PRINCIPAL EXAMINER'S REPORT

BOTSWANA EXAMINATIONS COUNCIL

BSSE Economics

2025

Advancing learning, certifying your future

PAPER 1: WRITTEN

General Comments

Generally, the performance across all centres was satisfactory. However, some candidates demonstrated lack of basic skills on labelling of graphs especially the x-axis and the y-axis. Most candidates demonstrated basic numerical skills and use of proper economic terms such as demand and supply, unemployment, opportunity cost etc. However, in some few centres, candidates could not use the appropriate monetary units as given when calculating, for example, the balance of invisible trade in question 4c(ii), candidates used the Pula instead of the US dollars.

One of the notable positives is that a majority of the candidates attempted all the questions with only few leaving blank spaces or not having attempted the questions. Therefore, centres are commended for having advised learners to always attempt all questions even if by just stating a point. Centres are encouraged to strengthen candidates' understanding of key economic concepts, terminology, and application skills

Centres should place greater emphasis on correct drawing of graphs, labelling and interpretation as most candidates demonstrated lack of basic principles of labelling x-axis and y-axis (i.e. price, costs, and revenue/income/GDP must always be labelled on the y-axis and quantities/output, time/year must always be labelled on the x-axis).

Centres should provide learners with regular practice using past examination papers/specimen to improve examination technique, time management, and answer presentation. Particular attention should be given to areas where candidates demonstrated weak performance during the assessment.

Centres are also encouraged to place greater emphasis on interpreting examination questions according to command words used. Furthermore, centres are encouraged to incorporate more learner-centred teaching approaches, including discussions, case studies of latest economic trends, data response exercises and problem-solving activities that promote critical thinking and application of economic principles to real life situations.

Comments on Individual Questions.

1 **(a)** The question asked candidates to identify the statement which best described microeconomics. Majority of the candidates did extremely well on the question as it only assessed knowledge and understanding of microeconomics.

(b) The question gave different diagrams on average total cost curves and asked candidates to identify the graph which showed the highest fixed costs. The question was of an analysis and application domain and most candidates performed poorly on it. Centres are encouraged to practice a lot on cost curves graphs and their interpretations.

(c) The question was easily accessible and required candidates to identify the statement which correctly stated the law of demand. A majority of candidates excellently responded to it.

(d) The question was poorly performed by most candidates. Most candidates seemed not to understand the concept of price floor and price ceiling, hence, only focused on what happens when the government fixes a minimum price of a commodity to the demand curve or supply curve thereby, missing on the overall impact (on both demand and supply).

(e) Most candidates could not easily identify the correct answer as all answers were highly possible in addressing high levels of unemployment. However, answer B was the most correct as it encompassed all other optional answers.

(f) The question was fairly performed as most candidates easily identified increased interest rates as a factor responsible for increased savings. The question was a knowledge-based question.

(g) Candidates performed very well on this question as they calculated correctly the total average cost given the data as provided which demonstrated their ability to analyse and apply concepts very well.

(h) The question did not have the most obvious possible answer amongst the options i.e managerial economies of scale. However, the closest answer was financial economies, hence, most candidates performed poorly on the question.

(i) The question asked candidates about the benefit of specialisation to a country; however, a majority of candidates could not score marks on it.

(j) The question was poorly performed despite that it required candidates to identify a common function that is performed by both commercial banks and central bank.

2 **(a)** The question asked candidates to explain the meaning of revenue. A majority of candidates could not separate revenue from profit, as they mainly stated that revenue is what businesses earn after subtracting costs. Most candidates performed poorly on the question, and only a few got at least a mark for the correct formula despite not being asked to show how revenue is calculated.

(b) The question asked candidates to explain points inside and points along indicate in a Production possibility Frontier (PPF/PPC). The question was fairly performed as majority of candidates got at least a mark. However, some candidates didn't know that point inside the curve was attainable and inefficient. They indicated that point(Z) which is a point inside, was unattainable and resources were not enough even though point inside the curve shows attainability, but inefficiency as resources are enough but not fully utilised.

(c) The question required candidates to demonstrate how the Classical economist's principles could influence government policies on issues of trade. Most candidates could not comprehend the question very well despite most of them demonstrating knowledge about the Adam Smith theory as they quoted ''the invisible hand''. Candidates, therefore failed to incorporate how the theory should influence government on issues of trade and only got fewer marks on this question.

