

DR. MADHUKARRAO WASNIK P.W.S. ARTS & COMMERCE COLLEGE , NAGPUR



BUSINESS ECONOMICS
B.COM I (2ND SEM) (ENG)

BUSINESS CYCLE

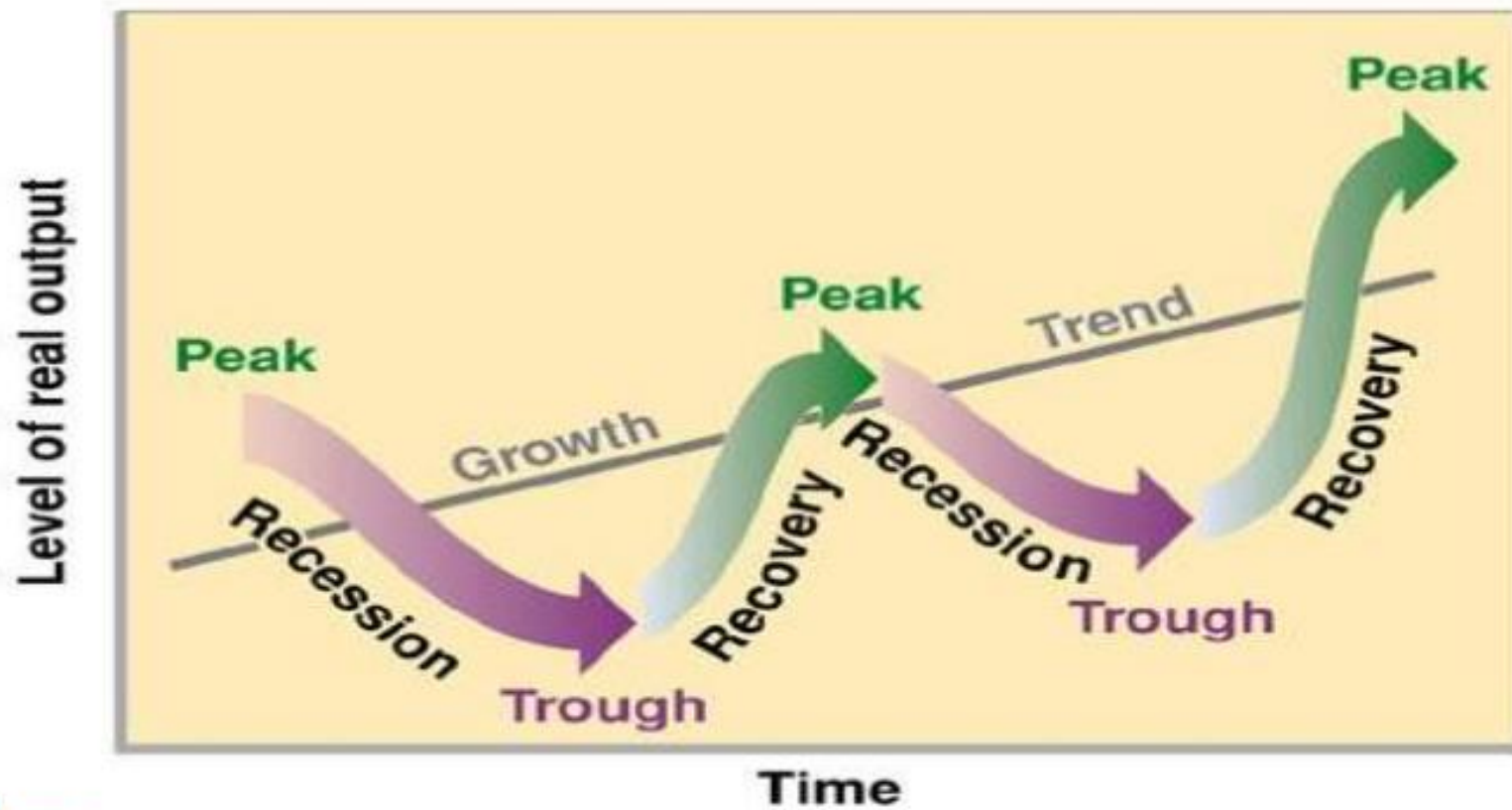
Subject Teacher-

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What is a business cycle?

- ▶ A business cycle refers to periods of expansion and contraction. A peak is the high point following a period of economic expansion. A trough is the low point following a period of economic decline.

Business Cycle...





PEAK

Characterized by

Slackening in expansion rate

Highest level of prosperity

Downward slide in economic activities

The phase of recession begins

RECESSION



Downward slide in growth rate becomes rapid and steady

Output, employment, prices etc. register a rapid decline

When the growth rate goes below the steady growth rate depression sets in

DEPRESSION

Depression begins when
Growth is less than zero

Total
output, employment, prices, bank advances etc. Decline
during subsequent period

Depression lasts as long as
growth rate stays below the
stagnated growth rate

TROUGH



Phase during which the downward trend in the economy slows down and eventually stops

Economic activities once again register an upward movement

Period of severe strain on the economy

Economy registers a continuous and rapid upward trend in output, employment, etc.

It enters the phase of recovery

RECOVERY & EXPANSION



In the recovery phase the growth rate may still remain below the steady growth rate.

When it exceeds this rate, the economy enters the phase of expansion And prosperity

THANK YOU 😊

ALL THE BEST DEAR STUDENTS....