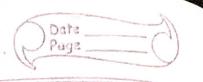
Name: - Sagar Gupta Roll No.: - SUMC 21107



Dues 3 What do you understand by term buisiness cycle? Discuss about the buisiness cycle? Discuss about the stabilisation by the government.

Ans-3 A business Cycle, Sometimes Called a
"freade Cycle" or "economic cycle",

"freade Cycle" or "economic cycle",

Sufer to a Series of Stages in the

economy as it expands and Contracts

economy as it expands and Contracts

constantly repeating, it is primarily

Constantly repeating, it is primarily

masured by the suise and fall of

gross domistic product (CDP) in a Country.

Business Cycle are universal to all nations. Hhat have capitalistic economies. All such economies will experience their natural periods of growth and declins, though not all at the Same time. However, given the increased globlization, business cycles tends to happens at Similian times across countries more aftern then they did before.

Understanding the different phases of a business cycle can help individuals make lifestyle dicisions, insustors make financia decisions, and government make appropriate policy decisions.

\* Stabilization by government: -

Stabilization policy is a Strategy enacted by a gownment on It's Centeral Bank that is aimed at mainting a healthy level of economic growth and minimal perice Changes. Sustaining a Stabilization policy requiring monitoring the business cycle and adjusting fiscal policy and monitory policy and monitory policy as needed to control about changes in demand on Supply.

In the language of business news, a Stabilization policy is designed to prement the Economy from excessive "Oursheating" or "Slowing down".

- economy on an even travel by increasing or decreasing interest rates as needed.
- Interest rates are raised to discourage borrowing to spend and lowered to boost borrowing to spend.
  - fis cal policy can also be used by increasing or decreasing gownment spending and taxes to affect aggregate demand.

The instended rusult is an economy that is cushioned from the effects of wild Sawings in dimand.