Examination Report

Economics

6899

EGCSE

2025

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PAPER 6899/01

General Comments:

This paper was fairly accessible, though some candidates lacked content which was evident in some of the responses given. Question 4 Section B for instance required candidates to define PED, most candidates were defining an elastic PED others just wrote the formula which was incorrect.

Other candidates would not even try to attempt the questions they simply left questions unanswered. Even though this paper was fairly accessible, they were a number of candidates who scored very low marks, which is evident that they were ill-prepared for the examination. The general overall performance of candidates was average.

Section A

1 Most candidates performed well in this question, a majority were able to identify **A** as an example of free goods.

2 Most candidates performed well in this question, they were able to identify capital, which is **A** as the factor of production that increased in Nothando's business.

3 This question was fairly done, most candidates were able to choose option D which is the underproduction of merit goods as the clearest case of market failure.

4 The question required candidates to identify how a reduction in VAT would affect the supply of good, this question was poorly done as most candidates chose **B** which was a decrease in supply and **C** which was an extension in supply instead of **D** which was an increase in supply.

5 Most candidates did not perform well in this question, they failed to explain that a PES of zero indicates a perfectly inelastic supply **C.**

6 Most candidates were not able to calculate the profit maximisation units when each unit is sold at E20. The correct answer was selling 15 units which was **C**. Which was calculated by multiplying units by the selling price E20 and then deducting total costs.

7 This question required candidates to identify a macroeconomic aim, most candidates were able to choose option **B** (an increase in national output).

8 Candidates were asked to calculate the inflation rate when the price index is 150, most candidates failed to subtract 100 (base year) from the 150 giving 50% **A** as the inflation rate.

9 This question was fairly done, candidates were asked to analyse how an increase in income tax affect the standard of living and government revenue. **B** was the correct answer because decreases the standard of living and increases government revenue.

10 This question required candidates to analyse how an increase in the value of country's exchange rate affect its export and import prices, Most candidates chose **B** instead of **D**, they failed to see that the question was not just referring to exports and imports but was referring to export and import prices, so the correct answer was an increase in export prices and a decrease in import prices.

Section B

1 Candidates were asked to define the basic economic problem, most candidates were able to define it as unlimited wants exceeding finite resources.

2 This question was fairly done as most candidates were able to state two wage factors that affect an individual's choice of occupation. Answers included salaries, wages, commission, etc.

3 This question was poorly done, most candidates scored half marks because they failed to explain progressive tax as a tax rate or percentage that increase as the level of income increase, they were explaining it as an increase in the tax amount as the level of income increase.

4 Candidates were required to define PED, most candidates were defining an elastic PED others just wrote the formula which was incorrect. PED is a measure of responsiveness of the quantity demanded due to a change in price.

5 Most candidates did not perform well in this question, instead of explaining two functions of a stock exchange they were explaining functions of a central bank. The correct answers included that it helps public limited companies to raise capital, it mobilises savings for investments, etc.

6 This question was poorly done by most candidates, instead of explaining harmful effects of inflation most candidates were explain the consequences of taxation. Candidates were expected to mention the fact that inflation creates uncertainty, causes a fiscal drag, redistributes income in an unplanned way, etc.

7 This question required candidates to state features of a public corporation. Most candidates were able to state that it is owned by the government, has no shareholders, etc.

8 Candidates were required to analyse three factors that causes fluctuations of an exchange rate, this question was poorly done as candidates failed to analyse how factors such as imports and export value, interest rates, inflation rates cause fluctuations of an exchange rate. e.g. inflation rate, an increase in the prices of domestic products will tend to decrease the demand for local products, this may result to a decrease in the demand for local currency thus causing the depreciation in the country's exchange rate.

9 This question was fairly done as most candidates were able to explain government initiates to promote entrepreneurial skills such as the Junior Achievement Programme, Small Enterprises Development

Company (SEDCO). however, some candidates were explaining funding initiatives and they did not score any marks.

