

A person is sitting on the ground next to a small, dark tent in a field. The scene is set during sunset or sunrise, with a warm, orange glow in the sky and clouds. The person is holding a small, bright light source, possibly a lantern or a fire, which illuminates the ground around them. The overall mood is peaceful and contemplative.

The view

MAGAZINE

February 2020 Vol: 01

Chief Editor

Dilshi Liyanapathirana

Editorial Board

RRH Chandasiri
MAF Siyama
MMPL Amarasiri
JM Wickramasurendra
KI Senadhira

Graphics & Design

ADMG Sanjeewa
IDCL Chathuranga
RKCL Priyankara
DGGTN Madushani

Photo Credits

www.unsplash.com
www.pexels.com
www.pixabay.com



Department of Economics and Statistics
Sabaragamuwa University of Sri Lanka
Tel : +94 45 - 3452078
Fax : +94 45 - 2280048
Web : www.sab.ac.lk
Email : theview@ssl.sab.ac.lk

ISBN 978-955-644-078-2

EDITORIAL

Today's industrial world is filled with both opportunities and challenges to accept and overcome with one's confidence and morale. With the utmost interest of this ultimate goal, the Department of Economics and Statistics of the Sabaragamuwa University of Sri Lanka proudly presents the first-ever E-magazine of the faculty "The View", as the main part of AHEAD project which was granted by World Bank to improve English communication and academic writing of the students.

As a result of that, we have been able to issue our first copy of the magazine including articles from the students representing all three subjects of the department about current and trendiest topics in Sri Lankan economy and industrial sector.

As the Chief Editor of the magazine, I would like to convey my sincere gratitude to the Dean of Faculty of Social Sciences and Languages, the Head of the Department of Economics and Statistics, Academic team of the AHEAD project in the Department of Economics and Statistics and all the lecturers as well as all the Authors of the articles, the designing team of the magazine and finally, all the members of the editorial board for their tremendous contribution to complete this task successfully.

Finally, I would like to invite all the students of the department to embrace this opportunity and harvest your knowledge to the entire world.

Dilshi Liyanapathirana

The
view
MAGAZINE



WHAT'S

INSIDE

01

**IS THERE SUFFICIENT
AGRICULTURAL
DEVELOPMENT IN SRI
LANKA?**



02

**IMPORTANCE OF
DIGITAL
MARKETING
STATISTICS**



03

**QUALITY IS A
COMPETITIVE
WEAPON**



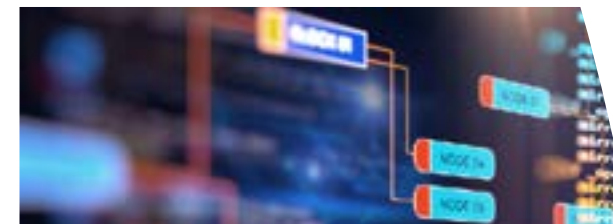
04

**FIFTH GENERATION
OF MOBILE
NETWORK
COMMUNICATION
TECHNOLOGY**



05

Q & A



**CYBERSECURITY'S
TRENDS**

06

**MCC IS BITTER OR
BETTER?**

07

LACK OF BALANCE

08

**GUESSING FOR
INFORMATION**

09

NEWSLETTER

10

IS THERE SUFFICIENT AGRICULTURAL DEVELOPMENT IN SRI LANKA?

KPA Harshani, DS Abeysekara, MGNR Navarathne and MMI Muhandiram

“Agriculture is the motive power of economy in every country around the world. It builds the base to industrial and other service sectors which is important to create green development.”

Sri Lanka is an agricultural country that has a historical inheritance for more than 2500 years. Sri Lanka had a cavalier history even identified as the East granary. However, the contribution of agricultural sector is decreasing gradually at present as a result of structural changes arose with the industrialization and globalization.

There are two main objectives to enhance agriculture in a country. They are,

- Ensuring self-sustaining and food security in local economy.
- Uplifting agricultural exports by increasing competitiveness.

To achieve above goals, the presence of a strong agricultural sector is needed.

Agriculture plays a major role in economic development in Sri Lanka. Earlier we adapted a self-sustaining economic pattern. But at present it has been changed. By developing exports and establishing import substitution factories can develop the economy. Throughout this, it is better to pay attention on importance of agricultural sector to enhance Sri Lankan economy.

