



G.C.E. Advanced Level
Economics I



Channel NIE®  

Mock Test for General Certificate of Education Advanced Level Examination

Economics I

**Marking Scheme
Paper I**

Question	Answer
01	2
02	4
03	4
04	5
05	1
06	5
07	2
08	3
09	5
10	3
11	4
12	2
13	4
14	3
15	4
16	4
17	2
18	4
19	2
20	4
21	4

22	3
23	2
24	4
25	2
26	2
27	3
28	5
29	2
30	4
31	2
32	3
33	1
34	5
35	2
36	1
37	5
38	3
39	2
40	1
41	4
42	3
43	2

44	3
45	4
46	4
47	5
48	3
49	2
50	4





G.C.E. Advanced Level
Economics II



Channel NIE®  

Mock Test for General Certificate of Education Advanced Level Examination

Economics II

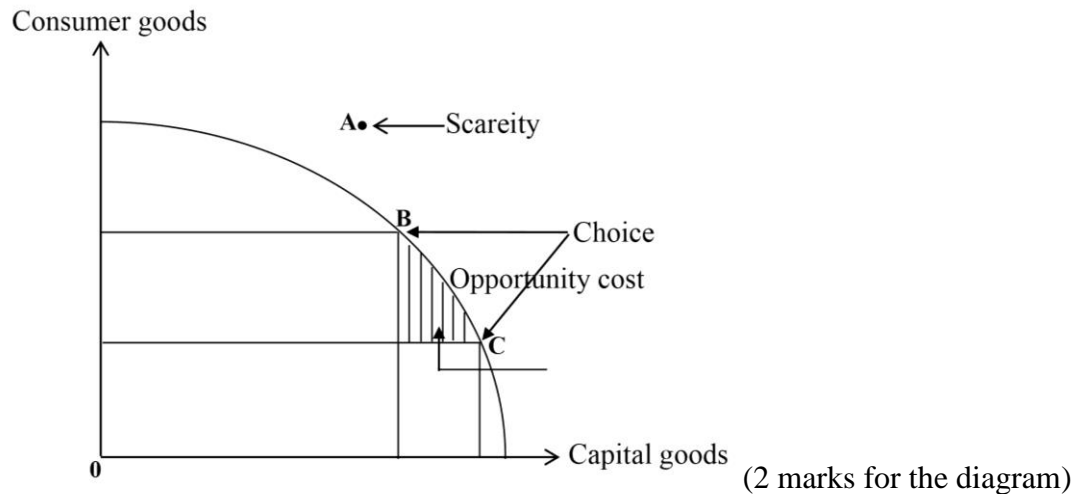
Time Duration: Three hours

**Marking Scheme
Paper II**

- 1). i. Natural resources are classified in Economics as,
1. Renewable resources
 2. Non renewable resources
 - Renewable resources are the resources which do not deplete with consumption & they are generated by the nature again & again. The rate of production of these resources are faster than the rate of consumption. (1 mark)
Examples: Fisheries & forestry (1 mark)
 - Non renewable resources are the resources which deplete with consumption & they are not generated by the nature again & again. The rate of consumption of these resources are faster than the rate of production. (1 mark)
Examples: Crude oil, coal, natural gas, diamond (1 mark)
- ii. - Limitedness of resources of an economy compared to unlimited wants of human is considered as scarcity.
- A production possibility curve shows output combinations which can be produced by utilizing all production resources fully & efficiently.
 - In contrast, scarcity is shown by an unattainable point which is beyond production possibility curve. Therefore, scarcity is shown by a point which is right to the production possibility curve. Point A in the diagram shows scarcity.
 - Scarce resources have alternative uses. At a time, resource can be used for one particular use. This selection from alternative uses is considered as choice.
 - A point on the production possibility curve shows choice & choice is shown by the points of B & C in the diagram. (1 mark)



- When selecting one alternative other alternatives have to be forgone. The value of the next best alternative forgone is called opportunity cost.
- When moving along the curve from point B to C the production of capital goods increased by forgoing consumer goods. It incurs opportunity cost. It is shown in the diagram by the shaded area. (1 mark)



- iii. Human capital refers to improved labour which deemed valuable to the manufacturing process & which helps employ a person in a particular profession in a productive manner by improving knowledge, skills, expertise & personality traits through education, training & experience. (1 mark)

Approaches that can be followed in improving human capital:

- Providing of better education & training
- Improving health & nutrition
- Introducing of new technology
- Improvement of physical capital
- Providing of incentives
- Maintenance of better employer – employee relation

(3 marks for any 3 factors)

- iv. Mechanism or the institutional framework made by people who live within a society to solve basic economic problems is called as an economic system. (1 mark)

Criteria used to classify economic systems are

1. Decision co - ordination mechanism



2. Ownership of property
3. Nature of incentives
4. Income redistribution & social protection networks
5. Political & economic ideologies (3 mark)

v. Efficient utilization of resources to fulfil wants of people of an economy is identified as economic efficiency. Two conditions should be fulfilled in achieving economic efficiency.