Section C

Question 1

(a) Most candidates performed well in this question, however, some candidates failed to score 2 marks because the question required candidates to define imports and some failed to mention that imports are goods bought from other countries instead, they wrote that imports were goods transported from other countries.

(b) Candidates were required to explain two influence that can increase output, other than the one mentioned in the case which was "Subsidies". Most candidates were able to identify the factors but failed to explain them, others wrote "subsidies" which resulted in them not scoring any marks on the point. Possible answers included: -

- Improve education and training
- Expansionary fiscal policy
- Expansionary monetary policy, etc.

(c) Candidates were required to explain how population growth may harm an economy. Most candidates were able to identify the points but failed to analyse the points they identified, which led to loss of marks. Possible answers included: -

- Famine – a country is likely to fail to feed all its dependents if the population increases as a result people will suffer as they do not have access to enough food.
- Strain on the BOP
- Leads to overcrowding

(d) Candidates were required to discuss whether placing a tariff would be beneficial to Eswatini. Most candidates performed poorly in this question, some were referring to tariffs as products, while other were confusing "imposing" with removing the tariffs altogether. Expected answers included:

Advantages

- Discourage dumping
- Protecting infant industries
- Protection of strategic industries

Disadvantages

- Lower choice
- Retaliation
- High prices

Question 2

(a) Candidates were asked to define borrowing. The expected response is that it involves seeking for loans from financial institution who are willing to lend them at a charge.

(b) Candidates were expected to explain at least two influences on savings, most candidates were able to explain one influences on savings, possible answers included: -

- Wealth
- Attitude
- The rate of interest

(b) This question required candidates to analyse how the expenditure patterns of the rich and poor might differ, most candidates failed to analyse the contrast between the expenditure patterns of the rich and the poor. Candidates failed to state that the rich spend a smaller percentage/ proportion of their income on basic necessities whilst the poor spend a larger percentage/ proportion of their income on basic necessities.

Possible answers included:

- The rich spend on luxury items/ entertainment because their disposable income is high whilst the poor spend their income on inferior products as they may be the affordable ones.

(c) This question required candidates to discuss whether monopolies are beneficial to an economy. This question proved to be difficult to most candidates, they were discussing advantages and disadvantages of multinationals and others were discussing the government macroeconomic aims.

Possible responses included: -

Advantages

- Economies of scale
- Less wastages
- Stability of prices

Disadvantages

- Can exploit its power
- Lack of choice
- Price fixing

Recommendations

- Reading questions with understanding before answering questions.
- Creativity should be encouraged, learning should sometimes be learner-centred as opposed to teacher-centred method.
- Time management should be emphasised and practised.

PAPER 6899/02

General Comments:

The overall performance of candidates in this paper was above average. Some centres had excellent candidates, who demonstrated comprehensive understanding and knowledge to relate and evaluate economic concepts. Nevertheless, there were candidates who had a challenge when responding to some parts of the questions which could be that they lacked content on certain topics. Other candidates left blank spaces on some questions, hence lost marks.

Questions 1 and 2 were most well attempted questions in this paper. However, Questions 3 and 4 appeared to be challenging for most candidates which was shown by the low marks achieved in these questions.

Comments on Specific Questions

Question 1

(a) State three causes of changes in demand of a product.

Quite a significant number of candidates managed to state the causes of changes in demand of a product. However, some candidates stated causes of changes in supply, as well as determinants of price elasticity of demand which was incorrect.

Expected responses could include:

- Changes in income
- Changes in prices of related products
- Changes in taste and fashion
- Changes in population
- Expectations of future prices

(b) Explain any two disadvantages of exploiting resources in an economy.

The majority of the candidates displayed a good understanding of the disadvantages of exploiting resources in an economy. Nevertheless, some candidates explained advantages of exploiting resources such as increasing government revenue which was incorrect.

Expected responses could include:

- Depletion of resources through extensive us in production.
- Some resources are non-renewable, so future generations will not find them or benefit from them if they are exploited.
- It can result to pollution which can lead to global warming.
- Environmental degradation because the natural environment becomes damaged or destroyed

(c) (i) Explain how resources are allocated in a mixed economy.

