



Department of Education, Sabaragamuwa/weekly school

week- May 1

Subject-Economics

Grade-13

Prepared by -
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1. What is the quantity theory of money?
2. What are the costs of inflation?
3. What are the major determinants of demand for money?
4. State four core functions of the Central Bank of Sri Lanka.
5. Assume that in a hypothetical economy during a given period of time, total money stock (M) was Rs.6400 billion, total amount of bank deposits (D) held by the public was Rs.5200 billion, statutory reserve ratio was 10% and the value of excess reserves held by the banks was Rs.280 billion.
 - (a) What was the total amount of high-powered money in this economy?
 - (b) What was the value of money multiplier?