



G.C.E. Advanced Level Economics I



Channel NIE®  

Mock Test for General Certificate of Education Advanced Level Examination

Economics I

Time Duration: Two hours

Instructions

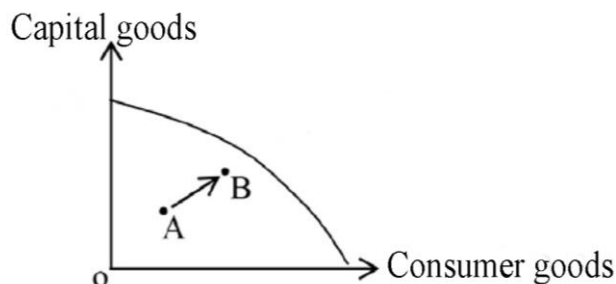
- ❖ Answer all the questions.
- ❖ Write your index number in the space provided in the answer sheet.
- ❖ In each of the questions from 1 to 50, pick one of the alternatives which is correct or most appropriate on the answer sheet with a cross.

Admission No :

1. Select the macroeconomic statement.
 - (1) Marginal cost decreases with increase in marginal product.
 - (2) This year's overall budget deficit has increased compared to the last year.
 - (3) This year's price of rice has increased compared to the last year.
 - (4) Cost of production of a firm is minimized with the improvement of efficiency of resources.
 - (5) Road network of the country should be developed in order to improve rural sector of Sri Lanka.

2. Which of the following situation shows zero opportunity cost?
 - (1) Use of scarce resources for alternative uses.
 - (2) Fully utilization of resources.
 - (3) Allocation of scarce resources based on society's preference.
 - (4) Existence of underutilized resources within the economy.
 - (5) Obtaining of high productivity from all resources of the economy.

3. A movement from point A to B in the following production possibility curve shows,



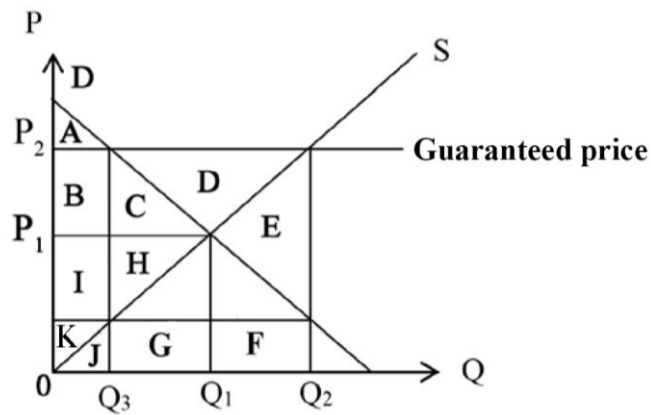
- (1) improvement in production capacity (2) expansion of potential output
 (3) increase in opportunity cost (4) increase in resource utilization
 (5) achieving of economic growth
4. A distinguishing feature of a social market economy is,
- (1) decision coordination based on traditions and customs.
 (2) protection of human rights by the government confirming the public ownership of property.
 (3) regulation of public sector activities by the private sector.
 (4) making of economic policies based on the guidance of political authority.
 (5) emphasizing of social justice confirming private ownership of property and freedom of choice.
5. Which of the following statement supports the law of demand?
- (1) Change in quantity demanded of rice along with a change in real income of consumers.
 (2) Change in quantity demanded of rice along with a change in nominal income of consumers.
 (3) Expecting that the price of rice would increase in future due to the fertilizer problem prevails within the country.
 (4) Rapid decrease in rice consumers than the rice producers.
 (5) Increase in demand for rice due to increase in price of substitutes.
6. Market demand equation of a particular good is $Q_d = 70 - 2P$. If this demand curve changed as $Q_d = 50 - 2P$ the reason that can affect for this change is,
- (1) increase in price of the considering good (2) increase in consumer income
 (3) increase in consumer taste (4) increase in price of a substitute
 (5) increase in price of a complement
7. If the coefficient value of income elasticity of demand of a particular good is 1.2, the good is considered as,
- (1) an essential (2) a luxury (3) an inferior good (4) a substitute (5) a Giffen good
8. Select the correct statement with regard to a good with inelastic supply.
- (1) Supply curve slopes upwards through the quantity axis & when moving along the curve upwards the coefficient value decreases.