The performance in this question was not good since most candidates were not able to demonstrate clearly how resources are allocated in a mixed economy. Candidates could not show how the two sectors of the economy work together, hence loss of marks. Those who were able to mention that a mixed economy involves both sectors, only stated the ownership without specifying the allocation of resources.

Expected response could include:

- The government and private producers play a role in the allocation of resources.
- Private producers may decide on what is and how it will be produced and the government may subsidise those producers in the production of those goods.
- The government sets prices on some goods and services while prices of other goods are set by the price mechanism.
- The government aim at service provision to the citizens of the country while the private sector aims at making profit

(c) (ii) Using a production possibility curve diagram (PPC), analyse the effects of a decrease of some of its resources on an economy.

This part of the question was not performed well by most candidates. Candidates failed to use the production possibility curve diagram in analysing the effects of a decrease of some of the resources on an economy. Majority of the candidates did not attempt answering this question, hence left blank spaces. Some drew a demand and supply curve which was wrong. Candidates who were able to draw the PPC could not label it correctly, that is, used price and quantity instead of two different products. Furthermore, they struggled to show the shift of the PPC to the correct direction.

Expected response

Diagram

- A Production Possibility Curve diagram labelled with two different products
- The shift of the PPC to the left/inward

Analysis

- As a result of a decrease of resources the PPC will shift to the left
- The amount of goods produced will decrease

(d) Discuss whether economies should allocate resources using the market economy?

This question was well attempted by a majority of candidates. However, some candidates' discussions were on the planned economy. Furthermore, others discussed features of a market economy instead of advantages of disadvantages. Others listed the correct points but failed to expand them correctly. Only a few of the candidates were able to develop their discussions up to the macro level as per the requirement of the question. This question required a two-sided answer

with a discussion of points for and points against allocation of resources by economies using the market system. Finally, a reasoned conclusion was expected.

Expected points for the market economy could include:

- Greater choice for consumers since they can choose which products to buy and which firms to buy from which increases living standards.
- Efficiency as there is competition and this will increase output/ government revenue since firms will be making high profits that will be taxed.
- Greater responsiveness to consumers' demands since consumers are said to be sovereign.

Expected points against the market economy could include:

- It ignores external costs and benefits as producers aim at making profit.
- There is unequal distribution of income and wealth such that the gap between the poor and the rich is significant.
- High prices as firms aim at maximising profits and this might lead to inflation.

Question 2

(a) State three functions of trade unions

Quite a significant number of candidates managed to state functions of trade unions. However, some candidates stated non-monetary factors for choice of occupation such as job satisfaction. Others omitted the key words such as 'negotiating'. In such cases the responses were just given as 'working conditions' instead of negotiating for working conditions for the members.

Expected functions could include:

- To negotiate with the employer on behalf of their members
- To put pressure on government
- To provide social benefits to the members
- To provide legal representation for their members
- To protect members'/workers' rights

(b) Explain two functions of a commercial bank

This is another part of the question which was fairly answered by the candidates. However, some candidates would explain functions of the Central bank such as issuing of currency which was not correct. Moreover, some candidates were able to identify correct functions of a commercial bank but could not provide correct explanations.

Expected functions of a commercial bank could include

- Accepts deposits which enables the customers to keep their money safe in the different types of accounts.
- Lending to the public in form of loans and overdrafts.
- Enable customers to receive and make payments through various ways such as standing orders, direct debits.
- Advise clients on money related issues to help them make the right financial decisions.
- Provide foreign currency to clients if they want to pay foreign suppliers.

(c) Analyse the effects of changing a partnership to a public limited company.

This part of the question was not performed well by most candidates since they analysed advantages and disadvantages of a partnership instead of the effects of changing to a public limited company. Also, most candidates were confusing the public limited company with a public corporation, such that the effects analysed were for a state-owned enterprise which was incorrect. Some of the candidates approached this question like an evaluation question such that they had a conclusion which was not necessary.