3 **(a)** Candidates were expected to state the formula for price elasticity of supply. A majority of candidates correctly stated the formula, hence, performed well on the question. However, few candidates lost marks because they didn't include the percentage change but rather only wrote change in quantity supplied divided by change in price. Centres are advised to use simple formulas as some candidates lost marks by bringing complicated formulas and lost the whole concept in the process.

(b) The question asked candidates to explain the advantages and disadvantages to a specific business given how operating in a competitive market will benefit or not benefit it. Despite all that, candidates answered in general terms of the competitive market system instead of being specific to that given business., for example the advantage would be easy entry and exit into the market, but candidates then failed to link how that becomes advantageous to the specific business mentioned in the question. The question was therefore, poorly performed.

(c) The question was fairly performed, however, candidates mostly failed to label the supply curve(s). Only a few candidates couldn't properly label the axis, for example, price would be labelled on the x-axis and products (number of goats) on the y-axis. A majority of candidates got at least a minimum of 2 marks and only few candidates used a very faint pencil which didn't properly show whether they really drew or joined the points or just plotted and left the graph incomplete.

4 **(a)** Candidates were asked to state two monetary policy instruments. Only few candidates managed to state the correct monetary instruments being money supply, interest rates and open market operations. A majority of candidates performed poorly on the question as they brought answers such as loans, grants, subsidies as monetary instruments.

(b) The question asked candidates to draw a trade cycle and plot the boom and recession. Despite most candidates being able to draw a trade cycle properly, they failed to plot what the question directed but instead used peak/ depression that were not asked. Some candidates failed to properly label the x-axis and the y-axis as they plotted GDP/ Economic activities on the x-axis and Time/years on the y-axis. Centres are advised to practice more on how to label graphs as learners can easily lose simple marks on easy aspects such as plotting.

(c) **(i)** The question required candidates to calculate how much in Pula will be required to buy a tractor in Namibia given the value of the Tractor in Namibian Dollars and the exchange rate. Most candidates excellently calculated and gave the correct answer. Only a few candidates on their final answer did not demonstrate how to report money i.e. lack the unit(P) or BWP before the final figure hence, lost marks for that.

(ii) The question asked candidates to calculate the balance of the invisible trade of the United States of America given the trade information/ statistics. Most candidates failed to comprehend the question well as they calculated the overall balance of trade (both visible and invisible exports- both visible and invisible imports). The few candidates managed to calculate correctly what the question expected of them also could not use the correct units ($) or US Dollar as they wrote Pula or no unit on their final answer.

5 **(a)** Candidates were asked to explain the meaning of diseconomies of scale. Most candidates had ideas of factors leading to diseconomies of scale but couldn't explain what really is meant by diseconomies of scale. They failed to incorporate the element of increased costs as the business increases its output or expand. Candidates only mentioned the disadvantages of expanding. The key terms in the explanation were supposed to be **increased cost per unit** as the business **grow/expand**.

(b) The question wanted candidates to demonstrate by drawing how a firm in a competitive market will maximise profits in the short run by showing/indicating the level of output needed to achieve that. Most of the candidates could not draw a proper graph of a competitive firm in trying to produce the level of output needed hence, lost marks on important curves that were supposed to have been drawn such as the Marginal cost(**MC)** curve, the Marginal revenue(**MR**) curve which is also the Demand(**D)** curve/Average Revenue(**AR)** curve or Price(**P**). The level of output needed is where the Marginal Revenue curve intersect the Marginal Cost curve, thus, **MR = MC**. Most candidates could not identify or show that point by labelling it **Q** on the x-axis hence, lost marks. The few candidates who managed to draw the correct graph either got at least 2 marks, as they failed to label all the key curves, and the output level needed.

(c) The question asked candidates to explain any two forms of economic assistance by the government to its citizens. Most candidates brought general assistance such as licensing, location, old age pension, etc instead of financial assistance such as loans, grants, tax holidays, subsidies on business activities. The few candidates who identified the correct forms of assistance could not explain the advantages of such a form but rather explained the uses of money obtained through that form of assistance which is mostly applicable to all points. Therefore, a majority of candidates didn't do well on the question.

