

**EXAMINER'S REPORT****LEVEL I EXAMINATION - JULY 2020****(103) ECONOMICS**

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It was observed that a majority of candidates had provided satisfactory answers to this question paper. On Economics set under Level I with the revision of the syllabus. Although satisfactory answers had been provided for most of the questions, a few shortcomings were noted and observations of Marking Examiners on those matters are set out below:

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

Although the syllabus had been revised, this section had been set to cover a larger proportion on the syllabus on the whole for 40% of the marks, as in the previous syllabus. It had been prepared according to the weightage of the syllabus based on basic scientific economic theories and concepts. The structure of this section comprised 4 types of questions **1.1** to **1.10** required selection of correct answers from among alternatives. Question **1.11** and **1.12** required selection of the correct answer out of the given two answers. Question **1.13** and **1.15** wanted selection of the True or False statement out of those given. Questions **1.16** to **1.20** expected writing of short answers.

It appeared that majority of the candidates had provided satisfactory answers to this question and earned high marks. However, general comments relating to answers that had defects in them are shown below:

On the whole, answers to question numbers **1.1** to **1.10** were satisfactory, but incorrect answers had been provided to questions **1.6** and **1.7**.

The answers to question **1.14** were mostly incorrect. However, the answers to short questions **1.16** to **1.20** were either incomplete or incorrect. Specially most candidates had been unable to write correct answers to questions **1.17**, **1.19** and **1.20** and it was observed that some candidates had not attempted these questions at all.

## Section B

### Question No. 02

- (a) Testing the knowledge to differentiate economic goods from non-economic goods, basic concept in Economics was intended by this question. Majority of the candidates had provided satisfactory answers to some extent. A very few of them had included long interpretations of goods and services.
- (b) This question referred to examination of knowledge of candidates on Economic systems. It included listing characteristics of a planned economic system. Majority of the candidates had provided correct answers to this simple question. A very few candidates had written answers mixing up economic systems.
- (c) This question tested the understanding of candidates on the concept of opportunity cost. The majority had written the correct answer. These were instances of wasting time by unnecessary long classifications. It was clear that some candidates had no understanding on the concept of opportunity cost.

### Question No. 03

- (a) This question expects testing on the understanding of the market equilibrium based on the given equations. Majority of the candidates had correctly calculated the equilibrium price and quantity. It appeared that majority had not been able to correctly calculate the consumer surplus. Errors of simplification by candidates as well as lack of knowledge on the relevant concept were observed.
- (b) This was a simple question testing the knowledge on concept of elasticity. Some candidates had written the factors affecting “demand” as answer. It was clear, therefore, that a correct understanding of “demand” and “elasticity of demand” which are two concepts different from each other had not been there with the candidates.
- (c) The requirement in this question was explaining 2 ways by which the government intervenes in the market economy. It appeared that most of the candidates had provided satisfactory answers to this part. However, it was observed that answers had been written on “surface” matters without an understanding of theoretical concepts.

### Question No. 04

- (a) This question tests the conceptual knowledge and understanding about “money”. Although most candidates wrote correctly about characteristics of money, some of them failed to write about the reasons for the use of electronic money.
- (b) Most of the candidates had provided correct answers to this question on functions of the Central Bank of Sri Lanka.
- (c) This question intended to test on the motives for demand for money. Two out of their motives were expected to be explained. Most candidates had answered well. But the answers of some candidates indicated that they had no understanding or knowledge of the relevant concepts. A few candidates had written answers not relevant at all to the question.

### Question No. 05

- (a) This question tested the basic understanding on the cost concept.  
However, majority of the candidates had not provided correct answers. Only a few had used graphs and written correct answers. Further, most of the graphs had shortcomings such as not naming the axes of the graphs, not naming the curves, not intersecting curves properly or those were incorrectly done.
- (b) This question set about COVID-19, was a practical and timely question. It was possible for candidates to touch on the gains and losses caused economically, because of COVID-19 and they could refer to any such aspects. This was a question to which most candidates earned more marks. It was observed that candidates had provided answers to this question with proper understanding.

### Section C

### Question No. 06

The knowledge and understanding relating to international trade and national income accounts had been tested by this question to which 20 marks was allocated.

- (A) (a) Most of the candidates had provided correct answers to this question by which advantages of international trade were required to be stated. However answers which contained all the 4 advantages were few.
- (b) Knowledge relating to the concepts of “fixed exchange rate” and “flexible (floating) exchange rate” was tested in this part. However only a few candidates had correctly interpreted the difference in the concepts. Most of the answers were incomplete and it appeared that there was no correct understanding of the relevant concepts.

- (B) This question required listing of 3 reasons for the importance of preparing national income accounts. The answers provided for this question were not at a way satisfactory level. It appeared that candidates were not providing very satisfactory answers to this type of theoretical parts.
- (C) Majority of the candidates had not provided correct answers after calculating based on the relevant concepts given using the hypothetical data given in the question. It was observed from most of the answers that candidates did not have adequate correct theoretical knowledge on the relevant concepts.

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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 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 relating to this subject.
- (5) Pay attention to proper naming and explanation of graphs.
- (6) Hand writing should be legible and question numbers should be placed accurately.
- (7) Adhere to the instructions given in the question paper.
- (8) Improve your knowledge by working past papers and comparing with suggested answers.
- (9) Pay attention to proper time management.
- (10) Sit for the exam with confidence after prior preparation and utmost expectation of getting through the exam.

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