1. Allocative efficiency
2. Productive efficiency (1 mark)

- Productive efficiency refers to achieving of maximum output from the inputs of an economy. Two main conditions should be fulfilled in achieving productive efficiency.

They are,

1. Full employment
2. Full production.

- Operating at any point on the production possibility curve indicates productive efficiency. (1 mark)

- Allocative efficiency refers to the use of scarce resources of an economy to produce the output level most preferred by the society.

- When achieving allocative efficiency Price = Marginal cost ($P=MC$) or Marginal Cost = Marginal Benefit ($MC=MB$). (1 mark)

- Although, the economy operates on the curve sometimes it may not be the output level preferred by the society.

- As a result it cannot be concluded that the economy has achieved economic efficiency only by operating at a point on the curve.

- Because, to achieve allocative efficiency all 3 conditions of full employment, full production & $MC = MB$ should be fulfilled.

- The point on the Production Possibility Frontier which fulfil all 3 conditions depicts economic efficiency. (1 mark)

2) i. At a certain period of time, when other factors affecting demand remain constant the inverse relationship exists between price and the quantity demand of considering good is called the law of demand. (1 mark)

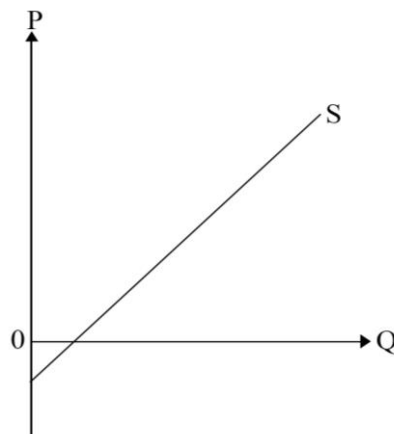
Factors which held constant in deriving the law of demand are,



- Price of the related goods (P_n)
- Consumer Income (Y)
- Consumer Taste (T)
- Future expectations (Ex)
- Number of buyers (N)
- Other factors (O)

(For any 3 factors 3 marks)

- ii. - When other factors remain constant if the percentage change in quantity supplied of the concerned good is less than the percentage change in price it is called inelastic supply. In other words, quantity supplied is less responsive to price change. (2 marks)
- When supply is inelastic the supply curve slopes upwards through the quantity axis. (1 mark)



(For the diagram 1 mark)

- iii. - Rice has inelastic demand & computer has elastic demand. (1 mark)
- If producers increase price with an intention of increasing producer revenue, the decision would be successful only with regard to increase in price of rice. (1 mark)
- Because, as rice has inelastic demand when price increase producer revenue also increases. (1 mark)
- When price of computer increases the producer revenue decrease as it has elastic demand. (1 mark)

iv. Demand equation $Q_d = 52 - 4p$
 Supply equation $Q_s = 18 + 6p$

a. $Q_d = Q_s$



$$52 - 4p = -18 + 6p$$

$$52 + 18 = 6p + 4p$$

$$70 = 10p$$

$$70/10 = P$$

$$\underline{\underline{7 = P}}$$

$$\begin{aligned} Q_d &= 52 - 4p \\ &= 52 - 4 \times 7 \\ &= 52 - 28 \\ &= \underline{\underline{24}} \end{aligned}$$

$$\begin{aligned} Q_s &= -18 + 6p \\ &= -18 + 6 \times 7 \\ &= -18 + 42 \\ &= 24 \end{aligned}$$

Equilibrium price Rs.7 (1 mark)

Equilibrium quantity 24 units. (1 mark)

b. Price elasticity of demand at equilibrium

$$\begin{aligned} E_d &= -b \times P/Q \\ &= -4 \times 7/24 \\ &= \underline{\underline{-1.166}} \text{ (1 mark)} \end{aligned}$$

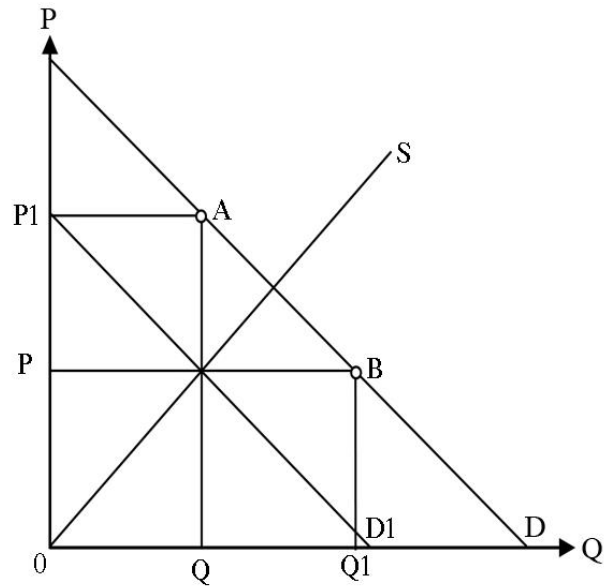
Price elasticity of supply at equilibrium

$$\begin{aligned} E_s &= b \times P/Q \\ &= 6 \times 7/24 \\ &= \underline{\underline{1.75}} \text{ (1 mark)} \end{aligned}$$

- v. - When price of fuel decrease the quantity demanded would increase. It is a movement from A to B along the demand curve.
- Vehicles & fuel are considered as complements.
 - Therefore, when government impose control over vehicle imports the demand for fuel decrease from D to D1 keeping the supply constant. (When price of a related good change it affects for change in demand)
 - As a result, market output decrease from Q to Q1.