PAPER 2: WRITTEN

General Comments

The 2025 paper is the first BSSE Economics Paper. The paper has an extract in Section A wherein the candidates are expected to read, understand and use the information in the extract to respond to questions. However, most candidates seemed to have not read and understood the extract, hence, they gave responses that were not relevant to the extract. Although some candidates were unable to respond in context to some of the questions in section A, most of the candidates performed better in section A compared to Section B. Generally, most candidates performed well in questions that required the Knowledge and understanding skill but struggled to access questions requiring evaluation and analysis skills. This resulted in most candidates scoring less marks. Of the three skills required, analysis skills appeared to be more challenging to most of the candidates as they could only list but not critique the points as the questions required. This therefore shows the need for Centres to ensure that candidates are well trained on how to respond to analysis skills questions in order for the candidates to perform well. In conclusion, most of the candidates did not perform well in this component.

Centres are encouraged to give learners more practice on skills that require evaluation and/or showing both sides of the argument. Centres should emphasise proper drawing of the graphs as most of the candidates could not draw the graphs appropriately. Centres are urged to give the topic on "Economic Theories" more attention. Centres are urged to familiarise themselves with the requisites of the various command words to be able to guide the learners appropriately. It was evident in some cases that candidates could not meet the requirements of the command e.g. "discuss'. For example: **discuss two ways the mixed economic system resolved the economic problem**. Centres are encouraged to give candidates more practice on calculations like Elasticity calculations. Specimen papers should be used to assist candidates and ensure papers administered at centres meet the required standard.

Comments on Individual Questions

1 (a) (i) This is a question that required candidates to identify and explain reasons from the extract that led to the shrinking of the GDP in 2023. Most of the candidates only listed the points and did not explain the listed points, making them score 1 out of 2 marks.

(ii) Candidates were expected to explain reasons for the decline of average inflation in Botswana in 2023 that were mentioned in the extract. However, in some cases candidates brought points that were not mentioned in the extract despite the fact that the question referred to the extract. As a result, candidates did not get the maximum marks hence, they did not perform well in this question. Most of the candidates scored 1 out of 2 marks.

(b) The question required candidates to list items that appear in the current account of Botswana. A majority of the candidates failed to list the correct items.

(c) The question required candidates to explain effects-positive or negative- of a current account surplus on the economy. This question seemed inaccessible to the majority of the candidates. Candidates were expected to list the effect, explain it, showing how it affects the economy of a country. However, a majority of the candidates limited their responses to listing effects and failed to develop their points, making them score lower marks.

(d) **(i)** The question required candidates to analyse a way in which an appreciation of Botswana currency (Pula) could affect businesses that import raw materials from South Africa. The question seemed accessible to the majority of the candidates as they were able to analyse points showing effects (positive or negative) on importing businesses, making them get the maximum score.

The example of the expected answer: Raw materials become cheaper (1) as the importers in Botswana will buy more of the South African Rand with less of the Pula (1) making it cheaper to buy raw materials from South Africa, which most of the candidates were able to write.

(ii) This question required candidates to suggest and critique a way a country could adopt to address the decline in current account surplus. The question seemed inaccessible to the majority of the candidates as they limited their responses to stating a way but failed to explain and critique the identified way hence, most of the candidates scored 2 out of 3 marks.

Example of the expected answer: Devalue the local currency (1): This would mean that the Botswana currency (Pula) will be cheaper to buy in relation to other currencies making Botswana exports cheaper/less expensive for producers and consumers from other countries who buy goods/services from Botswana increasing the export value of goods and services (1) while importing from other countries will be expensive for Batswana making them import less hence a reduction in the country's import bill (1).

2 **(a)** **(i)** This question required candidates to use the information provided in the table to draw a production possibility curve. The candidates were expected to draw the curve according to scale, showing two product combinations, labelling axis; x-axis cotton and y-axis tobacco and vice versa inclusive of the units of measurement. The question also required candidates to label the plotted points with letters A-F. The question was accessible to most of the candidates as they were able to correctly label the axis. However, some candidates used wrong scale and left out units of measurement on the axis (cotton/tobacco in million tonnes). Some candidates omitted labelling of the plotted points with letters A-F as they appeared in the table provided in the question paper.

(ii) The question required candidates to state the shape of the drawn PPF. The question seemed challenging to most of the candidates. They failed to correctly identify the shape of the PPF. Most candidates' responses included among others, downward sloping curve clearly indicating lack of knowledge on this part of the concept. The expected answer: Concave from within or bowed out

(b) It is a question required candidates to explain and critique how the principles of Neo-classical economists influenced various economic decisions taken by governments. The question seemed inaccessible to the majority of the candidates. They displayed limited knowledge on the principles of Neo-classical economics and failed to relate the principles with government economic policy and market regulation. Very few candidates were able to at least explain the principle but failed to critique it, hence, they could score 3 out of 6 marks.