- (2) Supply curve slopes upwards through the price axis & when moving along the curve upwards the coefficient value decreases.
- (3) Supply curve slopes upwards through the quantity axis & when moving along the curve upwards the coefficient value increases.
- (4) Supply curve slopes upwards through the price axis & when moving along the curve upwards the coefficient value increases.
- (5) Supply curve slopes upwards through the origin & when moving along the curve upwards the coefficient value equals to one.
9. If demand of a normal good which sells at a competitive market decreases along with an increase in supply
- (1) both equilibrium price and quantity increase.
- (2) equilibrium price decrease and quantity increase.
- (3) equilibrium price increase and quantity decrease or increase.
- (4) equilibrium price increase and quantity decrease.
- (5) equilibrium price decrease and quantity increase, decrease or remain constant.
10. Demand and supply equations with regard to a particular good are given below.
- $$Q_d = 150 - 5P \qquad Q_s = -10 + 3P$$
- Price elasticity of demand and price elasticity of supply of this good at market equilibrium are respectively,
- (1) -1.4 & 1 (2) -1.8 & 1.2 (3) -2.0 & 1.2 (4) -2.0 & 1.5 (5) -5.0 & 2.0
11. Select the correct statement with regard to an inferior good and a Giffen good.
- (1) There is negative relationship exists between price and quantity demanded with regard to both goods.
- (2) The price effect with regard to both goods is positive.
- (3) Income effect of an inferior good is positive and income effect of a Giffen good is negative.
- (4) Negative substitution effect of an inferior good is stronger than the negative substitution effect of a Giffen good.
- (5) All inferior goods are considered as Giffen goods but not all Giffen goods are considered as inferior goods.



14. Following diagram shows a situation of guaranteed price policy.



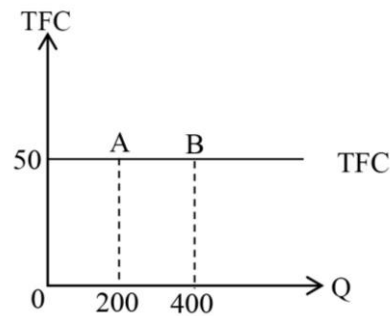
Which area of the diagram shows dead weight loss, social welfare loss and government expenditure when government purchases the surplus product after the guaranteed price policy?

	Dead weight loss	Social welfare loss	Government expenditure
(1)	C H	C H	B C D E H I
(2)	E	E	B I J
(3)	E	C H G F E	C D E F G H
(4)	C H G F E	E	C D E F G H
(5)	E	J G F E	C D E F G H

15. Which of following measure can be implemented by the government in order to increase income of chilly farmers where they gain a surplus of chilly production?

- (1) Releasing of buffer stocks.
- (2) Increase production quota on chilly production
- (3) Removal of the subsidy provided to farmers
- (4) Accumulation of buffer stocks
- (5) Increase of taxes imposed over consumers

16. During short run production the behaviour of total fixed cost (TFC) curve when increasing production from 200 units to 400 units is shown by the diagram below.



Select the correct statement with regard to the expansion of output from 200 to 400 units.

- (1) Although price remains constant total fixed cost increases.
- (2) Total fixed cost increased from Rs.10 000 to Rs.20 000.
- (3) Total fixed cost decreases with increase in output.
- (4) Average fixed cost decrease from 0.25 to 0.125.
- (5) Average fixed cost increase from 4 to 8.

17. A perfectly competitive firm produces 80 units where the firm's average revenue is Rs.30. Average variable cost of producing this level of output is Rs.22 & the total average cost is Rs.60. Select the correct answer relevant to above information.