(2 marks for the correct explanation)





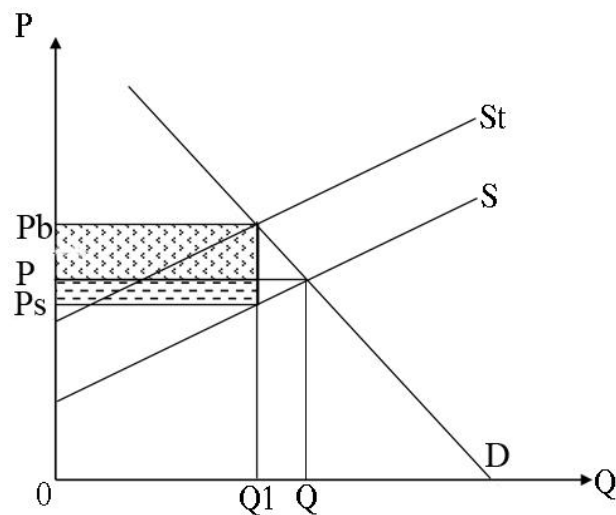
(2 marks for the diagram)

3) i. Economic consequences of deciding maximum price for eggs:

- Shortage of production create at the market due to excess demand.
- Sellers tend to sell the product at black market price.
- Decrease in investments related to eggs production.
- Decrease in consumer & producer surplus.
- Incurring of dead weight loss

(3 marks)

ii.



(2 marks for the diagram)

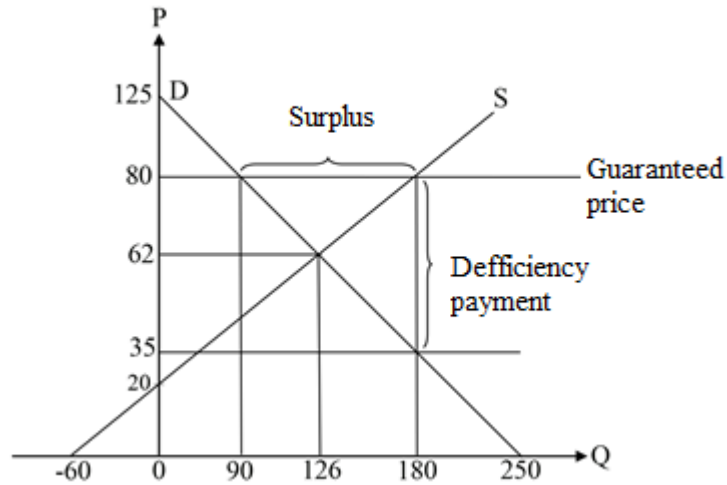
Consumer borne more tax burden than the producer.

(2 marks)



$$\begin{aligned}
 \text{iii. (a)} \quad QD &= QS & QD &= 250 - 2 \times 62 \\
 250 - 2p &= -60 + 3p & &= 250 - 124 \\
 -2P - 3P &= -60 - 250 & \text{Equilibrium quantity} &= 126 & (1 \text{ mark}) \\
 -5P/5 &= -310/5
 \end{aligned}$$

Equilibrium price = 62 (1 mark)



$$\begin{aligned}
 QD &= 250 - 2 \times 80 & QS &= -60 + 3 \times 80 \\
 &= 250 - 160 & &= -60 + 240 \\
 &= 90 & &= 180
 \end{aligned}$$

$$\begin{aligned}
 QD &= 250 - 2P \\
 180 &= 250 - 2P \\
 2P &= 250 - 180 \\
 2P/2 &= 70/2 \\
 P &= \underline{35}
 \end{aligned}$$

(b)