Sri Lanka was under controlled by foreigners before 1948 and there were two agricultural sectors called subsistence and plantation sectors. In this era, plantation sector had a large contribution on GDP and subsistence sector

contributed to ensure food security.

Subsistence agriculture contributed to secure food security. Paddy and other crops were the main crops grown in Sri Lanka under traditional agriculture. In addition to this, plantation crops such as tea, rubber and coconut, minor export crops and vegetables and fruits were cultivated under the plantation industry. During the period of 1990-1995, due to high competition Sri Lanka earned approximately 90% of the total export earnings from tea exports. In addition, the livestock industry was mainly under control of cattle, poultry, goats, pigs and inland fisheries.

The contribution of agricultural sector has declined dramatically compared to the past, currently need to explore and provide new dimensions for the policies needed to regenerate local agriculture.

The present situation

Export income of the agricultural sector is 22% of the GDP. According to the coffee production index, the agricultural sector had increased by 4.8% in 2018. This was due to the increase in contribution of agricultural sector in previous years from 6.9% to 7%. The reason was the increase of fruit and paddy production due to favorable weather conditions.

Basically Paddy cultivation contributes 0.7% to GDP. Under the plantation sector, the contribution of 0.7% of tea, 0.2% of rubber and 0.6% of coconut to the Gross Domestic product was 1.5%. Fisheries also contributed 1.2% and livestock contributed 0.6%. However, the contribution of agriculture to the present sector is less than 10%.

However, it is a timely necessity to increase the contribution of the agricultural sector on a journey back to the country's rapid growth and development with a self-sufficient economy. It is now necessary to devise a plan for the re-provision of state policies and laws. One of the main reasons for the collapse of the agricultural sector is the lack of adequate policies and strategies. Therefore, there is a need to re-establish a modern agriculture sector in the country to overcome the shortcomings in the agriculture sector.

This requires to identify the problems that are currently occurring in agriculture. As a result of these problems, Sri Lanka has not been able to achieve the maximum of agriculture. After independence, the successive governments have failed to formulate a successful agriculture policy despite various strategies being adopted by various governments. The problem of agrarian sector as a whole is lack of labor and labor productivity. The lack of agriculture sector with ad-

vanced technology has resulted in a decrease in agricultural productivity.

At present high chemical fertilizer use has become a major problem. Because of the rapid spread of diseases caused by the use of chemical fertilizer, productivity in the agriculture sector has reduced. Another problem is that the small size of the land under cultivation, where farmers are confronted with the risks of climate change, natural disasters, and their income level. Inadequate replanting and replanting of major plantation crops such as tea and rubber coconut is a major problem faced by plantation sector.

With the opening of the economy after 1977, the importation of agricultural commodities has resulted a decline in domestic performance and local rice production. Another major factor is that there is still no effective irrigation system in the country to sustain agriculture in all climatic conditions. In both the Yala and Maha seasons, a successful harvest is gained due to the presence of modern irrigation technology in the country.

Some crops have been devastated due to the time taken to provide sustainable remedies for various ailments of the crop. For example, the 2018 Sena Caterpillar menace caused extensive crop damage. However, the agriculture sector



in Sri Lanka is still underdeveloped due to the fact that it is still based on traditional outdated methods.

The government role in promoting the agricultural sector is to introduce a guaranteed price system for paddy, inadequate availability of services such as paddy purchasing, warehousing, transport and infrastructure, introducing new markets and research and development.

However, there is still no effective agriculture policy framework in developing the agricultural sector and there are few strategies or policies for improving effective and efficient agriculture practices.

- Establishment of large-scale markets for tea, rubber and coconut while exploring specific markets and rural infrastructure development to increase access to markets.
- Integrating Farmers, Small Scale Entrepreneurs and SMEs into a Joint Approach through Cooperative Systems.
- Introducing new agricultural credit schemes to provide facilities for farmers to obtain agricultural loans.
- Diversification of agro products under the concept of value addition to agricultural products and formulation of policies for creating export oriented agriculture sector.
- Expansion of advisory services to enhance the agricultural knowledge of the farmers.
- Formulation of policies to control the price fluctuations of agro products in order to stabilize the income of the farmers.

