

Corrigendum/Explanation – FRC Rankforge 2027 14 Test 2

There is no changes in the paper. Clarification is provided for Q.25

Q.25) The third statement of the question says “ M4 includes components of M1 along with total deposits with Post Office savings organizations.”

Exp) The Statement is incorrect as-

$M4 = M3 + \text{Total deposits with Post Office savings organizations (excluding National Savings Certificates)}$

(M3 consists of currency held by the public, net demand deposits held by commercial banks, and Net time deposits of commercial banks. Therefore, M3 comprises M1 components along with Net time deposits of commercial banks.

$M3 = M1 + \text{Net time deposits of commercial bank}$

So, National Savings certificate deposits are excluded from the total deposits with Post Office savings organizations while calculating M4. Hence, the statement is incorrect as it says the total deposits with Post Office Savings Organizations.