Expected effects could include:

- Shareholders have limited liabilities, which means their personal assets cannot be repossessed in case the company fails to pay its debts.
- More capital can be raised since there is no upper limit for the number of shareholders.
- There is continuity as shares can be sold to other shareholders if a partner dies or leaves the company.
- There is no secrecy because public limited companies are required by law to publish their accounts.
- It is complicated to set up since there are many legal documents such the memorandum of articles that must be prepared before a public limited company can start operating.

(d) Discuss whether it is advisable for workers to specialise.

This question was well attempted by a majority of candidates as they were able to demonstrate their understanding of specialisation/division of labour. However, there were a few candidates who discussed specialisation at national level. This question required benefits and drawbacks of specialisation. Moreover, a reasoned conclusion was necessary.

Expected points for specialisation could include:

- Time is saved as workers will not have to move from one job to another.
- Workers become skilled and effective by doing the same task over and over again.
- Less wastage since workers can produce more without making mistakes because they are experts in what they are doing.

Expected points against specialisation could include:

- Repetitive performance of tasks can lead to boredom which can negatively affect their productivity.
- Lack of flexibility as workers may become less skilled in other areas because they concentrate on one task, hence cannot change jobs easily.
- There is loss of worker identity with the finished product because workers take less pride in the quality of their work.

Question 3

(a) Identify three phases of the economic cycle.

Identifying the correct phases of the economic cycle proved to be a challenge for most candidates. Some of the candidates' responses were the phases of the product life cycle which were not correct.

Expected phases could include:

- Recession/contraction
- Slump/trough
- Recovery/growth
- Boom/peak

(b) Define the following terms:

(i) Seasonal unemployment

Providing a correct definition for seasonal unemployment proved to be a challenge for most candidates. Some of the candidates defined seasonal employment. Other candidates gave responses which included the same words from the question, e.g. it is when people are unemployed during a certain season. This is discouraged.

Expected definition:

It is when people are out of work during a particular time of the year/it is unemployment caused by a fall in demand of labour at a particular time of the year.

(ii) Cyclical unemployment

A small proportion of the candidates were able to provide an accepted definition of cyclical unemployment.

Expected definition:

It is unemployment caused by a lack of aggregate demand in a slump or recession and it affects the whole economy.

(c) Analyse why a government might be concerned about a fall in economic growth.

A majority of the candidates were able to provide an excellent analysis of how a government might be concerned about a fall in economic growth. Nevertheless, some candidates gave policies on how to overcome a fall in economic growth while others, analysed causes of a fall in economic growth which were incorrect. Candidates who analysed only one consequence of a fall in economic growth could not score maximum marks.

Expected responses could include:

- High unemployment as firms will lay off workers to try reducing costs.
- Loss of output due to lower investment if recession is deep.
- Fall in living standards since less people will be earning income.
- Strain on the balance of payments due to less exports and more imports.
- Reduced government revenue due to less income tax and corporate tax.

(d) (i) Explain how the government may influence private producers using the following policies:

(i) Subsidies

Most candidates struggled to explain how the government may influence producers through subsidies, this was evidenced by a lot of blank spaces left by the candidates.

Expected response:

A government may provide grants to infant industries to stimulate production.

(ii) Regulation

Again, most candidates did not attempt this part of the question. It demonstrated that explaining how the government may influence private producers using regulations proved to be difficult for most candidates.

Expected response:

A government may place rules and laws which set restrictions on activities of firms.

(e) Discuss whether real Gross Domestic Product (GDP) per head is an ideal measure to compare living standards between countries. Justify your answer.

A majority of candidates displayed lack of understanding of this economic term Gross domestic product (GDP) per head. This was evidenced by a lot of blank spaces in this question. Those who tried to identify few points could not discuss those points correctly. The question required a discussion of points for and against GDP per head as measure to compare living standards between countries. Finally, a reasoned conclusion was required.

Expected points for GDP per head as a measure to compare living standards could include:

- It takes into account differences in population size since it is calculated by dividing GDP by population.
- It incorporates adjustment for inflation which reflects the real picture of a country's output.
- It helps to compare the development of countries since it tells us whether people in one country are better-off than others in a different country.