- Improvements such as Public Private Partnerships to enhance the agriculture sector.
- Development of infrastructure such as transport systems, proper storage facilities to reduce the post-harvest losses of agro products.
- Use of new technology to increase agricultural competitiveness, new planting equipment, and new value added products should be increased.
- Encouragement of workers on policies for enhancing estate productivity and employment.
- Protect the local farmer by limiting the import of agricultural products by encouraging the substitution of imports to enhance the local production thereby ensuring the self-sufficiency of the country.
- To provide farmers with knowledge on how to grow organic agriculture instead of using chemical fertilizer.
- Re-planting and new planting of tea, coconut and rubber.
- Introducing new seeds adapted to different climatic conditions, instead, it should introduce water management systems and establish an efficient irrigation system.

The practical strategies led down by the above strategies will help to regenerate the agricultural sector. For that, new research and development initiatives need to formulate new policies for the agriculture sector. Getting the efficient productive sector to work through a sustainable solution to the above agricultural problems will not be a difficult task.



Infrastructure development is a driving force to reduce post-harvest losses



Digital Marketing has become one of the trending topics in the 21st Century. Precisely, this means the act of promoting and selling products and services by leveraging online marketing tactics such as social media marketing, mobile marketing and many more. When it comes to digital marketing, many companies are hesitant to put some of their budget toward online advertising. Whether they think it's a waste of money or just isn't sure about the returns, they will often avoid advertising online in favour of other inbound marketing strategies.

Though inbound marketing is vital to reaching, growing, and engaging your online audience, it's important not to overlook the benefits of online ads. There are various types of digital marketing statistics. They are E-commerce statistics, Social media marketing statistics, Mobile marketing statistics, Influencer marketing statistics, E-mail marketing statistics.

Importance of E-commerce statistics

E-commerce is one of the most popular forms of digital marketing. E-commerce statistics are helping every customer to meet their market challenges. Because when a new customer enters online shopping, they consider other customer feedback rates and how many commodities they have previously sold. Therefore, e-commerce statistics help every customer to shop online.

Importance of social media marketing statistics

Social media marketing is another popular marketing form of digital marketing. Nowadays, Social media is continuously growing, and also, most people spend more time on social media like Facebook, Twitter, Instagram and so on.



Importance of Mobile Marketing Statistics

The overall view and amount of content on mobile devices are simplified due to their smaller size. As mobile devices are smaller and lighter than computers, users can easily carry them everywhere and make purchases at any time they want.

- Mobile hastens the time to purchase by 20 per cent.
- Compared to a year ago, 50 per cent of smartphone users expect to buy something immediately while using their devices.
- 91 per cent of smartphone users plan purchases or buy certain items after seeing relevant ads.
- 2/3 of customers who use smartphones are likely to purchase from businesses that have apps or mobile websites with content customized to their location.

Importance of Influencer Marketing Statistics

- Increase brand awareness.
- The most popular goal for influencer marketing campaigns is building awareness around a brand, product or service. Brand awareness is generally measured through impressions, reach and engagement metrics.
- Reach new audiences.
- Influencers should be able to share their audience data (age, gender, location, interests, etc.) to help ensure alignment with your target audience
- Generate sales.
- More influencer campaigns today are aimed at driving tangible sales, which can be clearly tracked using custom links, landing pages and redemption codes.
- Improve brand advocacy.

- Influencers can provide strong validation and spark word-of-mouth conversations about your product or brand among their fans.
- Drive lead generation.
- Aside from sales, new leads are another popular direct response metric for influencer marketing campaigns. Names and emails can be collected through newsletter subscriptions, account setups, or giveaway entries.

Importance of E-mail Marketing Statistics

• The widespread usage of e-mail

The Email has made its way from being simple messages between academics to a global academic. In 2017, global email users amounted to 3.7 billion users (Statista, 2019). This figure is set to grow to 4.3 billion users in 2022 (Statista, 2019). That's half of the world's population. This statistic clearly shows that email marketing is an opportunity that you shouldn't be missing out on.

• E-mail delivers a strong return of investment

There's no surprise that with the widespread popularity and indisputable benefits of email marketing, the return on investment is massive. A well-thought-out email marketing strategy will make you money.

