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Grade-13	Prepared by - Zonal Education Office, Rathnapura.	tment of igamuwa y School tment of
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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- (b) If Rs.10,000 million of deposits are withdrawn from this bank,what is the maximum amount of new loans that this bank could make in the future?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.