



Department of Education, Sabaragamuwa/weekly school

week- August 4

Subject-Economics

Grade-13

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1. Distinguish between headline inflation and core inflation.
2. Identify the components of aggregate expenditure and with the help of a diagram, explain how increase in aggregate spending in an economy might result in inflation.
3. The balance sheet for a commercial bank is given below:

Liabilities	Value(Rs.Million)	Assets	Value (Rs.Million)
Deposits	180,000	Reserves Treasury Bonds Loans	100,000 40,000 40,000
Total Liabilities	180,000	Total assets	180,000

- (a) If the statutory reserve ratio is 10%, what is the maximum amount of new loans that this bank could make in the future?
 - (b) If Rs.10,000 million of deposits are withdrawn from this bank, what is the maximum amount of new loans that this bank could make in the future?
4. What do you mean by high powered money? Does a Central Bank have a perfect control over the stock of high powered money in the economy? Give reasons.
 5. Briefly explain the main focus of the current monetary policy framework of the Central Bank of Sri Lanka.