For every \$1 you spend on emails marketing, you can expect an average return of \$32(DMA, 2018). There's a tonne of email marketing benefits, but this one tops the charts for keeping your business steady and going.

• Helps to grow our business

Email continues to be the main driver of customer retention and acquisition for small and mid-size businesses. According to the data, 81% of SMBs still rely on email as their primary customer acquisition channel, and 80% for retention(E-marsys,2018). There might be a lot of arguments about social media, and likes, shares, and tweets, but that doesn't mean that email marketing is be-



coming any less valuable. Research findings from this study show that email marketing tops the chart in comparison to organic search, paid search, and social media when it comes to customers' acquisition & retention. Not to say that Facebook isn't important for your business, but if you're looking for direct impact and reach, there's no competition with email marketing.

• Welcome e-mails have a high open rate

Open rates are one of the best ways to tell how well your email marketing strategy is performing. This shows how many people are opening your email. After all, who doesn't want their email marketing campaign to work wonders?

But what percentage of your audience even opens the emails that they get? Let's talk stats. The average open rate for a welcome email is 82% (Get Response, 2017). You can use this to your advantage when you're building your email campaign for your growing audience. With such a high open-rate for welcome emails, maybe you can slip in some useful information that you want your audience to know about in the welcome email that you send them.





QUALITY IS A COMPETITIVE WEAPON

Jayani Isurika, Piyumi Fonseka, Maheshi Nisansala, Sanduni Nisansala

In current society, most of the people focus on prices of goods & services ignoring quality of product. It is negatively affect to customer’s decision. Different people may not have the same understanding of the meaning of the term. Through this article, the decision makers can get critical decision. Quality is a turning point among competitive goods & services.

What is your perception about quality?

Quality is a main strategy in business world. Most people have a conceptual understanding of quality as relating to one or more desirable characteristic that a goods or services should process.

Customer may judge quality through their perceptions. Quality is most important consumer decision factor in the selection among lot of production services. Producers use quality as a strategy to catch the market. If producers can control their quality of the product they can achieve their target for instance, profitability, market penetration, productivity, company reputation. If company can get ISO, SLS certificates can identify that products are better than the other products. If products have above certificates then customer decides to engage their products.

Area	Examples of quality components
Airlines	On time, comfortable, low cost service
Health care	Correct diagnoses, minimum wait time, low cost, security
Food services	Good taste, free from contamination ,fast delivery, good environment
Postal service	Fast delivery, correct delivery, cost containment
Academia	Proper preparation for future, on time knowledge delivery
Consumer product	Properly made, defect free, cost effective
Insurance	Payoff on time, reasonable cost
Military	Rapid deployment, decreased wages, no grafts
Automotive	Defect free
Communication	Clearer, faster, cheaper service

Quality Improvement

Controlling and improving is a major business strategy to catch the market. There are lot of techniques to improve the quality of products in our society. Improvement methods are ISO, SLS certificates. Quality improvement is a process for changing new standards. It is not a process for maintaining or creating new standards. Under quality improvement, producer can reduce their variability and waste of their product or services. Quality improvement is a never-ending process.

Competing on the eight dimensions of quality

When purchasing competitive product and service, customer considers Garvin's eight dimension of quality. Such as,

- Performance
- Reliability
- Durability
- Serviceability
- Aesthetics
- Features
- Perceived quality and
- Conformance to standard.

Quality means “fitness for use”

All goods and services are produced in various grades of quality. These variations are intentional and consequently the appropriate technical terms in quality of design. There are two aspects of fitness for use known as quality of design and quality of conformance to standard. “Use” is associated with customer's requirement, and “fitness” is conformance to measurable of product or service characteristics.

There are several brands in one product available in the market. That is the reason for competition .Then consumer cannot decide what to choose .The above considerations help the customer to select the best thing .For this reason, Quality is a competitive weapon.

A photograph of a desk setup. In the background, a laptop is open. To its left is a small potted plant in a wooden pot. In the foreground, an open book is propped up, and next to it is a notebook with a pen resting on it. A semi-transparent orange box with white text is overlaid on the right side of the image.

