



Department of Education, Sabaragamuwa/weekly school

week- April 2

Subject-Economics

Grade-13

Prepared by -  
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1. Define money, money substitutes, near money and black money.
2. Examine the reasons for the demand curve for money to take a downward slope from the left to the right.
3. The following information of a hypothetical economy has been provided to you. Answer the questions using the information given.

	Rs. million
Currency held by general public	500
Currency held by commercial banks	300
Deposits held by commercial banks in the Central Bank	200
Time and savings deposits held by general public in commercial banks	600
Total Non-Residential Foreign Currency Account deposits	400
Residential Foreign Currency Account deposits	500
Total demand deposits held by general public in commercial banks	1700

- (a) Enumerate the values of narrow money supply ( $M_1$ ), broad money supply ( $M_2$ ) and consolidated broad money supply ( $M_2b$ ).
  - (b) Calculate the value of the money multiplier on  $M_2$  money supply.
4. What are the factors that limit the creation of money?
  5. (a) What is the price index used since year 2015 instead of the Wholesale Price Index? Explain its significance.  
(b) Compare National Consumer Price Index and Colombo Consumer Price Index.