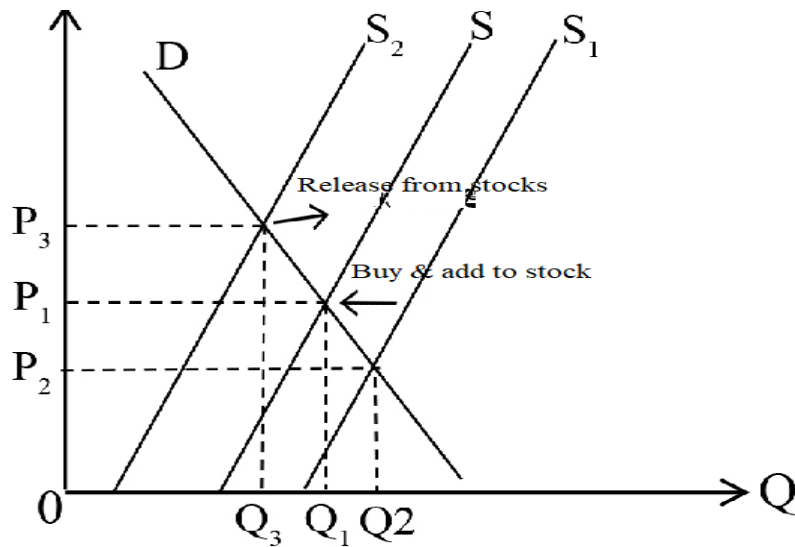
$$\begin{aligned}
 \text{❖ Cost to the government} &= \text{Guaranteed price} \times \text{Quantity purchased} \\
 \text{when purchasing excess supply} & \\
 &= 80 \times 90 \\
 &= \underline{7,200} & (2 \text{ marks})
 \end{aligned}$$



$$\begin{aligned}
\text{❖ Cost to the government for deficiency payment} &= \text{Price support} \times \text{Quantity} \\
&= (80 - 35) \times 180 \\
&= \underline{8,100} \qquad (2 \text{ marks})
\end{aligned}$$

$$\begin{aligned}
\text{(c) SWL when purchasing the surplus} &= 7200 - 810 = 6390 \qquad (2 \text{ marks}) \\
\text{DWL when purchasing the surplus} &= (80-35) (180 -126) \times \frac{1}{2} \\
&= 45 \times 54 \times \frac{1}{2} \\
&= 1215
\end{aligned}$$

iv.



(Correct diagram 1 mark)

- Agricultural products have inelastic demand & inelastic supply.
- As a result, it can be seen frequent fluctuations in the prices of agricultural goods.
- During some periods supply of agricultural goods increase decreasing the price of the good from P1 to P2. (When demand remains constant, as a result of increase in supply price decreases)
- At a time like this government purchase the surplus product from Q1 to Q2 & add to stocks to stabilize the price.
- During some other periods when supply of agricultural goods decrease price tend to increase from P1 to P3.
- At this time government release their stocks in order to stabilize the price.



- However, if government does not have clear understanding about the quantity it needs to purchase & the quantity it needs to release market price would tend to fluctuate frequently without stabilizing. (Explanation 2 marks)

4) i. - The technical relationship between inputs and outputs of a production firm is called a production function. (2 marks)

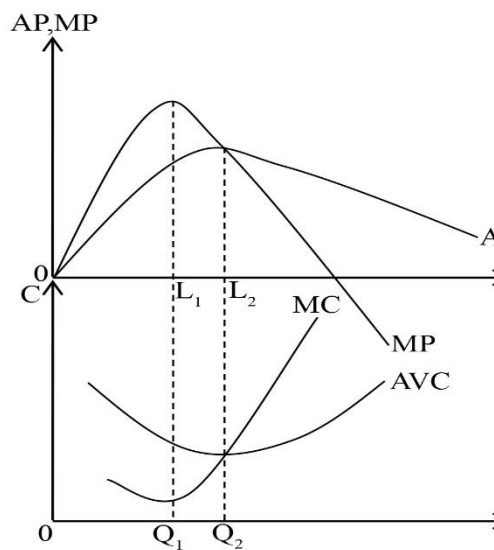
- Remaining technology and capacity of production firm constant the technical relationship between input and output following a change in variable inputs is called a short run production function.

$$Q = f(L_1, L_2, L_3 \dots \dots L_n, K) \quad (1 \text{ mark})$$

- The relationship between inputs and outputs of a production firm following a change in all relevant inputs is called a long run production function. In the long run as all inputs become variable the production function can be shown as,

$$Q = f(L_1, L_2, L_3 \dots \dots L_n, K_1, K_2, K_3 \dots \dots K_n) \quad (1 \text{ mark})$$

ii.



(For the diagram 2 marks)

During short run when engage in production increasing variable inputs to a given amount of fixed inputs the rate of increase in marginal product is higher than the rate of increase in average product. Meanwhile, the rate of decrease in marginal cost is higher than the rate of decrease in average variable cost due to increasing returns.



When average product is at maximum marginal product curve move downwards through the maximum point of average product. Following this marginal cost curve slopes upwards through the minimum point of average variable cost curve.