“Quality Improvement is a never ending process”

FIFTH GENERATION OF MOBILE NETWORK COMMUNICATION TECHNOLOGY

Deepanjali Kathriarachchi

The fifth generation mobile and communication technologies (5G technology) are expected to connect people, applications, data cities transport system, cities and each and every things in smart communication environment. 5G network is 10times faster than the 4G networks. It transports a huge amount of data faster, connects a large number of devices and process very high volumes of data with low delay.

5G network is expected to use in smart homes and buildings, smart cities work and play in cloud, remote medical services virtual and augmented reality and massive machine-to-machine communications, millimeter waves and small cells for automation the industries in present world. This technology has many advantages. Those are, 5G network provides up to a million connections for every 38 square miles of its connection, reduce the response time of the system that means, it reduces the latency time and 5G network allows transmission of billions of bits which means it has high transmission capacity.

Applications of 5G Technology

IoT- Internet of Things.

Internet of Things mean connection of

each objects, sensors, devices and applications into internet. The following areas have experienced the benefit of IoT.

Smart Home-This concept is utilized 5G technology to connect the devices and monitor the applications at home.

Smart city- This concept uses the 5G networks for traffic management, weather updates, smart power grids, water resource management etc..

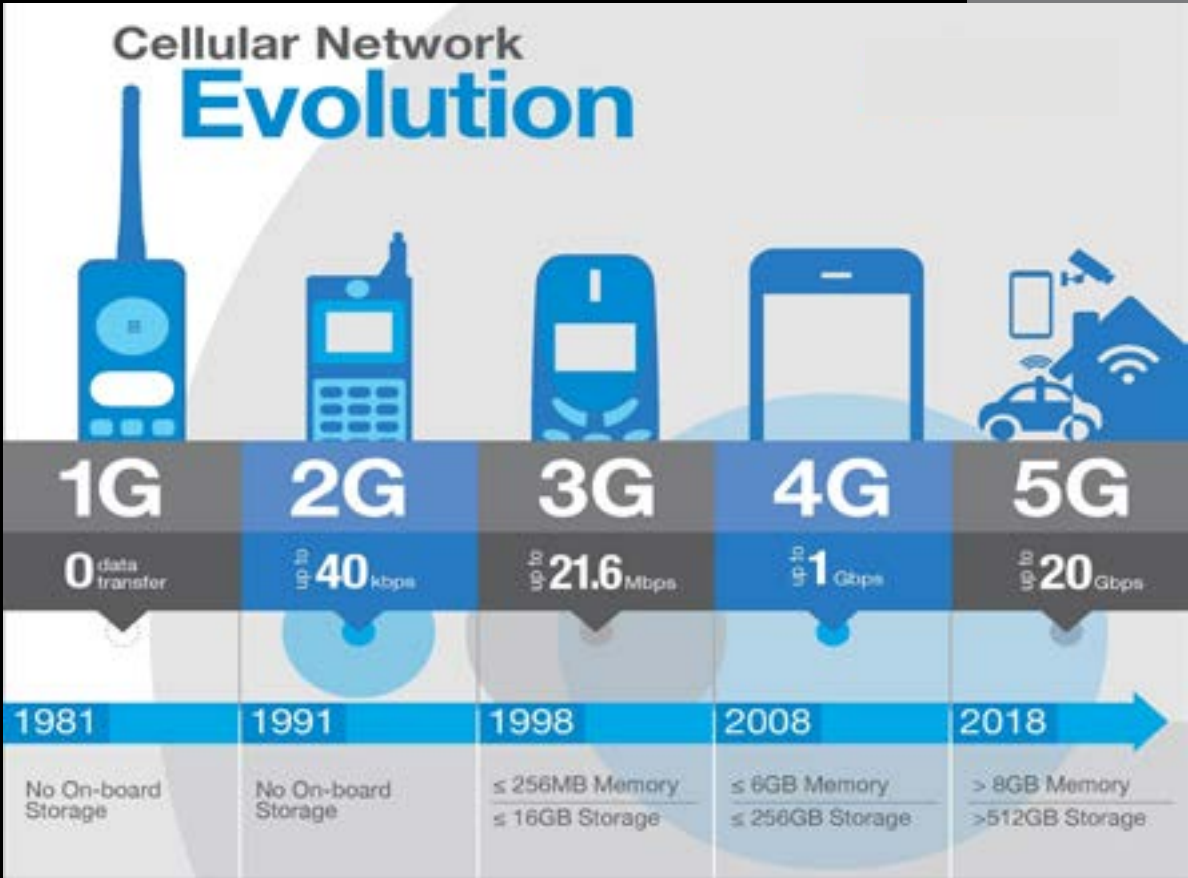
Autonomous Driving – Under this concept, self-driving cars are not far from reality with the use of 5G technology.

