



Department of Education, Sabaragamuwa/weekly school

week- October 2

Subject-Economics

Grade-13

Prepared by -
Zonal Education Office, Rathnapura.

1. What are the measures currently used in Sri Lanka to indicate the changes in general price level?
2. What are the adverse effects of inflation?
3. The following is a simplified balance sheet for one of the banks in a commercial banking system in a country.

Liabilities	Value (Rs.Million)	Assets	Value (Rs.Million)
Deposits	100,000	Required reserves	10,000
Shareholders' equity	25,000	Excess reserves	5,000
		Securities	30,000
		Loans	80,000
Total Liabilities	125,000	Total Assets	125,000

- (a) What is the required reserve ratio?
 - (b) Assume that a customer withdraws Rs.2,000 million from his current account at this bank. By how much will this bank's reserve change based on this cash withdrawal?
 - (c) Assuming that the required reserve ratio remains unchanged, what is the maximum amount of new loans that this bank could after the withdrawal of Rs.2,000 million deposits?
4. What is meant by monetary policy?
 5. Distinguish between quantitative and qualitative credit control methods of the Central Bank of Sri Lanka?