

**EXAMINER'S REPORT****LEVEL I EXAMINATION - JANUARY 2023****(103) ECONOMICS**

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It could observe that most of the candidates have answered the Economics paper at quantitatively acceptable level. However, when it is taken as a whole it was evident that there are some mistakes in questions which had been answered by the candidates.

Hence, following are some of the main observations underlined by the examiners during the scrutinizing:

**Section A****Question No. 01**

This is a compulsory question which contains objective test questions. Question **1.1** to **1.10** consists of the MCQs. questions. For this part majority of the candidates have provided correct answers.

The following are some of the common errors / weaknesses in the answers given by the candidates for each sub section:

- 1.1** In order to test the knowledge on resources of production, it was questioned the reward for land. Most of the candidates had correctly answered as “rent”.
- 1.2** This question was given in order to test the knowledge with reference to the Normative Economic statement, most of the candidates to provided wrong answers and unable to score marks.
- 1.3** This was a practical question. Due to not referring to the Central Bank report and other subject related books candidates provided wrong answers and unable to earn marks.
- 1.4** In this question, which is considered to be a central problem in economics, many candidates had provided wrong answers and did not earn marks.
- 1.5** Although this question focused on market and consumer behavior, many candidates had failed to score marks by providing the correct answers.
- 1.6** This question is given to measure the knowledge about elasticity of demand. Many candidates had provided wrong answers and was unable to score marks. Only a limited number of candidates have scored for it.

- 1.7** This question is intended to test candidates knowledge of the ways in which government intervention in the market process. Many candidates had scored by providing correct answers to this question.
- 1.8** Marks were obtained by providing appropriate answers to this question given to test the knowledge under the Law of Returns to Scale.
- 1.9** This question which tests the characteristics of market structures was scored by many candidates.
- 1.10** This was to test the understanding of the business cycle and most of the candidates had correctly answered this question.
- 1.11** Most of the candidates had successfully answered “positive” to this question, which was given to measure the knowledge about the practical significance of the coefficient of price elasticity of demand.
- 1.12** This question examines the characteristics of market structures and the behavior of those structures in the short run and the long run, it is evidenced by the low marks obtained by many candidates provided wrong answers due to lack of understanding. The correct answer is monopolistic competition.
- 1.13** Many candidates had successfully answered this question, which examines a country's money supply.
- 1.14** This question, which was presented to test the understanding of basic economic issues, was marked by most candidates finding the correct answer “True”.
- 1.15** Many candidates did not successfully answer this question that asked about microeconomics and macroeconomics.
- 1.16** Among the answers written by some candidates about the income effect that causes the inverse relationship between price and quantity demanded, the reason for the law of demand was written as the income effect and did not score marks.
- 1.17** The difference between choice and opportunity cost is a question that scores many candidates.
- 1.18** When writing about two main functions of the Central Bank of Sri Lanka, some candidates did not have a clear understanding of the functions of the Central Bank.

**1.19** Most of the candidates seem to have less understanding of indifference curves. There were many candidates who did not score any marks.

**1.20** With a general knowledge and understanding of sustainable development, many candidates managed to score at least one mark by writing correct answers and approximate answers.

### **Section B**

#### **Question No. 02**

(a) (i) Majority of the candidates had provided correct answers.

(ii) However, it was observed that most of the candidates were unable to calculate new equilibrium price and quantity after the unit tax if the government imposes a unit tax of Rs.30/- on suppliers of the above commodity. It seems that lack of knowledge on this area.

(b) Most of the candidates had mistakenly understand the market equilibrium instead of consumer equilibrium and provided answers.

#### **Question No. 03**

(a) It was asked to explain the difference between economic goods and non-economic goods giving examples of each. Although many candidates correctly presented the difference between the two goods, some candidates did not recognize that the difference between the two goods is based on who or what group of resources is held.

(b) Many candidates had provided wrong answers for average variable cost.

(c) Although some candidates have successfully answered this question about marginal cost and marginal revenue. This question has given to test the candidates knowledge regarding the behavior of cost in the production process, some candidates have ignored the concept of marginal and answered.

#### **Question No. 04**

Majority of the candidates have provided correct answers for all the parts of this question. Mostly tried to answer this question practically.

### Question No. 05

- (a) Most of the candidates have provided reasons for demanding dollars correctly.
- (b) Although some candidates have provided correct answers for this question, it seems that most of the candidates did not calculate the absolute advantage with understanding of the correct concept.
- (c) There are many candidates who did not score the marks due to not written transactions recorded in the balance of payment such as bank loan payments, payments to creditors etc. Some of the candidates had successfully presented their points very clearly.

### Section C

### Question No. 06

- (A) (a)
    - (i) In finding the gross domestic expenditure at the market price, some candidates had included export and import data, could not have been obtained full marks.
    - (ii) Changes in stock and gross domestic fixed capital formation was included in finding gross domestic product at market prices, could not have been obtained full marks.
    - (iii) In finding gross national income at market price, the cost of exports and imports again include and adjust foreign net primary income. Due to this candidates were unable to score full marks.
  - (b) Many candidates were unable to correctly present the “base price” of national income accounting. Candidates should be given a good understanding of the simple concept of base price.
- (B) Although two macroeconomic policies had to be explained, many candidates had explained more than that. This has happened because the candidates are not properly emphasizing and not aware of the given question. Some candidates had very clearly named only two objectives.
  - (C)
    - (a) Most of the candidates had correctly explained this section recurrent expenditure and scored full marks.

- (b) This question was given to name two types of recurrent expenditure, some candidates wrote the main types such as recurrent expenditure on goods and services, recurrent transfers and subsidies and interest payments, while some candidates wrote under the names of the types of expenses between these three main types of expenses, sub-expenses were presented and scored.

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**Common matters to be considered to improve competency level of candidates:**

- (1) Study the syllabus completely and thoroughly paying attention to new subject matters.
- (2) Read the question with due care and do not write unnecessary explanations/details when direct answers are expected.
- (3) “**Action Verb Check List**” with definitions is attached to the question paper itself and each question will begin with an action verb excluding Objective Test Questions (OTQs). Candidates should answer the questions based on the definition of the verb given in the Action Verb Check List.
- (4) Refer specially the Self-Study Text, books, manuals, letters, magazines, Central Bank annual reports and anything relate to this subject.
- (5) Develop the skills needed to correctly identify the basic theoretical concepts in answering.
- (6) Handwriting should be legible and the numbers of questions should be correctly and clearly written.
- (7) Follow the instructions given in the question paper.
- (8) Perusal of past question papers and suggested answers would help sharpening knowledge and experience.
- (9) By getting a correct understanding of economics concepts, there should be the ability to compare the difference between each concept.
- (10) Proper management of time is important.
- (11) Re-check the question numbers before handing over the answer scripts.
- (12) Sit for the exam with confidence after prior preparation and utmost expectation of getting through the exam.

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