High speed mobile network.

5G network can support 10 to 20 GBPS of data download speed that has the capability of latency less than a millisecond. It will be using new radio millimeter waves for data transmission.

Cloud and video Streaming

5G technology will provide the end-user with an improved features while using cloud storage services and streaming platforms to watch 3D videos or other content in ultra-resolution.



Q
A

Mr. Lal Nanayakkara
CA Sri Lanka



A man who has the passion can achieve anything in his life. Clear vision and commitment to reach and achieve it is not so easy all the time. Today, in our very first interview we invited to a person who himself has become the person to prove my earlier statement He is Mr. Lal Nanayakkara. He is the only member of CA Sri Lanka to serve in the council for 17 years.

Dilshi Liyanapathirana

Q Would you like to tell us about your family background?

A Yes, I am coming from a family of teachers. My parents were both school teachers, so my childhood, there were no distinction or different between in the school or home atmosphere. Home was an extension from school. My parents had been teachers so we were discipline like play while you play, learn while you learn, that discipline was instead in us. Then there are 5 of us. I have two brothers elder to me and two sisters younger to me. My elder brother obtained a degree in physical science and he became an instructor in Seashells Poly technique university is there. My second brother got through the Civil Service exam and he became no. Two and he retired before three years as the secretary to the Prime Minister. About two sisters, one girl after obtaining the degree, she became the Bank Manager and the last girl became a doctor and now working as consultant in United Kingdom.

Q Would you like to explain your path to become the person you are now?

A My first appointment was in 1975 and I was called upon to an interview in Ceylon Tobacco and I got the job but I declined it because if I did so, then I would not have been able to do lectures during the weekend. Later I joined to BCC (British Ceylon Corporation). While working there, I established IAS (Institute for Accounting Studies) to conduct lectures. That is the start, so I balanced my lectures and professional career.

Q When did you realize that you want to choose a career in Accounting and why?

A Well, I took the field of Accountancy mainly because to tell you frankly in the university of Peradeniya, I was studying for an Economic degree at that time what tempted me to do Accountancy is really the monetary benefits involved. Later on I moved to Auditing because Auditing is a subject I like very much. Because it is very exciting and you need an inquiring mind to do that and that is how I ended up as a lecturer at the Chartered Institute in auditing for a very long time.

Q What are the major roles you have played in your professional journey?

A Well yes, in 1975 when the chartered institute decided to do chartered exams in Sinhala medium, we had glossary in Accountancy but there was no glossary in Auditing. So it was a very difficult task to build up a glossary which I did myself. Later in 1997, I elected as the president of Institute of Chartered Accountants that was a dream I cherished which I realized finally. After that in the year 2000, I became the President of South Asia Federation of Accountants (SAFA) out of 5 countries and among 280,000 memberships. Then after I was invited to serve at IFAC (International Federation of Accountancy). Then of course at that time the Prime Minister invited me to be the Chairman of People's Bank and appointed in 2002, that one also I consider as a major achievement. I was also a visiting lecturer of the Kelaniya University.

Q Do you think nowadays students are dedicated as your time students?

A To tell you frankly, if somebody says nowadays the standards of students have declined I don't subscribe to that view. Today students are very intelligent. There is no question about that, but may be they are less articulate when it comes to communication. In the good old days naturally student's coming from a different background, specially from English speaking background their English knowledge is very good therefore, they could communicate effectively. But today unfortunately, it is not the same. but one must understand that is not something to speculate these students.

Q Finally, what is the message would you like to give for the university students?

A My message for the young generation is, you should try to cope with your restrictions. If you are supposed to do a degree, first focus on it and do it well. Later you can start to do a professional exam and enhance your knowledge. University students are very intelligent. They can access anywhere with their knowledge. If they want to pursue their dreams, they should try to do independently. Today that facilities are available. First focus on your degree and as I said before try to improve your communication and analytical skills.