Example of the expected answer: Government economic policy: classical economists idea is that the government should focus on promoting growth of potential GDP which depends on long term growth of productivity which they believe to be an economy's investments in human capital (tax rates should be low and unchanging) and technology (through research and development) operating in a market-oriented environment. However, neoclassical economics treats labour as a commodity, which alienates and dehumanises labour (1).

Market regulation: markets are self-regulating through the interaction of supply and demand which creates equilibrium, allowing markets to adjust to changes without the need to be re-balanced by fiscal or monetary policy. According to the neoclassical agenda, increasing prices of commodities will lead to market equilibrium, however, the increase in prices widens the gap between the rich and the poor and perpetuates income inequalities, rather than decreasing the gap and satisfying the majority of the population.

(c) Candidates were required to explain the characteristics of macro-economics. The question was accessible to most of the candidates as they were able to explain the characteristics of macro-economics, however, a few only listed the points.

3 **(a)** This question seemed accessible to most candidates requiring them to explain how the number of suppliers and costs of production influenced the supply of a commodity in the market. Candidates were expected to explain what happens when the suppliers are many and when there are few, and what happens when the costs of production are low and high. Some candidates used words like vice versa instead of writing their response in full showing the effect on both sides of the scenario. In some instances, candidates' responses were limited to one side of the item. Candidate responses were; "if there are many suppliers of a product in the market the supply of that product will increase" leaving out what happens when the number of suppliers is low. As a result, candidates failed to score full marks.

Example of the expected Answer: Number of suppliers: the greater the number of suppliers the greater the quantity of a product available (supply) in the market at a given time (1) and the fewer the number of suppliers of a product the lesser the quantity of the product (supply) in the market at a given time (1).

(b) Candidates were to calculate the price elasticity of demand using the information provided in the table. The question seemed accessible to the majority of the candidates. Though some candidates could not attain the full marks, most of them were able to correctly state the formula while in some cases candidates mixed the figures and other's final responses were in percentages like -0.46%.

Answer: - 0.46

(c) The question required candidates to use the information provided to draw the demand curve according to scale and correctly labelling the axis. The question was accessible to most candidates though some candidates were unable to use the correct scale, label of the demand curve after plotting while some swapped labels for the axis. Some candidates lacked basic knowledge on labelling the axis as they put output on the y-axis and price on the x-axis. In some cases, candidates just plotted the two figures provided, not according to any scale and as a result they failed to score the maximum points.

The question seemed challenging to most candidates. Candidates were required to discuss two ways the mixed economic system resolved the economic problem touching base on the two economic systems-planned and free market- that make the mixed economic system. Candidates were expected to display knowledge of the economic problem/s, explain a way the mixed economic system (planned/free market) would address the economic problem and critique the way in which the mixed economic system addresses the identified economic problem. The question seemed inaccessible to most candidates as their knowledge was limited to the characteristics of a mixed economic system. Example of the expected answer: Government intervention [State Planning] : through policies/regulations(1) the government prevents emergence of monopolies/discrimination to ensure fair business practices/protect the rights of consumers/government deciding which basic goods and services to provide and cater for the disadvantaged(1) however these limits choices of goods and services for the population as the decision is made by the government/government directives allocate resources(1).

Market system: Markets use the price mechanism to allocate resources(1)- to where they are demanded/ shortage and removes resources from where there is a surplus or other things being equal, consumers will pay higher prices for goods and services that they value most while producers devote more resources to the production of goods and services that have higher prices(1) even though it disregards providing basic goods and services for the disadvantaged(1).

4 (a) This is a question that required candidates to state the government's social objectives. The question seemed accessible to the majority of the candidates even though a few just listed sectors in the economy and not objectives as the question required. Candidates' responses included education, security, health, etc. Example of the expected answer: Poverty reduction, Improved health, Improved literacy rate, Access to housing and security.

(b) (i) Candidates were to explain how a country is affected positively or negatively- by being at a slump stage in the trade cycle. The question seemed accessible to the majority of candidates although just a few candidates limited their responses to listing of points like unemployment, low GDP and failed to develop the points to show the effect on the country. Example of expected answer: During a slump the price of goods and services may start falling **because** of reduced demand for goods and services caused by reduced consumer incomes.

