053	9437613488 Sarita nath
6	Priyanka Patra	BA18-145	7751023225 Priyanka Patra
7	Rebina Kar	BA18-154	90787001858 Rebina Kar
8	Jayshree Nayak	BA18-128	7074265502 Jayshree Nayak
9	Archana Bai	BA18-038	7751026156 Archana Bai
10	Swarnapretha Das	BA-18-262	7789064069 Swarnapretheda
11	Bikash Kumar Nayak	BA18-004	993858741 Bikash Kumar Nayak
12	Biswasjit Nayak	BA-18-169	9178509366 Biswasjit Nayak
13	Satyaban Rout	BA-18-238	9348530076 Satyaban Rout
14	Abenash Pradhan	BA-18-048	9178693270 Abenash Prada
15	Nibedita Tanka	BA-17-119	8455988940 Nibedita Tanka
16	Sargita Sarangi	BA-18-009	9348720488 Sargita Sarangi
17	Biswajanni Das	BA17-063	4948731120 Biswajanni Das
18	Arpita Priyadarshini	BA-18-006	7608845077 Arpita Nayak
19	Smita Das	BA-17-192	9853440401 Smita Das
20	Swarna Manjari Malik	BA-18-031	9938314778 S.M Malik
21	Manisha Priyadarshini Rout	BA-17-154	6370163294 Manisha Priyadarshini Rout
22	Satobali Tanaya Das	BA-18-195	7684079018 Satobali Das
23	Abhina Sundara Padui	BA-17-061	7377963015 Abhina sundara padui
24	Subhashree Rout	BA-18-094	9938718424 Subhashree Rout
25	Dipti Mayee Khuntia	BA-17-028	7788872587 Dipti Mayee Khuntia
26	Maadhumiita Sutar	BA-18-118	7780982849 Maadhumiita Sutar
27	Sasmita Rout	BA-17-046	8594819387 (Sasmita Rout)
28	Pratishruti Panda	BA-18-093	6371697686 Pratishruti Panda
29	Sanghamitra Khandal	BA-17-130	6371394500 Sanghamitra Khandal
30	Anita Tanka	BA-17-231	8455019762 Anita Tanka
31	Anjana Samal	BA-18-249	6370155639 Anjana Samal

SI No	Name of the Student	Roll No	Signature of the Student
32	Sagarika Kund	BA-18-193	7853988128 Sagarika Kund
33	Anil kumar malik	BA-19-206	8018681167 Anil malik
34	Tapaswini Pradhan	BA-18-189	8458035357 Tapaswini pradhan
35	Kuldeep Dash	BA-19-042	0853149165 Kuldeepdash
36	Priyanka. Priyadarshini Saha	BA18-202	9556223686 Priyanka . P. Saha
37	Satyaranjan Dinda	BA19-03	9337097009 Satyaranjan Dinda
38	Bhanu Priya Samal	BA-18-098	8018305775 Bhanu Priya samal
39	Srujanika Das	BA-19-116	8018352798 Srujanika das
40	Urbasi Sethi	BA-18-057	8342936721 Urbasi sethi
41	Mallucessmita Behera	BA-17-274	8457999379 mallucessmita behera
42	Anita malik	BA-17-133	9777636331 Anita malik
43	S. R. Parida	BA-17-20	9556317992 S. R. Parida
44	Amiya Kumar Das	BA17-208	7090141368 Amiya k. Das
45	Mirakshi Behera	BA17-276	0090656824 Mirakshi Behera
46	Biswanjan Sarda	BA-17-251	0348276033 Biswanjan sarda
47	Satyanarayan Biswal.	BA-17-029	7853051176 S. B. Biswal.
48	Suresh Pradhan.	BA-17-250	9171713397 S. Pradhan.
49	Priyadarshini Nayak	BA-19-176	9090322024 P. Nayak
50	Rajibrochan Samal	BA17-256	9337078480 Rajibrochan Samal
51	Sulochana Rout	BA17-223	7008809652 Sulochana Rout
52	Srututi Swain	BA-19-045	8658391591 Srututi Swain
53	Lipsa Sahoo	BA-19-068	9938175925 Lipsa Sahoo
54	Subhasmita Sahoo	BA-19-063	9178694162 Subhasmita Sahoo
55	Sunila Pradhan	BA17-230	9937807344 Sunila Pradhan
56	Sasmita Senapati	BA-19-25	99370138209 Sasmita Senapati
57	Sangita Behera.	BA-17-161	8018822715 Sangita Behera
58	Purnima Sarda	BA-19-180	9348125253 Purnima Sarda
59	Baisakhi Das	BA-17-201	9178195474 Baisakhi Das
60	Bijaya Laxmi Sarda	BA-19-174	8018805542 Bijaya Laxmi Sarda
61	Sudhanshu Kalini Maharana	BA-17-152	9556714896 Sudhanshu Kalini Maharana
62	Anjali Mishra	BA19-008	7327820979 Anjali Mishra
63	Salini Parida	BA-17-010	9937229002 Salini Parida
64	Sasmita Rout	BA-19-055	9178908679 Sasmita Rout
65	Tapaswini Panda	BA-19-282	8114938666 Tapaswini Panda
66	Laxmi Priya Rout	BA-19-030	9556574619 Laxmi Priya Rout
67	Ambika Das	BA-17-143	6371634298 Ambika Das
68	Sowmeshini Saha Smita Das	BA-19-194	8018823824 Sowmeshini Saha Smita Das