Q What are the major economic challengers do our country has currently?

A I like to look at this issue holistically. Our biggest problem is we have a huge population and their needs and wants are subsidized by the government. That is too much of burden to the government to carry. Please remember in Sri Lanka man to land ratio is worse than India or Bangladesh so, such numbers we can't subsidized. So theory of welfare always a catchy phrase and that is not suitable for a country. I personally believe, there is English saying "there is no free lunch, but work for your lunch" but they have samurdhi benefits, free education, free medical services. There will be less investments after all. So we should carefully plan our policies to the development of our country. If there is no investment, we can think about foreign investments. It is not only the tax incentives, tax holiday that attract them. There is something more than that, what is require is foreign investor's confidence to invest in the country.

“There is no free lunch, but work for your lunch”

Q What are the other skills that a student should improve than the subject Knowledge before entering the job market?

A Today the academic and professional education is dear to producing professional and academics who have "tunnel vision". that means all what they do is covering the syllabus, face the exam and get through. But beyond the syllabus, they know very little. Today our generation, they don't know about Philosophy, logic and they don't do research. This must be changed. What I feel is they should focus on communication skills, confidence and such. If a gold medalist cannot speak about him in front of the board of directors. It's useless. I should say it is not a problem in our field but also common to every field.



CYBERSECURITY TRENDS

Dilini Jayasundara

Hackers are launching a ransomware attack as outmaneuvering defenders in every 14 seconds. And they have a plan to achieve that attack 11 seconds by 2021. Although it is not a problem, they use variety of attacks as a formidable opponent. The hackers target a large cash pot and they are trying to influence the companies which have fancy security infrastructure. As a result of that, cybersecurity is giving solutions for that problem.

Privacy, rights, freedoms, and everything up to and including our physical safety also is protecting by cybersecurity. That will be more prominent than ever during the time period of 2020. Not only that, most of our vital infrastructure is coming online and susceptible to digital attacks and involving the leak of our personal information are frequent and bigger more and more. Awareness of political interference and state sanctioned cyberattacks are mostly increasing in there. The importance of cybersecurity is a growing matter of public concern in this globalization in undoubtedly. According to the NCSAM (National Cybersecurity Awareness Month), they explained some of the biggest shifts happening in the cyberspace.

The phishing landscape evolves as a one of recent trends of cybersecurity. Hackers are increasingly developing their phishing methods to give attack as reputable companies or familiar individuals. Email is the most famous method of phishing. Mobile attacks are increasing highly and they are occurring via SMS and over the mobile phone. But ransomware is the best topped cyber insurance claim for phishing.

Bring-Your-Own-Device (BOYD) is a policy that was established to increasing productivity, cutting cost and different kind of reasons help it. But, different kind of security risks of

data leaks, malware infections are increasing because of the device management of it. IT infrastructure are added to keep up the trend of cybersecurity. Creation of processes and protocols which help to create a good situation between reward and risk of that policy. Not only that, CISO is the one of famous cybersecurity trends that indicates a stronger relationship with board indicates of cybersecurity. It most helpful for reduction of cybercrimes.

Consumer privacy/trust is the most important thing in business field. Therefore, the Business Roundtable was interference to create a comprehensive consumer data privacy law. This provides that the consumer trust is becoming a priority among huge data breaches. And also, Cybersecurity automation helps to boosting effectiveness of security staff. Automation has been found to improve the ability and increase the productivity to prioritize threats high speedily.

Another trend of cybersecurity is AI (artificial intelligence) that are enormous and without use of AI. ~61% of enterprises cannot detect data breach n today. AI and machine learning help to manage cyber-attacks like spear phishing, malware etc. not only that, the cloud computing also used stern security controls and testing security features for prevent from cybercrimes.

Cyber security organizations are finding out innovative ways to build safety features into products to detect threats. But the world becomes increasingly connected and the bad guys take more advantages from it for unnecessary things. Therefore, cybersecurity is not simple or easy. If we haven't like this treat detection opportunities, we have not solved problems of cybercrime.

MCC IS BITTER OR BETTER?

Siyama Ansar, Dulanjali Abisheka and Thisuri Jayathma

What is MCC?

