

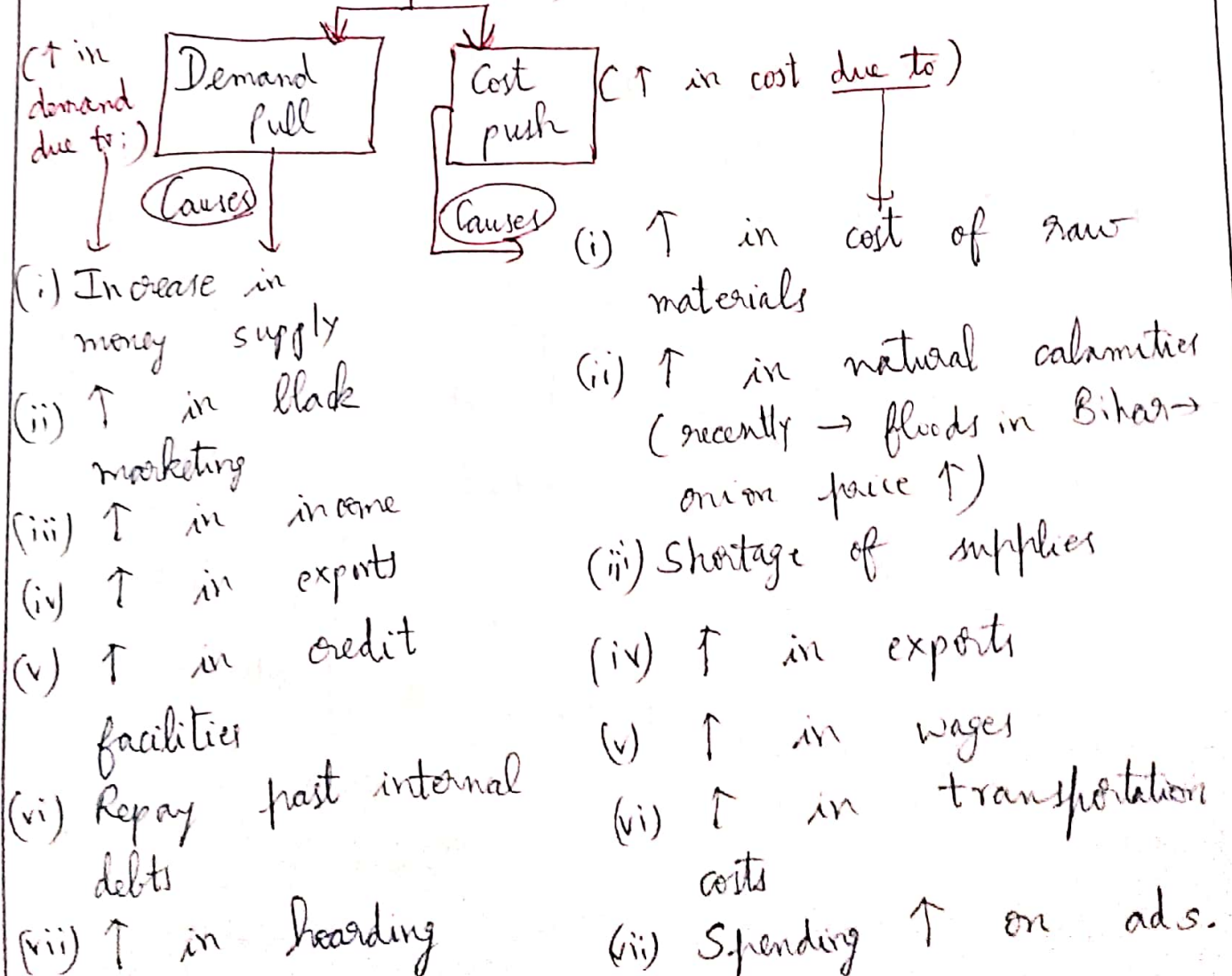
↳ Inflation rate: = $\frac{CPI \text{ of } YR2 - YR1}{CPI \text{ of } YR1} \times 100$
 % increase in the overall level of prices.

