Assignment no 1:

Question: 1

Solution: Per Unit Prices in Rupees

Year	cost of basket	Cost price index	Inflation rate
2007	200	100.0	n.a
2008	264	132.0	32%
2009	301	150.5	14%
2010	419	209.5	39.2%
2011	530	265.0	26.5%

Working: 2007

Mangoes: 10*15=150
Apples: 08*4=32
Onion: 03*2=6
Egg: 6*2= 12
And by applying formula I get

CPI= $\frac{\cos t\ of\ basket\ in\ that\ year}{\cos t\ of\ basket\ in\ base\ year}*100$

CPI= $\frac{200}{200}*100 = 100$

Working: 2008

Mangoes: 10*20=200
Apples: 08*5=40
Onion: 03*2=6
Egg: 6*3=18

CPI= $\frac{\cos t\ of\ basket\ in\ that\ year}{\cos t\ of\ basket\ in\ base\ year}*100$

CPI= $\frac{264}{200}*100 = 132.0$

And in similar way I got the calculations of CPI.

Question: 2

Solution: According to formula

M1 = Currency in the hands of the public	Rs. 866,700
+ Traveler's checks	Rs. 415.3
+ Scheduled Banks Demand deposits	Rs. 802,570
+ Other demand deposits	Rs. 4,680
Total M1	Rs. 1674365.3

M2 =

M1	Rs. 1674365.3
+ Outstanding Stock of Time Deposits of Scheduled Banks	Rs. 1,204,340
+ Stock of Resident Foreign Currency Deposits	Rs. 170,130
Total M2	Rs. 3048835.3

M3=

M2	Rs. 3048835.3
+ Institutional money market mutual fund shares	Rs. 1205.8
+ Large-denomination time deposits	Rs. 937.5
+ Eurodollars	Rs. 416.7
+ Repurchase agreements	Rs. 235.5
Total M3	Rs. 3051630.8