**SANGAM SKM COLLEGE- NADI**

**YEAR 13 ECONOMICS**

**SUPPLEMENTARY WORKSHEET 3- 2021**

**QUESTION 1**

**Refer to the video:** [**https://youtu.be/Rgr1vRjxzFg**](https://youtu.be/Rgr1vRjxzFg) **and the information given below to answer the question as follows:**

C = 20 + 0.8 Y

I = $25 m

G = $10 m

X = $30 m

M = $15 m

MPT = 0.25

MPM = 0.12

1. Calculate the equilibrium level of income. **(1 mark)**
2. Derive the savings functions. **(1 mark)**
3. In your Answer Book, draw the Consumption and savings Function graphs. **(2marks)**
4. Calculate the credit multiplier. **(1 mark)**
5. Investment increases by $100m. Calculate the change in the equilibrium level of income. **(1 mark)**

**QUESTION 2**

**Refer to the video:** [**https://youtu.be/jFWzyYPIJJk**](https://youtu.be/jFWzyYPIJJk) **and the information given below to answer the questions as follow.**

**Banking System of Economy C**

**$million**

Total Reserves 4 000

Transaction Account Balances 16 000

Notes and Coins Held By The Public 8 000

1. Calculate the Money Supply, M1. **(1mark)**
2. Construct a balance sheet showing the assets and equities to the combined registered banks. **(3marks)**
3. Calculate the Reserve Ratio. **(1 mark)**
4. Calculate the money multiplier. **(1 mark)**
5. Assume that the bank has received an additional deposit of $100m.
6. Calculate the amount of credit that can be created.
7. the total increase in money supply **(2 marks)**
8. Name one asset of the registered commercial bank. **(1 mark)**

**THE END**