↳ Stages of inflation:

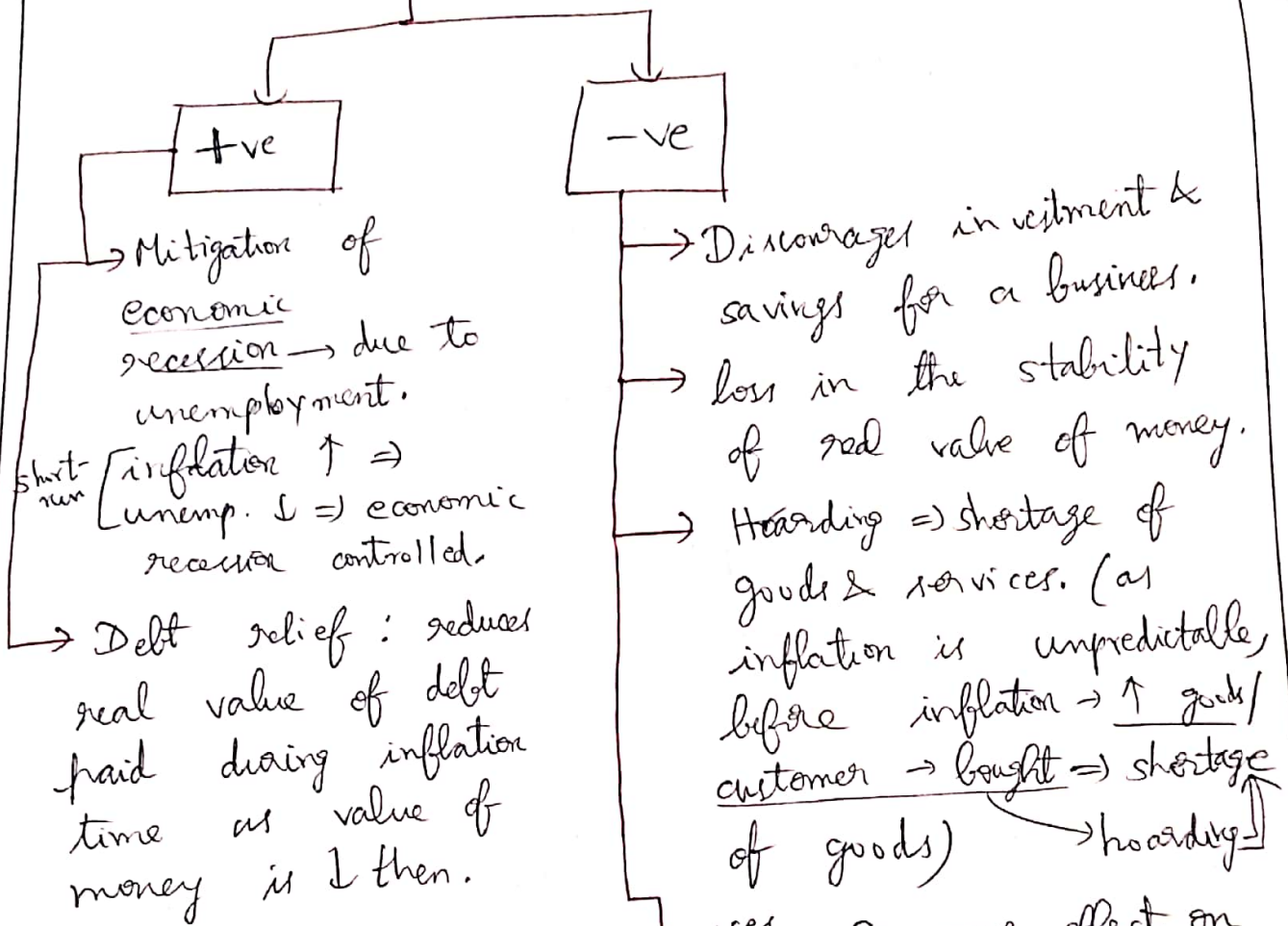
Stage	Inflation rate
(1) Creeping	0 - 3%
(2) Walking	7 - 10% 3 - 7%
(3) Running	10 - 20%
(4) Hyper	≥ 20%

↳ Causes of inflation:

(2 types)



↳ Effects of inflation :



[Inflation ⇒ value of money ↓. So, -ve effect on all the ppl of the society who get money regularly.]

(pension, bond, loan)

Shortage of suppliers ⇒ effects on production & stock in the ownership of a company's assets shareholder → down to the company's profits