Due to the law of diminishing marginal returns product curves takes a U shape & cost curves are a mirror image of product curves. (For explanation 2 marks)

iii. Factors affecting increasing returns to scale:

1. Indivisibility of production factors
2. Specialization through division of labour
3. Use of machinery
4. Existence of one time cost (Cost on reserch & Development) (2 marks)

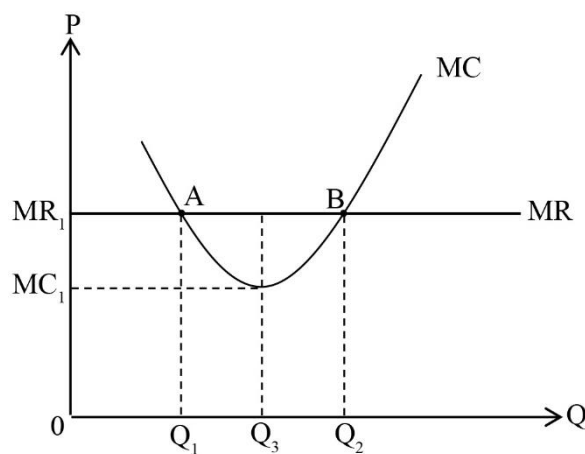
Factros affecting economies of scale:

1. Technological efficiencies
2. Managerial efficiencies
3. Marketing efficiencies
4. Financial efficiencies
5. Risk bearing efficiencies (2 marks)

iv. Similarities between perfect competition & monopolistic competition:

- Free entry & exit
 - Large number of production firms
 - Earning of normal profits during long run
- (For any one factor 2 marks: 2 x 2 = 4 marks)

v.



(For the diagram 2 marks)



The condition which determines optimum output level of a production firm is $MR = MC$. Although this condition is fulfilled at output levels of Q1 & Q2. The firm's optimum output level is determined at Q2. Because, at the output levels between Q1 to Q3 firm can expand their profits. From points A to B $MR > MB$. Thus, when expanding output from Q1 to Q3 profits are added & it would be maximized at output level Q2.

(Explanation 2 marks)

- 5) i. Gross domestic capital formation refers to the stock of long term capital added to the existing stock of capital. (1 mark)

Components of Gross domestic capital formation are

- Gross domestic fixed capital formation
- Change in inventories
- Acquisition less disposal of valuables (Changes occur due to purchasing and selling of valuables such as gold, silver, pearl, gems, antiques, sculptures etc.) (3 marks)

ii. (a) Gross Domestic Expenditure = $C + I + G$
 = $500 + 700 + 750$
 = 1950

(b) Gross Domestic Product = $GDE + \text{Net exports}$
 = $1950 + 100$
 = 2050

(c) Disposable GNI = $GDP + \text{NPIROW} + \text{NSIROW}$
 = $2050 + 150 + 250$
 = 2450

(d) National savings = $\text{Domestic savings} + \text{NPIROW} + \text{NSIROW}$
 = $800 + 150 + 250$
 = 1200 (Marks 1 x 4 = 4 marks)

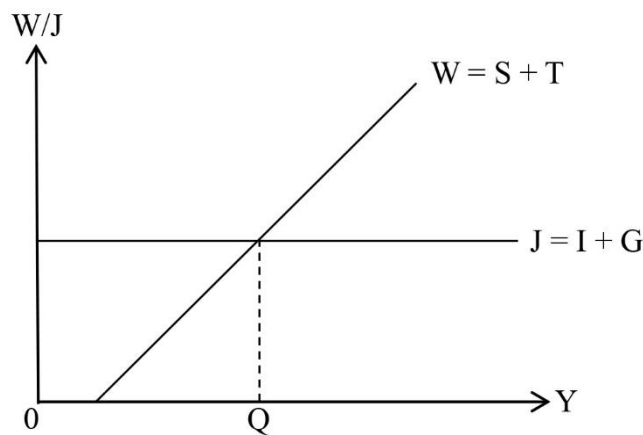
- iii. Withdrawals are the outflows from a circular flow of income of an economy. In a closed economy with government activities the 2 types of withdrawals are the taxes & savings.



Injections are the inflows to circular flow of income of an economy. In a closed economy with government activities the 2 types of injections are investment & government purchases.

At macroeconomic equilibrium injections are equal to withdrawals. In the following diagram the equilibrium level of output where $W = J$ is shown by Q .

(For explanation 2 marks)



(For diagram 2 marks)

iv.

Autonomus consumption	Induced consumption
<ul style="list-style-type: none"> • Consumption expenditure free from income. • At the presence of autonomous consumption savings are negative. • Depicts by the intercept of the consumption function. (a) 	<ul style="list-style-type: none"> • Consumption expenditure vary with income. • At the presence of induced consumption savings are positive. • Depicts by the value obtained after multiplying marginal propensity to consume from the disposable income. (bYd)

(For any two differences 2 marks)



Marginal propensity to save	Average propensity to save
<ul style="list-style-type: none"> • It is the ratio of change in the savings relative to change of the disposable income. • It measures how quantity of savings change following change in income by one unit. • $MPS = \Delta S / \Delta Y_d$ 	<ul style="list-style-type: none"> • The ratio between the total savings and total income is the average propensity to save. • The proportion of disposable income saved is explained by the average propensity to save. • $APS = S / Y_d$

(For any two differences 2 marks)

$$\begin{aligned}
 \text{v. } \Delta y &= KG \times \Delta G + KT \times \Delta T \\
 &= \frac{1}{1-b} \times 100 + \frac{-b}{1-b} \times 100 \\
 &= \frac{1}{0.2} \times 100 + \frac{-0.8}{0.2} \times 100 \\
 &= 500 + (400) \\
 &= 100
 \end{aligned}$$

(For calculation 2 marks)

According to above calculation it is clear that when increasing government purchases by Rs.100 million the equilibrium income increase by Rs.500 million. It is five times than the initial government purchase.