	Profit or loss in producing 80 units	Total fixed cost when producing 80 units
(1)	A profit of Rs.2400	Rs.3200
(2)	A loss of Rs.2400	Rs.3040
(3)	A loss of Rs.1600	Rs.1600
(4)	A profit of Rs.1600	Rs.3200
(5)	A profit of Rs.3200	Rs.3040

18. Which of the following is correct with regard to earnings of a factor with inelastic supply?

- (1) Total factor earnings consist with transfer earnings.
- (2) Total factor earnings consist with economic rent.
- (3) Transfer earnings is greater than Economic rent.
- (4) Economic rent is greater than transfer earnings.
- (5) Transfer earnings equals to economic rent.



19. Information related to a particular hypothetical economy is given below. (All values in million rupees)

The value of output	8000
Consumption of fixed capital	200
Cost of raw material	700
Wages	600
Rent	700
Interest	300
Profits	800

What is the value of gross value added in this economy based on income source?

- (1) Rs. 7800 million (2) Rs. 2600 million (3) Rs. 2400 million
 (4) Rs. 5600 million (5) Rs. 2200 million

20. When converting the value of gross value added on factor cost price towards gross domestic product at market price the correct adjustment that should be made is,

- (1) Factor cost + Subsidies on product + Taxes on production + Net taxes on goods and services.
 (2) Factor cost - Subsidies on production + Taxes on product - Net taxes on goods and services.
 (3) Factor cost + Net taxes on production + Net taxes on goods.
 (4) Factor cost + Net taxes on production – Taxes on goods – subsidies on goods + Net taxes on consumers and trade margin.
 (5) Factor cost + Subsidies on production + Taxes on production - Net taxes on consumers and trade margin.

21. Information with related to a hypothetical economy is given below. (All values in million rupees)

Net operating surplus	1000
Compensation of employees	800
Net taxes on goods and services	200
Other taxes on production	600
Other subsidies on production	250
Consumption of fixed capital	300
Corporate profits	400

What is the value of gross domestic product at market price?

- (1) 2050 (2) 2300 (3) 2150 (4) 2650 (5) 2100



22. Which of the following is not considered when estimating the value of gross domestic product of an economy?

- (1) Caring of sick patient by a nurse (2) Corporate taxes paid by the business sector
 (3) Decorating of a house by a housewife (4) Collecting of honey from the forest
 (5) Residential service of owner occupied house

23. Consumption function of an economy is $C = 200 + 0.8Y_d$ and investment of the economy is Rs.300 million. If Government purchases equals Rs.100 million and autonomous taxes equals R.50 million. what would be the value of total withdrawals of this economy?

- (1) Rs.450 million (2) Rs.400 million (3) Rs.360 million
 (4) Rs.460 million (5) Rs.280 million

24. Marginal propensity to save of a closed economy is 0.2 and autonomous consumption is Rs.100 million. Investment is Rs.200 million and government purchases is Rs.300 million. Select the correct answer with regard to the given information.

	Equilibrium level of income	Investment expenditure multiplier	Savings at equilibrium
(1)	Rs.4000	5	Rs. 800
(2)	Rs.3500	4	Rs. 2900
(3)	Rs.4500	4	Rs. 1900
(4)	Rs.3000	5	Rs. 500
(5)	Rs.5000	5	Rs. 800

25. Autonomous consumption of a particular economy is Rs.200 million and marginal propensity to save is 0.4. Which of the following answer correctly shows the income level where savings would be zero & the income level where consumption of this economy would be Rs.800 million?

