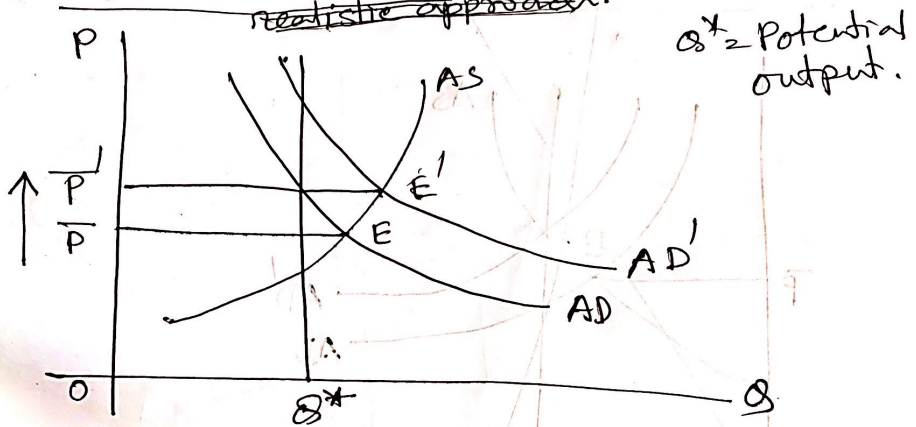


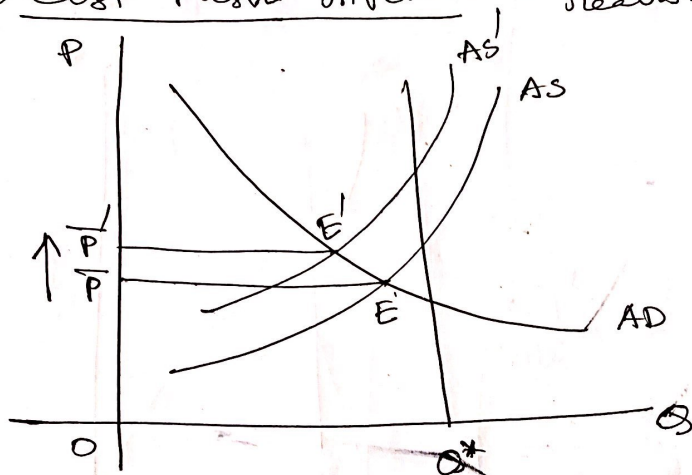
Types of Inflation

① DD Pull Inflation ~~is a more realistic~~
~~realistic approach.~~



An increase in Investment (due to a fall in the rate of interest) leads to a rise in AD , shifting it to the right. The excess demand created pulls the demand up causing demand pull inflation.

② Cost Push Inflation & It is a more realistic approach.



When cost push prices up, cost push inflation takes place. Suppose a draught breaks out and the AS curve shifts to the left. A rise in cost leads to cost push inflation.

Again no country for long enjoys full employment.