Department of Economics
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Teachers Present

Sl No	Name of the Teacher	Signature
1	Pradyumna Pradhan	P. Pradhan
2	Subhasis Mishra	S. Mishra
3	Sanjay Kumar Pradhan	S. K. Pradhan
4	Lampugajay	L. Pajay
5	Nirmala Kumar Sahoo	Nirmala K. Sahoo
6	Nivedita Pradhan	N. Pradhan
7	Poornata Patel	P. Patel
8	Dr. Anjali Kumar Singh	A. K. Singh
9	Pratik Parida	P. Parida
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NEWS Clips

The Sambad

ପଢ଼ାମୁଣ୍ଡାଇ କଲେଜ ଅର୍ଥଶାସ୍ତ୍ର ବିଭାଗ ପକ୍ଷରୁ ଆଲୋଚନାଚକ୍ର

ପଢ଼ାମୁଣ୍ଡାଇ, ୪ /୧୨(ଉମିସ):
ପଢ଼ାମୁଣ୍ଡାଇ କଲେଜ ଅର୍ଥଶାସ୍ତ୍ର
ବିଭାଗ ପକ୍ଷରୁ ଭାରତରେ ସମସ୍ତ
ଅର୍ଥନୀତି ଓ ସରକାରୀ ନୀତି
ଶୀର୍ଷକ ଆଲୋଚନାଚକ୍ର ଅନୁଷ୍ଠିତ
ହୋଇଯାଇଛି। ଅଧ୍ୟାପକ ମନୋଜ
ପରିଡ଼ାଙ୍କ ସଭାପତିତ୍ବରେ ଅନୁଷ୍ଠିତ

ଆଲୋଚନା ଚକ୍ରରେ ରେଭେନ୍ସା
ବିଶ୍ୱବିଦ୍ୟାଳୟର ଅର୍ଥନୀତି
ବିଭାଗର ପ୍ରଫେସର ଡ. ମନୋଜ
କୁମାର ଦାସ ମୁଖ୍ୟ ଆଲୋଚକ
ଭାବେ ଯୋଗଦେଇ ଭାରତର
ଅର୍ଥନୀତି ସମ୍ବନ୍ଧୀୟ ବିଭିନ୍ନ
ନୀତି ସଂପର୍କରେ ଆଲୋଚନା

କରିଥିଲେ। କଲେଜ ବିଭାଗୀୟ
ମୁଖ୍ୟ ଅଧ୍ୟାପକ ପ୍ରଫୁଲ୍ଲ ପ୍ରଧାନ
ସ୍ୱାଗତ ଅଭିଭାଷଣ ପ୍ରଦାନ
କରିଥିବା ବେଳେ ଅଧ୍ୟାପକ
ଶୁଭାଶିଷ ମିଶ୍ର ଅତିଥି ପରିଚୟ
ପ୍ରଦାନ କରିଥିଲେ। ଆଲୋଚନା
ଚକ୍ରରେ ଅଧ୍ୟାପକ ସଂଜୟ କୁମାର

ପ୍ରଧାନ, ରଂଜନ କୁମାର ବେହେରା,
ନିରୁପମା ସ୍ୱାଇଁ, ସୀମାଲିନା ଦାସ
ପ୍ରମୁଖ ଯୋଗଦେଇ ସରକାରୀ
ନୀତି ସଂପର୍କରେ ମତବ୍ୟକ୍ତ
କରିଥିଲେ। ଶେଷରେ ଛାତ୍ରୀ
ବୈଶାଖୀ ଦାସ ଧନ୍ୟବାଦ ଅର୍ପଣ
କରିଥିଲେ।