	Income level where savings is zero	Income level where consumption is Rs.800 million
(1)	Rs.800 million	Rs.500 million
(2)	Rs.500 million	Rs.1000 million
(3)	Rs.500 million	Rs.800 million
(4)	Rs.1000 million	Rs.600 million
(5)	Rs.200 million	Rs.800 million



26. Which of the following statement best describes the concept of near money?

- (1) Less liquid assets which act as temporary medium of exchange are called near money.
- (2) Assets which perform the function of store of value without performing the function of medium of exchange.
- (3) Highly liquid assets which act as a differed payment.
- (4) Assets which perform the function of medium of exchange without performing the function of store of value.
- (5) Assets which perform the function of medium of exchange without performing the function of measure of value.

27. Nominal GDP of an economy is Rs.2000 billion and the price level of the economy is 20. If velocity of circulation of money equals 50, what would be the value of money stock of this economy?

- (1) Rs.60 billion
- (2) Rs.100 billion
- (3) Rs.40 billion
- (4) Rs.80 billion
- (5) Rs.120 billion

28. Which of the following indicates reasons for demand pull inflation and cost push inflation respectively?

- (1) Economic recession & increase in fuel price
- (2) Increase in consumption expenditure & increase in production
- (3) Increase in aggregate demand & increase in money supply
- (4) Increase in money supply & increase in wages
- (5) Increase in aggregate demand & increase in wages

29. Consolidated balance sheet of a particular banking system of an economy is given below. In this economy the amount of currency held by the public is Rs.1500 billion. Banking system does not hold any excess reserves.

Liabilities	Rs.in billion	Assets	Rs.in billion
Deposits	1,000	Reserves	200
		Loans	800
Total liabilities	1,000	Total assets	1,000



If statutory reserve ratio of this economy increased to 25%,

	New deposits in Rs.billion	New loans in Rs.billion	New money supply in Rs.billion
(1)	1800	1200	700
(2)	800	600	1700
(3)	1000	600	2000
(4)	2000	800	2800
(5)	800	1000	2300

30. Which of the following best describes monetary policy and states a monetary policy instrument?

	Definition	Instrument
(1)	Maintaining of financial system stability	Money supply
(2)	Controlling and regulating of financial institutions	Bank interest rate
(3)	Maintaining of liquidity and profitability	Open market operations
(4)	Managing of money supply and interest rate to achieve price stability	Policy interest rate
(5)	Managing of taxes, government expenditures & public debt to achieve macroeconomic objectives	Government taxation

31. Which of the following good has the characteristics of non rivalry and non excludability?

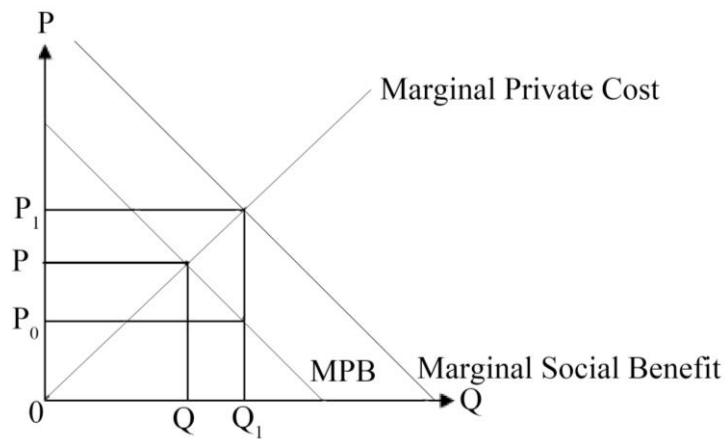
- (1) Electronic equipment (2) Light house (3) Fisheries
 (4) Expressways (5) Education

32. Select the correct statement with regard to a progressive tax.

- (1) Marginal rate of taxation equals average rate of taxation with increase in tax base.
 (2) Marginal rate of taxation remains fixed with increase in tax base and remains at a higher level.
 (3) Marginal rate of taxation and average rate of taxation both increase with increase in tax base.
 (4) Marginal rate of taxation and average rate of taxation remain unchanged with increase in tax base.
 (5) Average rate of taxation exceeds marginal rate of taxation with increase in tax base.



