

Monetary Policy (RBI)

Fiscal Policy (Govt.)

Contractionary
M.P.

Expansionary
M.P.

Contractionary
F.P.

Expansionary
F.P.

Jab economy
mein Inflation
hai

Jab economy
mein recession
hai

Jab economy
mein Inflation
hai

Jab economy
mein recession
hai

Int Rates $\uparrow$

Int Rates $\downarrow$

Taxes $\uparrow$

Taxes $\downarrow$

Loan $\downarrow$

Loan $\uparrow$

G. Exp $\downarrow$

G. Exp $\uparrow$

Dem $\downarrow$

Dem $\uparrow$

Gov. securities
Issue $\uparrow$

Gov. securities
sepay $\uparrow$

Inflation
Control

Expansion
(✓)

Inc $\downarrow$

Inc $\uparrow$

Dem $\downarrow$

Dem $\uparrow$

Inflation
Control

Expansion
(✓)

Keynes

Business cycles are caused due to fluctuations in aggregate effective demand & fluctuations in investment

A.C. Pigou

Business cycles are caused due to anticipations of business firms & are affected by waves of optimism or pessimism.
(+ve)
(-ve)

Schumpeter
↳ innovative

Business cycles are caused due to innovation theory.

Nicholas Kaldor

Business cycles are caused due to Cobweb theory - present prices substantially influence production at some future date.

Hawtrey

Business cycle is purely monetary phenomenon.
Unplanned changes in supply of money may cause business fluctuation.