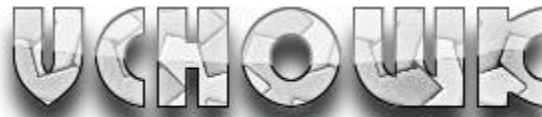


Assignment no 1:



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Question: 1

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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: $10 \times 15 = 150$

Apples: $08 \times 4 = 32$

Onion: $03 \times 2 = 6$

Egg: $6 \times 2 = 12$

And by applying formula I get

$$\text{CPI} = \frac{\text{cost of basket in that year}}{\text{cost of basket in base year}} \times 100$$

$$\text{CPI} = \frac{200}{200} \times 100 = 100$$

Working: 2008

Mangoes: $10 \times 20 = 200$

Apples: $08 \times 5 = 40$

Onion: $03 \times 2 = 6$

Egg: $6 \times 3 = 18$

$$\text{CPI} = \frac{\text{cost of basket in that year}}{\text{cost of basket in base year}} \times 100$$

$$\text{CPI} = \frac{264}{200} \times 100 = 132.0$$

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