33. Following diagram shows a situation of an externality.



Select the correct answer.

	Type of externality	Market output level	Change in market output
(1)	Positive externality in consumption	Under consumption	Should expand
(2)	Negative externality in consumption	Over production	Should contract
(3)	Negative externality in production	Optimal production	Should remain unchanged
(4)	Negative externality in production	Inefficient production	Should contract
(5)	Positive externality in consumption	Over consumption	Should expand

34. Which of the following shows the value of total government expenditures & net lending as a percentage of gross domestic product during the year 2020?

- (1) 18.2 (2) 19.4 (3) 22.5 (4) 17.3 (5) 20.3

35. Fiscal information with regard to a particular economy is given below. (All values in million rupees)

Government revenue	4000
Total government expenditures	6200
Grants	500
Recurrent expenditures	2700
Current transfers	500
Domestic non bank financing	200
Foreign debt	900
Expenditure on goods and services	1000



Select the correct answer using above information.

	Overall budget deficit	Current account balance	Interest payment	Inflationary effect
1.	1200	1800	2000	900
2.	1700	1300	1200	600
3.	2700	1500	1000	600
4.	1800	800	1300	900
5.	1700	1000	800	600

36. Which of the following is a source of comparative advantage?

- (1) Change in technology (2) Diseconomies of scale (3) Similarity in taste
 (4) Low cost of production (5) Non product differentiation

37. The output of tea and rice generated by one laborer by the countries of Sri Lanka and India are given below.

Good	Sri Lanka	India
Tea	4	6
Rice	3	4

For a beneficial trade between countries what would be the rate of exchange of tea?

- (1) 1 unit of tea = 0.50 units of rice (2) 1 unit of tea = 1.40 units of rice
 (3) 1 unit of tea = 0.66 units of rice (4) 1 unit of tea = 0.60 units of rice
 (5) 1 unit of tea = 0.70 units of rice

38. Information relating to terms of trade of a country is given below.

Year	Exchange rate	Export volume index	Import price index	Balance of trade
1	120	120	100	50
2	120	100	120	100

Select the correct statement with regard to above information.

- (1) Balance of trade reached a surplus due to the improvement in import price index.
 (2) Created favorable balance of trade situation due to exchange rate stability.
 (3) Created favorable balance of trade situation although there was a deterioration in terms of trade.
 (4) Created favorable balance of trade situation due to depreciation of exchange rate than the terms of trade.
 (5) Created favorable balance of trade situation due to increase in both export volume index and export price index.



39. How would direct investment income receipt of Rs.100 million be recorded in the balance of payments in Sri Lanka according to the principle of double entry system?

- (1) Credit item to the other investment of financial account & debit item to the reserve assets of financial account.
- (2) Credit item to the primary income account & debit item to the currency and deposits of other investment of financial account.
- (3) Credit item to the direct investment of financial account & debit item to the reserve assets of financial account.
- (4) Credit item to the current account & debit item to the capital account.
- (5) Debit item to the services account & credit item to the financial account.

40. What is meant by balance of payments deficit?

- (1). Decrease in the value of net foreign reserves compared to the previous year.
- (2). Zero value of trade balance.
- (3). Decrease in the value of exports than imports.
- (4). Balance of current and capital account being equals to the value of financial account.
- (5). Increase in the value of net foreign reserves during the considering year.

41. Foreign exchange rate of Sri Lanka is Rs.1 = \$1/350. If external value of domestic currency devaluated by 20% the price of one dollar is,

- | | | |
|-------------------|------------------------|-------------------|
| (1) \$ 1 = Rs.350 | (2) \$ 1 = Rs.0.002857 | (3) \$ 1 = Rs.291 |
| (4) \$ 1 = Rs.420 | (5) \$ 1 = Rs.437 | |

42. Price of pair of slippers sell at the domestic market is Rs.800. In producing this pair of slippers the domestic producer uses Rs.300 worth of imported inputs. Price of a similar imported pair of slippers is also Rs.800. If government imposes 20% tariff on final product and imposes 10% tariff on imported inputs the effective rate of protection is,