However, when taxes increase it reduce equilibrium income by Rs.400 million.

Therefore, the net effect of increase in government purchases & taxes is Rs.100 million

$$(500 - 400 = 100)$$

(For explanation 2 marks)

6) i. The components of consolidated broad money supply are

- Currency held by the public (Cp)
 - Demand deposits held by the public with commercial banks (DDP)
 - Time and savings deposits held by the public with commercial banks (TSDp)
 - 50% of time and saving deposits of non resident foreign currency accounts (TSDNRFC)
 - Time and saving deposits of residents at foreign currency banking units. RDFCBU
- $$M2b = M2 + \text{Adjusted foreign currency deposits}$$



ii. Economic consequences of hyperinflation are

- People begin hoarding goods which create food shortage
- Decrease in real value of money
- Increase in cost of living
- Decrease in savings
- Fixed income earners & borrowers suffer
- Discouraging of long term investments
- Decrease in demand for money
- Increase in demand for real assets

(4 marks for any 4 factors)

iii. Factors determine money demand are

- Real income
- Interest rate
- Future price expectations
- Financial market innovations
- Institutional factors

(4 marks for any 4 factors)

iv. (a)

$$\begin{aligned}\text{Required reserves} &= \text{Deposits} \times \text{SRR} \\ &= 2000 \times \frac{10}{100} \\ &= \underline{200}\end{aligned}$$

(1 mark)

$$\text{Excess reserves} = 500 - 200 = 300$$

(1 mark)

(b)

$$\begin{aligned}\text{Total lending} &= \text{Deposit multiplier} \times \text{excess reserves} \\ &= \frac{1}{10\%} \times 300 \\ &= 300 \times 10 = \underline{3000}\end{aligned}$$

(2 marks)



- v. The market where short term and long term financial assets are exchanged is known as financial market. (1 mark)

Financial market consists of two types.

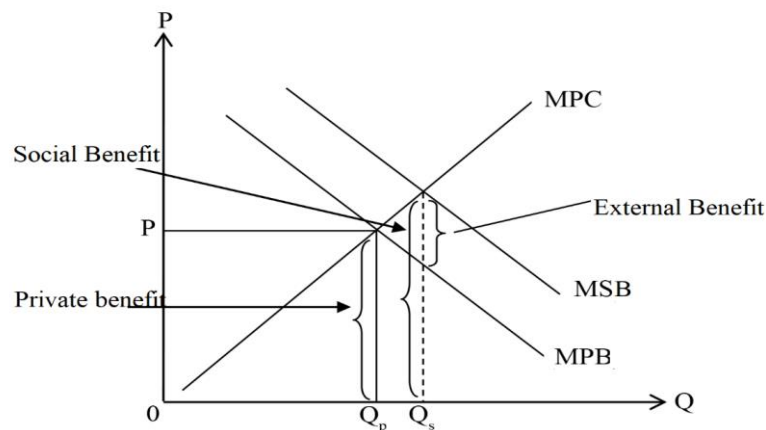
1. Money market

2. Capital market (1 mark)

The market which exchange short term financial assets with a maturity period of less than one year such as treasury bills, commercial papers, and certificates of deposits is known as money market. (1 mark)

The market which exchange long term financial assets with a maturity period of more than one year such as shares, treasury bonds & corporate bonds is known as capital market. (1 mark)

- 7) i. - This statement is with regard to a positive externality in consumption. (1 mark)
- Favorable effect or an advantage cause over an external party who does not directly involves in a particular consumption activity is known as a positive externality of consumption.
 - A positive externality in consumption can be shown with the use of a diagram as below.



(For diagram 2 marks)

- When there is a positive externality in consumption marginal social benefits exceeds marginal private benefits ($MSB > MPB$).
- However, the market consumption remains at Q_p disregarding the positive impact over the society. On the point of view of society consumption should be at Q_s . Therefore, from Q_p to Q_s there is an under consumption. (1 marks for explanation)



- ii. - Good which is non excludable & non rival is identified as public good. (1 mark)
 Examples: Light house, clock tower (1 mark)
- Common resources are goods that are non excludable and rival in consumption. (1 mark)
 Examples: Forests, Fisheries, Grass lands (1 mark)

iii. Principles of taxation

- Economical
- Equity
- Convenience
- Certainty
- Efficiency
- Flexibility (4 marks for any 4 principles)

- iv. Public-private partnerships involve collaboration between a government agency and a private-sector company that can be used to finance, build, and operate projects, such as public transportation networks, parks, and convention centers. Financing a project through a public-private partnership can allow a project to be completed sooner. (1 mark)
- Examples: Norechhole coal power plant, West terminal at Colombo port, Hambantota port, Southern express way (1 mark)