(ii) The question required candidates to explain how increasing value added tax would affect consumers in a country. Candidates were expected to give a one-sided argument - positive or negative- showing the effect of the move on the consumers in a country that has increased value added tax. The majority of the candidates did not perform well in this question as they limited their responses to listing of points while a few failed to fully analyse the effects but critiqued it. Example of the expected answer: Increased commodity prices**:** because VAT is an additional cost transferred to the buyer by the business making goods and services expensive for consumers to buy hence, they consume less of the affected commodity.

(c) This is a question that required candidates to give merits and demerits of having a minimum wage policy on workers in a country. The question seemed inaccessible to the majority of the candidates as the candidates likened minimum wage to small amount of money and or salary increment. Additionally, the majority of the candidates limited their responses to listing of one-sided points- advantage(merits) or disadvantage(demerits)- and failed to present the other side hence, they could not score the maximum points. Example of the expected answer prevents employee exploitation (1)- this will protect mainly unskilled workers from being paid very low wages (1) however, some workers may be laid off to cut on business expenses leaving them jobless(1).

PAPER 4: ALTERNATIVE TO PBA

General Comments

General performance in this component is somewhat unsatisfactory. More of the weaker candidates left some questions unanswered and some showed no content at all or failed to articulate the requirements of the questions. however, the stronger candidates were able to answer all questions, including more challenging questions.

The paper covered different learning outcomes from the syllabus such as the laws of demand and supply and the market equilibrium, government intervention in the economy, government economic policies, costs of production and their effects on revenue, globalisation, free trade and protectionism., balance of payments. There were some learning outcomes that candidates lacked knowledge on, such as balance of payments, government economic policies, government intervention in the economy, law of demand and supply. Most candidates did not perform well in questions where they were required to write essays **(section B of the paper).**

Centres are advised to put more effort on Knowledge and understanding, analysis and evaluation and creativity skill areas in their teaching and in preparation for examination processes. Centres are advised to use of the sample papers to guide them in their internal assessments. Centres are advised to intensify on answering essay questions and explain command words like (**discuss, suggest)** to candidates as some lose marks because of not being able to address the question fully. Candidates require more training on calculating **balance of payments**. Candidates need more training and practice on attempting questions based on **the law of demand**, **free trade associations, measuring size of a business** and **government economic objectives**.

Comments on Individual Questions

Section A

1 **(a)** This was a question that required candidates to state two reasons why government intervened in the economy. Majority of the candidates were able to score the 2 marks allocated to this question. They showed knowledge on why government intervenes in the economy. The expected answers were to correct market failure, to control production, to provide public goods and for employment protection.

(b) This is a question that required candidates to draw a diagram that showed the change in quantity demanded as the price of a commodity (coal) increases from P1 to P2. Majority of the candidates got 2 marks for correct labelling of X-axis and Y-axis, out of 4 marks allocated to the question because they failed to show movement along the demand curve and decrease in quantity demanded from Q2 to Q1. The same majority could not draw the demand curve.

(c) Candidates were to suggest one way through which the government of country x could control mining businesses. The question required the candidate to state one way of controlling business, then develop and apply their point in relation to mining businesses, then conclude positively by showing how the stated way of control would benefit the business/government/ country. Example of expected answers: Location (1) government must allocate areas for mining of coal (1) to avoid overmining in particular areas. (1).

Majority of the candidates scored 1 out of the 3 marks allocated to the question because they could only state the way of government control of business but failed to develop and conclude their point. Only a few candidates scored all the 3 marks allocated to the question. Some candidates confused government ways of controlling businesses with government intervention in business.

2 **(a)** The question required candidates to define the term balance of trade. Majority of candidates did not get one mark allocated to this question because they failed to explain the term balance of trade, by showing that "it's the difference between the **value** of visible exports and visible imports"

Majority of candidates were simply stating that it's the difference between exports and imports, without mentioning **"value of visible..."**. Example of expected answer: balance of trade is the difference between the value of visible exports and visible imports.

(b) This question required candidates to calculate the balance of payments. Candidates had to show working of how the balance of payments is calculated in order to get the 4 marks allocated. Majority of the candidates did not score marks in this question because they displayed limited knowledge of how the balance of payments is calculated. A few who attempted the question lost marks due to failure to put the figures in brackets hence, they ended up with wrong answers. Some did not include the capital balance in their calculation, so they ended up with only 1 mark for working out of the 4 marks allocated.