- | | | | | |
|---------|---------|---------|---------|---------|
| (1) 10% | (2) 20% | (3) 26% | (4) 30% | (5) 32% |
|---------|---------|---------|---------|---------|

43. Which of the following is a feature of economic development?

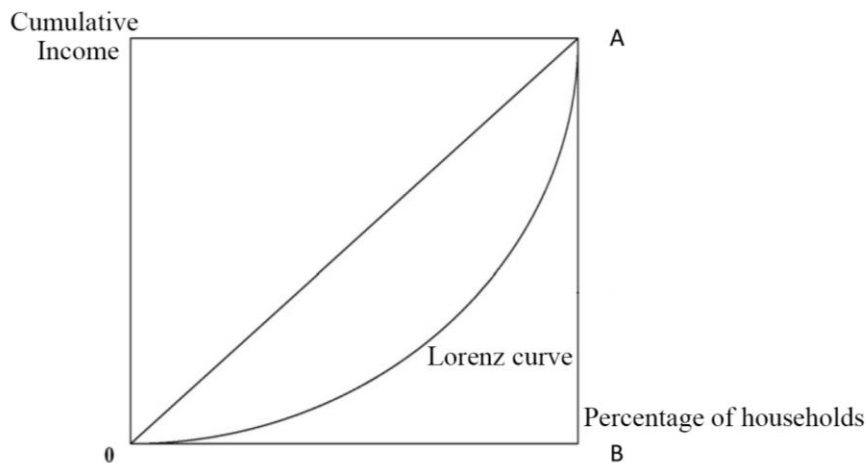
- (1) Increase in the contribution of agricultural sector towards GDP.
- (2) Improvement in production techniques & skills.
- (3) Increase in primary goods exports.
- (4) Rapid increase in utilization of natural resources.
- (5) Increase in subsidies provided to consumers.



44. What was the value of Human Development index & the rank of Sri Lanka in the year 2020?

	Rank	Index value
1.	56	0.789
2.	64	0.785
3.	72	0.782
4.	79	0.793
5.	82	0.797

45. Lorenz curve with related to a particular economy is given below.



Select the correct answer with regard to the Lorenz curve.

	Lorenz curve	Gini coefficient	Income inequality
(1).	When moves away from equal income line	Decrease	Decrease
(2).	When moves towards equal income line	Increase	Increase
(3).	When lies on the equal income line	Zero	Is maximum
(4).	When lies on the equal income line	Zero	Is zero
(5).	When lies on OAB triangle	Equals to one	Is minimum

46. The unemployment situation occurs when people move between jobs is

- (1) Cyclical unemployment (2) Seasonal unemployment (3) Hidden unemployment
 (4) Frictional unemployment (5) Structural unemployment

47. Which of the following is not a Sustainable Development Goal?

- (1) No poverty (2) Clean water and sanitation (3) Good health & well being
 (4) Zero hunger (5) Affordable fossil fuel



48. Population data with regard to a particular hypothetical economy is given below.

Total population	Working age population	Employed population	Unemployed population
70 million	50 million	15 million	05 million

Labour force participation rate and unemployment rate of this economy are respectively,

- (1) 25% & 20% (2) 30% & 25% (3) 40% & 25%
 (3) 50% & 40% (5) 60% & 50%

49. Select the correct answer with regard to the index values relevant to Sri Lanka following year 2020.

	Global competitiveness index	Ease of doing business index	Corruption index
(1).	68	108	95
(2).	84	99	94
(3).	85	111	91
(4).	87	104	89
(5).	84	100	93

50. Sri Lanka obtained its last loan from International Monetary fund under the credit facility of

- (1) Standby arrangement (2) Extended credit facility (3) Extended fund facility
 (4) Standby credit facility (5) Flexible credit line





G.C.E. Advanced Level
Economics II



Mock Test for General Certificate of Education Advanced Level Examination

Economics II

Time Duration: Three hours

Instructions

Admission No :

- ❖ Answer five questions only, selecting minimum of two questions from sub section A and two questions from sub section B.

