

Examiner's Report

Foundation Examination – July 2014

(52) ECONOMICS

Most of the candidates have successfully answered for the economic paper. But, some of the candidates haven't answered some questions successfully. Weaknesses for performance of some candidates were identified by Marking Examiners and those are as follows:

Section A

Question No.01 - 40 marks (02 marks each for 20 MCQs) **(Compulsory question)**

This question has been covered whole syllabus and practical knowledge related to economics. Considerable number of candidates have obtained more marks for this.

When we checked sample of answer script to know the level of knowledge to answer these 20 questions. (J), (L), (H) and (R) have not been answered correctly by majority.

Accordingly the marking examiners have observed the following weaknesses.

Question (J)

Most of the candidates have stated that Sri Lankan employment rate for 2013 was 6.9%. This shows that candidates haven't referred the Central Bank report.

Question (L)

Majority has selected wrong answer for this.

Question (M)

Poor answers were seen. Concepts relating to national accounts were not known by majority.

Question (R)

This is a question related to the government budget and this has not been identified clearly.

To obtain more marks you have to be studied with the theoretical knowledge and the practical knowledge.

Section B

This part consists of six questions and the candidates have an opportunity to choose four out of six.

Question 02 – 15 marks

(An optional question)

- (a)** (i) This question expected the knowledge about listing production resources, relationship between the market for goods and services and market for production resources. Most have listed the production resources but, some candidates have written the followings as production resources:
- (1) Agricultural, Industrial, Services.
 - (2) Tea, Coconut, Rubber.
 - (3) Mineral oil, Coal, Solar power.
- (ii) Even though they have described about the market most of them haven't written the relationship between two markets. They have given the following wrong answers:
- (1) The circular flow of income.
 - (2) Stated the direct demand and indirect demand in correctly.
 - (3) Haven't shown that the changes in the goods market arise due to the demand and supply of factor market.
- (b)** Expect to measure the knowledge about production possibility curves. They did not have understood what does examiner require from the question. Some of the wrong answers were as follows:
- Giving the reasons which cause changes in curves.
 - Only showing the shifting of the curves to right and left.
- (c)** (i) This question refers to the knowledge about economics systems. Even though this is a simple question candidates haven't answered properly. Some of the mistakes are as follows:
- (1) Showing incorrectly that transition economy means changing from capital economy to social economy.
 - (2) Changing from capital economy to mixed economic system.
 - (3) Changing from labour intensive to capital intensive.
- (ii) Common indicators for transition process were shown by a few candidates and some mistakes are as follows:
- (1) Introducing price index.
 - (2) Human Poverty Index has been described.
- So majority of candidates had presented wrong answers.

Question 03 – 15 marks

(An optional question)

(a) This question was tested the knowledge about costing concepts. Most of the candidates haven't answered this question. A few has understood the concept (MC, AC) and answered. Some have given the following wrong answers.

- (1) Haven't shown relevant graphs correctly.
- (2) Haven't marked the axes correctly.
- (3) Most of the candidates haven't drawn the MC curve correctly.
- (4) Haven't understood the way to calculate supernormal profits.
- (5) Candidates did not know that the maximum profit is achieved when $MC = MR$.

(b) Even though this was tested the knowledge of entry barriers in a monopoly market, most of the answers are unsuccessful. Most of the answers were given the features of the economy.

As a whole majority did not answered this question.

Question 04 – 15 marks

(An optional question)

(a) Even though this question expected to measure the knowledge about indifference curve. Candidates haven't given the correct answer. Expected answer should have not given and not stated marginal rate of substitution. They have given decreasing opportunity cost and marginal productivity instead of correct answers.

(b) Question expected the knowledge about determinants of demand and it was easy. Most of the candidates gained full marks for this question. But a few did the mistakes as follows:

- (1) Conditions for effective demand.
- (2) Determinants of supply.
- (3) The factors affecting for elasticity of demand.

(c) Most of the candidates defined public goods and characteristics correctly, but some lost marks giving wrong answers:

Eg:-

- (1) It is compulsory to give.
- (2) Have to pay a price when consuming.
- (3) It could be eliminated if there is no price.

Question 05 – 15 marks

(An optional question)

(a) Most of the candidates haven't successfully answered for this section. Even though expect simple answers they have given the following wrong answers:

- (1) Interchange concepts of injections and withdrawals.
- (2) Stating imports, tax as injections and export as withdrawals.

(b) (i) Most of the candidates have successfully described the per-capita income. But, some have shown the formula without stating midyear population as follows:

$$\frac{\text{Total Income}}{\text{Population of country}}$$

(ii) Few candidates have successfully stated the four matters of importance of per – capita income. Social welfare, measuring of G.N.P. have been stated by some candidates.

(c) Candidates have successfully answered for the transactions which are not included in the calculation of national income. Some have mentioned same thing in several ways. However most of the candidates gained full marks for this.

Question 06 – 15 marks

(An optional question)

(a) Expect the knowledge about money supply. Most of the candidates has chosen this question and obtained more marks. But some mistakes are done by some candidates as follows:

- (1) Errors in addition.
- (2) Haven't obtained the correct figures when calculating narrow and broad money supply.

(b) Students have successfully answered for this part of the question. But some candidates have stated that an interest is given from current accounts.

(c) Few number of candidates has answered for this question successfully. Most of the candidates haven't gained marks. Reasons for poor performance are as follows:

- (1) Haven't understood correctly about the nominal value of money and real value.
- (2) Real value as the cost which incurred to make coins and notes.
- (3) Comparing real value and foreign exchange.
- (4) Stating that the real value means the amount of goods and services purchased from foreign currency.

Question 07 – 15 marks

(An optional question)

- (a) (i) Only a few number of candidates has stated the theoretical meaning of economic stability.
(ii) Doesn't have proper understanding about economic policies. Some candidates have stated functions of government. So, they have lost the marks.
- (b) Most of the candidates have gained more marks for this part.
- (c) This is a practical question with economic background. Most of the candidates have answered freely. A large number of candidates was able to gain more marks.

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General points to be considered in developing the level of candidates :

1. Study the entire syllabus properly.
2. Follow instructions given in the question paper.
3. Read the question several times and answer only what is asked from the question.
4. By using past question papers and answers you can improve your knowledge.
5. By learning the concepts of Economics, you should be able to compare the concepts and principles.
6. Make use of books, magazines, hand books, newsletters and Central Bank reports related to Economics.
7. Properly name and describe graphs.
8. Write clearly in legible hand writing and insert question numbers in correct order.
9. Manage the time properly.
10. When writing answers try to give examples where necessary and present concepts and theories logically.
11. Before handing over the answer script, re-check whether the Index Number and Question Numbers have been stated properly.
12. Sit for the examination with prior preparation and with the main intention of passing the examination.

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