(c) This question required candidates to discuss the implications of being a member of a free trade association. The question was allocated 6 marks. Candidates had to come up with two implications, developed and critiqued to get the 6 marks. Majority of candidates did not do well in this question because they had limited knowledge on free trade association. They gave answers in relation to globalisation instead of free trade association. Only a few of the candidates managed to write the implications of being a member of a free trade association but they did not critique their points in relation to free trade association. Common candidates' responses included: cultural differences, good relations between countries. Example of expected answers: - being a member of a free trade association leads to economic growth (1) as it widens market for businesses (1) however competition from foreign firms may lead to closure of some local businesses (1). -being a member of a free trade association reduces tax revenue for the country (1) due to removal/reduction of tariffs (1) even though consumers have easy access to a wider range of goods and services from member countries (1).

Section B

This section required candidates to write essays, each essay must have an introduction, development (body) and conclusion. Majority of the candidates did not do well in this section because they could not answer the questions according to the essay format requirements. They just developed their points without first writing the introduction and did not write the conclusion at the end. This led to most candidates losing a total of 4 marks for each of the questions 3(a) and 3(b).

3 (a) The question required candidates to discuss three ways in which expansion of TK (Pty) Ltd would affect; its operations. The candidates were expected to write as introduction a definition of any key term from the preamble or the question itself, (key terms in this case are small scale and business expansion) to get the 2 marks for introduction. However, majority of the candidates did not write the introduction/ failed to identify and define any key term. Only a few candidates managed to identify and define the key terms, small scale/ business expansion. Body: Candidates were expected to write 2 positive points of business expansion to the business, developed and critiqued for 6 marks. OR 2 positives and 1 negative developed or vice versa for 6 marks.

However, most candidates failed to come up with positives or negatives of business expansion to the business. Most candidates' responses were that it brings competition, it brings economic growth. They displayed limited knowledge on business expansion. Only a few candidates were able to get the 6 marks, while majority got 4 out 6 marks because those who displayed knowledge could not develop nor critique their points.

Conclusion: candidates were expected to write a summary/ reflection of what they discussed in the body of their essay or come up with a new point developed as their conclusion. However, majority of the candidates did not write the conclusion, therefore they could not get the 2 marks. The few who wrote the conclusion got 1 mark because they only stated a new point without developing it.

Examples of expected answers: business expansion is a strategic effort to grow business operations in order to increase its market share If Tk (Pty) Ltd expand its operations it will benefit from managerial economies of scale as it will be able to employ specialist managers which increases efficiency in the business. However, the business may grow too big and become difficult to manage.

The business will also benefit from technical economies as it will be able to invest in more efficient production methods or machinery in order to increase its production. However, it requires large sums of fixed capital to buy the needed machinery. In conclusion, the expansion of Tk (Pty) Ltd would lead to increased profitability due to economies of scale.

3 (b) Candidates were asked to discuss three effects of the central bank reducing interest rates on businesses. Majority of the candidates did not do well in this question because they did not write the introduction. They failed to identify and define the term interest rate / central bank, so they could not get the 2 marks allocated to introduction. The few who wrote the introduction mostly scored 1 mark as they did not come up with a complete definition of interest rate/ central bank.

Majority of the candidates did not do well in this question, some confused interest rates to taxes. Some candidates' responses were based on that the central bank is the one giving out loans to businesses which is not the case.

Body: Candidates were expected to write 2 positive points of reducing interest rates on businesses, developed and critiqued for 6 marks OR 2 positives and 1 negative developed or vice versa for 6 marks. However, most candidates failed to come up with positives or negatives of reducing interest rates to businesses. Most candidates' responses were that it brings competition, it brings economic growth. They displayed limited knowledge on changes in interest rates.

Conclusion: candidates were expected to write a summary/ reflection of what they discussed in the body of their essay or come up with a new point developed as their conclusion. However, majority of the candidates did not write the conclusion, so they could not get the 2 marks. The few who wrote the conclusion got 1 mark because they only stated a new point without developing it.

Example of expected answers: Interest rate is the monetary charge for the privilege of borrowing money. Reducing interest rates by the central bank leads to a decline in the cost of borrowing, this will encourage businesses to borrow money from banks in order to expand their operations, however reduced interest rate may increase business debts. Reduced interest rates would mean low loan instalments which improves business liquidity/ working capital however it discourages businesses from saving due to low earnings.

In conclusion, reducing interest rate by the central bank is beneficial to businesses as they are able to borrow money for expansion and pay back at low interest which leaves the businesses with enough profits for reinvestment.