Sub Section A

1. (i) How you classify natural resources in Economics? Explain with examples. (4 m)
- (ii) “Choice arises with scarcity & when making a choice it incurs an opportunity cost”. Confirm this statement with the use of a production possibility curve? (4 m)
- (iii) Define human capital and state the ways to improve human capital. (4 m)
- (iv) What is meant by an economic system? What criteria is used to classify economic systems? (4 m)
- (v) A particular economy operates on the point of a production possibility curve. Do you think it achieves economic efficiency? Explain your answer. (4 m)

2. (i) Define the law of demand. What factors kept constant in defining law of demand? (4 m)
- (ii) Define inelastic supply and explain it with the use of an appropriate diagram. (4 m)
- (iii) Coefficient values of price elasticity of demand for rice and computer are as follows.

$$\text{Rice} = -0.25 \qquad \qquad \qquad \text{Computer} = -2.25$$

With an expectation of increasing producer revenue, producers of above goods decided to increase the price of them. Would producers succeed or not? Explain the reasons for your answer. (4 m)



- (iv) Demand and supply information with regard to a particular good is shown by the schedule below.

Price in Rs.	Quantity demanded	Quantity supplied
2	44	-6
10	12	42

Using above information estimate the following.

- a. Equilibrium price & quantity.
 - b. Price elasticity of demand & price elasticity of supply at equilibrium.
- (v) Ceylon petroleum corporation of Sri Lanka decided to reduce the fuel prices, following the fuel price reduction at the world market. However, government decided to continue import control over vehicles. Explain with the use of an appropriate diagram how these economic incidents affect over fuel market in Sri Lanka. (4 m)
3. (i) Sri Lankan government recently decreed a maximum price policy for eggs. What are the economic consequences of this policy? (3 m)
- (ii) Explain with the use of an appropriate diagram how tax burden is distributed between consumer and producer when a tax is imposed over a product with elastic supply & inelastic demand. (4 m)
- (iii) Demand & supply equations with regard to paddy are given below.
- $$QD = 250 - 2P$$
- $$QS = -60 + 3P$$
- a. Estimate the values of market equilibrium price & quantity. (2 m)
 - b. If government decided a guaranteed price of Rs.80 for paddy to encourage paddy production estimate the cost to the government at the situations where government purchase excess supply & follow deficiency payment system. (4 m)
 - c. Estimate the values of social welfare loss (SWL) & dead weight loss (DWL) at the situation where government purchase excess supply. (4 m)
- (iv) Explain accumulation & release of buffer stocks by the government to maintain price stability of agricultural goods with the use of an appropriate diagram. (3 m)

4. (i) Define production function & show short run & long run production functions with notations. (4 m)
- (ii) Explain the relationship between short run product curves & short run cost curves with the use of an appropriate diagram. (4 m)
- (iii) Provide reasons for increasing returns to scale & economies of scale separately. (4 m)
- (iv) What similarities are there between perfect competition & monopolistic competition. (4 m)
- (v) Explain with the use of an appropriate diagram the way that production firm act to maximize its profits by expanding output from an output level where marginal cost (MC) is less than marginal revenue (MR) towards an optimum output level. (4 m)

5. (i) Define gross domestic capital formation & state its components. (4 m)
- (ii) Some data related to national accounts of a country is given below. (All values in billion rupees)

Exports	300
Imports	200
Net secondary income from ROW	250
Household final consumption expenditure	500
Net primary income from ROW	150
Collective government consumption	400
Domestic savings	800
Individual government consumption	350

Using above information estimate the following.

