

helpful raise the level of aggregate demand.

### Reduction In Taxes:-

To remove deflationary gap, Govt may reduce direct to raise aggregate demand.

### Incentives for private investment:

Govt can also provide incentives to private investors & raise aggregate demand.

### New Markets

If domestic market is extended & new international markets are explored, the AD will increase.

### Reduction in interest rate

By reduction in interest rate, Govt can provide incentive to private investors.