Benefits of Public-private partnerships

- Private-sector technology and innovation can help improve the operational efficiency of providing public services.
- The public sector, for its part, provides incentives for the private sector to deliver projects on time and within budget.
- In addition, creating economic diversification makes the country more competitive in facilitating its infrastructure base and boosting associated construction, equipment, support services, and other businesses. (2 marks for any 2 benefits)



v. Economic consequences of increased amount of government recurrent expenditures are

- Decrease expenditures left for capital formation
- More pressure towards budget & balance of payments
- Public debt management being difficult
- Increase in debt burden of the economy

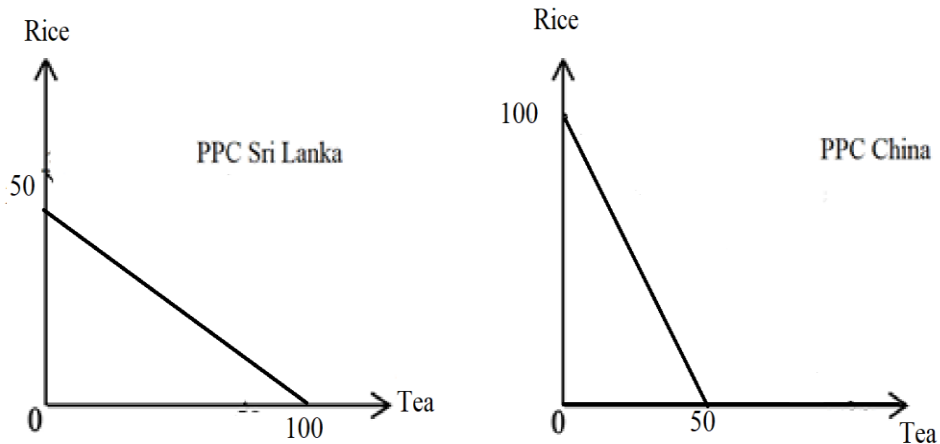
(4 marks)

8) i.

Sri Lanka		China	
• 1 kg of tea	: 2 Labour units	• 1 kg of tea	: 4 Labour units
1 Labour unit	: 1/2 tea	1 Labour unit	= 1/4 tea
1 Labour unit	= <u>0.5 of tea</u>	1 Labour unit	= <u>0.25 of tea</u>
• 1 kg Rice	= 4 Labour units	• 1 kg Rice	= 2 Labour units
1 Labour unit	= 1/4 Rice	1 Labour unit	= 1/2 Rice
1 Labour unit	= <u>0.25 Rice</u>	1 Labour unit	= <u>0.5 Rice</u>

Good	Sri Lanka	China
Tea	$0.5 \times 200 = 100$	$0.25 \times 200 = 50$
Rice	$0.25 \times 200 = 50$	$0.5 \times 200 = 100$

(a)



(2 marks)



(b) Opportunity cost of two countries

Good	Sri Lanka	China
Tea (kg)	$\frac{2}{4} = 0.5$	$\frac{4}{2} = 2$
Rice (kg)	$\frac{4}{2} = 2$	$\frac{2}{4} = 0.5$

Sri Lanka should exchange one unit of tea more than 0.5 units & less than 2 units of rice.

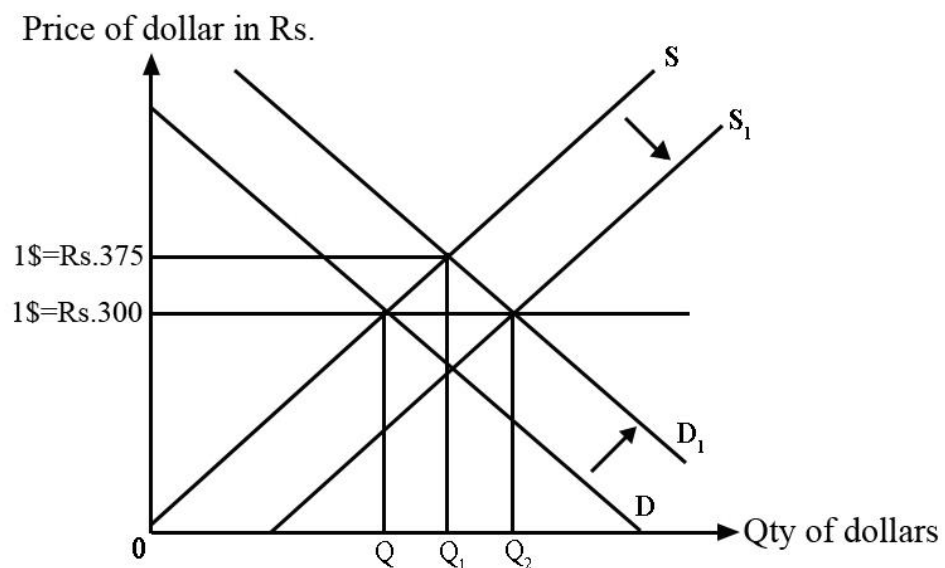
(2 marks)

ii. Reasons for long term current account deficit in Sri Lanka.