Expected points against GDP per head as a measure to compare living standards could include:

- Real GDP per head is an average which means that not everyone may benefit from the rise in the average.
- Higher output will obviously mean that more products are being produced but not all of these may add to people living standards.
- Increase in real GDP per head figures may understate the products available due to undeclared economic activity.
- It ignores the environmental impact of production since increased output may cause environmental damage or external costs.

Question 4

(a) (i) Give three components of the current account of the balance of payments.

A majority of candidates struggled with this part of the question. It seemed like they had no clue about the components of the current account of the balance of payments. As a result, they gave items of a current account in accounting syllabus.

Expected responses could include:

- Trade in goods/visible trade
- Trade in services/invisible trade
- Income/primary income
- Current transfers/secondary income

(b) Explain two policies that can be used in Eswatini to alleviate poverty.

This question was well attempted by a majority of candidates as they were able to demonstrate a good understanding of policies that can be used in Eswatini to alleviate poverty. Most candidates scored maximum marks in this part of the question.

Expected responses could include:

- Improving the quality and quantity of education as it can increase the job prospects and earning potential of the poor and their children.
- Encourage more multinational companies to set up in the country since they can create more employment opportunities.
- Introducing or raising a national minimum wage to tackle the problem of people experiencing low living standards due to low wages.
- Reduce interest rates to promote borrowing for investment.

(c) Analyse the importance of Southern African Development Community (SADC) to Eswatini.

Another question which proved to be challenging for a majority of candidates. Candidates confused SADC for SACU as they constantly analysed points such as free trade which is an importance of SACU not SADC and this resulted to a loss of marks. Moreover, some candidates were analysing advantages of international trade which was not that relevant because the question was specific to SADC.

Expected responses could include:

- To achieve peace and security which helps them to create relationships between member countries.
- Wider markets ensure a deeper regional economic integration in terms of market access.
- More choice for consumers as they are able to get variety of products from the different SADC countries.
- Greater economic development as more jobs are created and businesses are given opportunities to benefit from trade and investment.
- To increase regional integration among member countries which improves infrastructure that helps countries overcome divisions that hinder the flow of products.

(d) Discuss whether it is wise for a country to have a deficit on the current account of its balance of payments.

This question proved to be more challenging for most candidates. In some centres none of the candidates attempted this question as they all left blank spaces scoring a zero. It was also noted that some of those who answered this question confused a current account deficit with either a surplus, currency depreciation or currency appreciation. Again, this was an evaluation question that required a discussion of advantages and disadvantages of a deficit on the current account of a balance of payments. Ultimately, candidates were expected to give a reasoned conclusion.

Expected advantages of a deficit on a current account of a balance of payments could include:

- Consumers enjoy a high level of imports which increases living standards.
- Reduction in inflationary pressure as there will be a fall in aggregate demand on domestically produced products.
- Access to high technologically advanced equipment from abroad will increase productivity.

Expected disadvantages of a deficit on a current account of a balance of payments could include:

- There will be increased borrowing from other countries creating an obligation to make loan repayments with interest.
- High unemployment as there will be a decrease in demand for the country's products in the global markets, leading to less workers hired.
- Lower living standards because there will be less net inflow of income into the economy and households will not be able to afford to buy basic necessities and will suffer from poverty.

Recommendations

- Educators are to encourage candidates to read questions carefully before answering. This will enable candidates to take note of command words for each question.
- Candidates are also encouraged not to change questions or set their own questions since this leads to a loss of marks.
- Candidates must be given enough practice on analysis questions since some of them provide reasoned conclusions on such questions, yet it is not necessary.
- Enough practice on evaluation questions is also recommended. Some centres still have a challenge on giving both aspects of the discussion and the conclusion for evaluation questions. A reasoned conclusion must include a stand and a fresh developed point to score full marks.
- Educators and candidates are encouraged to read the examiners reports to minimize mistakes which were corrected in previous reports and to improve the skills of answering questions in this component.





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