- a. Gross Domestic Expenditure
- b. Gross Domestic Product
- c. Disposable Gross National Income
- d. National savings
- (iii) Explain the determination of macroeconomic equilibrium of a closed economy using withdrawals injections approach by a diagram. (4 m)
- (iv) Distinguish between following concepts.
- a. Autonomous consumption & induced consumption (2 m)
- b. Marginal propensity to save & average propensity to save (2 m)
- (v) Marginal propensity to consume of a particular economy is 0.8. If government purchases & taxes of this economy increased by Rs.100 million, explain how it affects over macroeconomic equilibrium of the economy. (4 m)

Sub Section B

6. (i) What are the components of consolidated broad money supply? (4 m)
- (ii) Sri Lanka recently faced hyper inflationary situation. What are the economic consequences of this type of inflation? (4 m)
- (iii) What factors determine money demand of an economy? (4 m)
- (iv) Demand deposits held by a commercial bank which operates within a banking system is Rs.2000 million. Statutory reserve ratio of the economy is 10%. The bank has lent Rs.1500 million.
- a. What would be the values of required reserves & excess reserves of this economy? (2 m)
- b. If the bank uses all its excess reserves for lending what would be the total amount of bank loans that can be lent by the banking system? (2 m)
- (v) Define financial market & classify. (4 m)
7. (i) “World Health Organization has emphasized the importance of vaccination against covid 19 pandemic. Following this majority of population in the world got vaccinated.” What kind of externality is depicted by this statement? Explain with the use of an appropriate diagram how resource allocation become inefficient in this situation. (4 m)
- (ii) Define public goods and common resources. (4 m)
- (iii) State 4 principles of taxation. (4 m)
- (iv) Government of Sri Lanka uses the concept of public private partnership to improve efficiency of public sector. Define the concept of public private partnership & state benefits of this concept with examples. (4 m)
- (v) What are the economic consequences of increased amount of government recurrent expenditures? (4 m)
8. (i) Cost information related to the production of two goods by Sri Lanka & India is given by the schedule below. Assume each country has 200 labour units.

Good	Sri Lanka	China
Tea (Kg)	2	4
Rice (Kg)	4	2

- a. Draw production possibility curve for each country. (2 m)

- b. If Sri Lanka enters into international trade what would be the mutual beneficial exchange rate relevant for Sri Lanka.
(2 m)
- (ii) What are the reasons for long term current account deficit in Sri Lanka? (4 m)
- (iii) Explain with the use of an appropriate diagram how floating exchange rate act as an automatic correction mechanism of balance of payments deficit. (4 m)
- (iv) Show how following transactions are recorded in balance of payments of Sri Lanka following double entry principle.
- Importing of Rs.100 billion worth of non monetary gold by a Sri Lankan businessman.
 - Payment of Rs.150 billion for a Japanese company for the construction work of central expressway.
 - Sending of Indian Rs.5000 by a Sri Lankan doctor who went for a 6 months medical training in India.
 - Providing of a loan worth of Rs.400 billion to Sri Lanka by the International Monetary Fund.
- (v) Exports are a very important tool towards a country's economic growth. In this regard what steps can be taken to improve exports in Sri Lanka. (4 m)
9. (i) What approaches can be followed by the Sri Lankan government to achieve high rate of economic growth? (5 m)
- (ii) State 5 major areas of Sustainable Development Goals (SDGs). (5 m)
- (iii) The value of poverty headcount index in Sri Lanka during 2019 was 14.3. However, the value recorded as 6.0 in the urban sector compared to the value of 15.0 recorded in the rural sector. Explain reasons for this difference of poverty headcount index. (5 m)
- (iv) Define under employment & explain the forms of underemployment. (5 m)
10. (i) What you suggest to increase foreign investment in Sri Lanka? (5 m)
- (ii) What obstacles are there for the tourism industry in Sri Lanka? (5 m)
- (iii) The trend of work from home emerged after covid 19 pandemic. What are the economic consequences of this? (5 m)
- (iv) As a low income earned country what approaches can be implemented by Sri Lanka in order to enhance food security within the country? (5 m)