- Import expenditure being greater than export earnings.
- Increase in demand for imports due to increase in domestic cost of production.
- Increase in primary income payments to other countries.
- Political instability of the country

(4 marks)

iii. If the country has floating exchange rate system as a result of increase in demand for imports dollar demand increase from D to D₁. When supply of dollars remain constant due to increase in demand for dollars the external value of rupee depreciates. When rupee value depreciates exports are encouraged as a result of exports becoming cheaper. When exports encourage supply of dollars increase from S to S₁. If dollar supply increase by the same amount increase in demand exchange rate would determine at the previous level. (2 marks)



(2 marks for the diagram)



- iv. (a) Debited from the trade account & credited to currency & deposits of other investment in financial account.
- (b) Debited from the service account & credited to currency & deposits of other investment in financial account.
- (c) Credited to primary income account & debited from currency & deposits of other investment in financial account.
- (d) Credited to other investment in financial account & debited from currency & deposits of other investment in financial account. (1 x 4 = 4 marks)

v. Measures to improve exports in Sri Lanka:

- Providing of subsidies to exporters.
- Export diversification.
- Establishing of Export Promotion Zones (EPZs).
- Finding of new export markets.
- Entering into new trade agreements.
- Providing of tax concessions to exporters. (4 marks)

9) i. Approaches to achieve high rate of economic growth

- Achieving of macroeconomic stability
- Development of infrastructure
- Enhance savings & investment rate
- Benefiting from global economy
- Enhance human capital
- Encouraging of foreign direct investments
- Establishing of flexible labour market
- Enhance investment on research & development
- Export diversification
- Public Private Partnership (5 marks)

ii. 5 major areas of Sustainable Development Goals (SDGs) are, 5 Ps

- People
- Planet
- Prosperity
- Peace
- Partnership (5 marks)



iii. It has been observed that over the years the poverty rate is higher in the rural sector than the urban sector. The reasons for this change are,

- Weaknesses in government policies. Policies are made only by considering the need of urban sector neglecting the needs of rural sector.
- Rural sector people depends more on subsidies provided by the government & other non governmental organizations. Because of this dependency mentality people in the rural sector stay without involving in any form of economic activity. This affects their income.
- Politicians provide more of subsidies for the people who live in the rural sector to gain political benefits during short run disregarding long term development projects which help reduce poverty in long run.
- Poor housing conditions, less sanitation facilities, lack of access to education & health in the rural sector also affected to increase poverty.
- Lack of English language skills & lack of job related skills of the people who live in the rural sector made them employed in more of agricultural sector jobs which let them earn an unstable level of income.
- Unnecessary expenses on alcohol consumption, domestic violence & mismanagement of income also affected to increase poverty rate in the rural sector. (5 marks)

vi. When a person's employment is inadequate, in relation to specified norms or alternative employment, account being taken of his occupational skill (training and working experience) is defined as Underemployment. (1 mark)

The two forms of underemployment are,

- Visible under-employment which reflects an insufficiency in the volume of employment. Also this is called time-related underemployment. (2 marks)
- Invisible under-employment Characterized by low income, underutilization of skill, low productivity and other factors.

Example: A graduate work as a conductor (2 marks)

10) i. Suggestions to increase foreign investment in Sri Lanka:

- Enhancing of infrastructure
- Development of new trading policy
- Achieving of political stability
- Improvement of logistics



- Avoiding of policy uncertainty
- Boosting innovation by way of competitive product & financial markets
- Addressing labour market related issues
- Achieving of better positions in the global competitiveness index & economic freedom index
- A simple & effective tax system will increase the country's attractiveness for doing business (5 marks)

ii. Obstacles for the tourism industry in Sri Lanka:

- Fuel crisis & frequent power cuts
- Shortage of imported inputs which essential for hospitality industry due to import control
- Increase in inflation
- Political instability
- Lack of skilled labour in the hospitality industry due to migration of workers
- The country became less attractive to other nations due to increase cost of living
- Insufficiency of infrastructure
- High rate of taxes related to the hospitality industry
- Environmental pollution
- Lack of use of digital technology compared to other countries (5 marks)

iii. Economic consequences of work from home:

Advantages:

- Reduced commuting time & related expenses
- Flexibility in working hours
- Less distractions & better work life balance
- Reduced operational expenses related to utility costs, staff expenses related to overtime & transport allowances.
- Improve employee satisfaction & reduced turnover

Disadvantages:

- Lack of productivity due to absence of time frame
- Lack of incentive to work when involve in household activities
- Lack of improvement of interpersonal skills



- More disturbances from family members
 - Lack of facilities available to perform official tasks (Internet, Electronic equipment)
- (5 marks)

iv. Approaches implemented by Sri Lanka in order to enhance food security within the country:

- Improvement of the productivity of agricultural sector
 - Providing of necessary inputs to farmers at the correct time
 - Minimize consumer exploitation
 - Improvement of food storage facilities to keep prices of agricultural products stable
 - Improving policies related to post harvest management
 - Providing of subsidies to farmers
- (5 marks)