Millennium Challenge Corporation as known as MCC, is becoming one of the burning topics in these days. The millennium challenge corporation is an innovative and independent USA foreign assistance agency that fight against global poverty.

The MCC operates independently as a separate entity, though the head of the USA states department and USA treasury sits on its board. MCC was established in 2004 and has signed 37 agreements with 29 countries worldwide. Targeting good prospects for poverty reduction through economic growth and this is a compact of five years grant agreement projected to date have emphasized infrastructure. It acts as an incentive program to recognize and reward countries that are good performers.

MCC uses a competitive process to select countries based on diversified criteria, such as a commitment to good governance, investing in health care, education and economic freedom. At the same time, a country should be classified under upper-middle-income countries to be selected for the grant.

The board of MCC inspects the performance of a country based on 20 independent and transparent policy indicators and select countries based on policy performances. If it needs to have the MCC compact, the country should present a project proposal covering a wide array of small projects including agriculture, irrigation, energy and power, corruption, education infrastructure etc.

MCC and Sri Lanka

Sri Lanka started negotiations with MCC in 2004 and it was selected in 2016. Sri Lanka's project proposal was submitted to MCC board in November 2017.

According to MCC grant, there were two main constraints for selecting this compact in Sri Lanka

1. Inadequate transport and infrastructure.

2. Lack of access to land for agriculture, industry and service sectors.

In order to achieve test constraints, MCC will be funding two main projects....

1. Transport projects

It focuses on traffic management, improvement of road network between western province and other province

2. Land project

It focuses on creating a parcel fabric map, facilitating from a deed registration system to total registration system, establishing land policy council etc.

The agreement states that approximately 1 MN people will be benefited over 20-year period.

Is MCC a path to better livelihood?

1. It will improve the deed registry by digitizing new records and building on government's land registry initiatives.

2. It will enhance the capacity of both Colombo and Trincomalee ports.

3. It creates a path of industrialization, agriculture and services sector development by contributing a higher amount to GDP.

4. MCC compacts is a grant, not a loan, therefore it is not required to be repaid.

5. It makes a massive impact to the development of modern transportation system within the country

6. The inflow of technology is a very fruitful advantage creating opportunities for local business and industries.

7. It reduces the unemployment by improving both private and government job opportunities.

Is MCC a trap?

There will be a physical-economic corridor connecting to SOFA and ACSA agreements, which starting from Colombo to Trincomalee port including 18% of land area by dividing the country into two separate parts. As well as it emphasizes regarding the establishment of US colonies and an army base, construction of an electric fence, undervaluation of land transaction, destruction of the environment has also been confirmed by this agreement.

Since Sri Lanka is an agriculture country, still people hesitate to accept these kinds of land projects.

Some people think that it may affect the sovereignty of Sri Lanka, especially to undermine the country's national security.

Conclusion

However, it gains both pros and cons to the economy. As a developing nation, Sri Lanka needs this kind of compacts to achieve sustainable development through poverty reduction. But it should not harm the unity and sovereignty of the country.



LACK OF BALANCE

PDA Jayaratne, KBADU Hansamali, GHAN Prithimali, HWCK Peiris, BR Menaka, S Uyangoda

Asymmetric information, also known as “information failure”, occurs when one party has possessed greater material knowledge in an economic transaction than the other party. For an example, in factor market the employee knows his skills, capacity and qualifications.

But employer does not know the full information of employee's capacity and skills. In such case employer can be cheated by information failure. Following are the real world examples for information asymmetry.

- When a car sale company is going to sell a car, the owner has full knowledge regarding its service history and the capability to break down. But the buyer does not aware of the real condition of the car.
- The matter of a borrower and a lender in the financial market.
- The matter between an insurer and a insuree.

The asymmetric information, mainly creates two issues, Moral hazard selection and adverse selection. Moral hazard means the tendency of an imperfectly monitored agent to engage in dishonest or otherwise undesirable behaviour. As an example, a homeowner buys a fire insurance and then he is likely to buy few fire extinguishers because, if he bears the cost of each extinguishers, the insurance company will receive much of the benefit.

Adverse selection refers to the tendency for the mix of unobserved attributes to become undesirable from the standpoint of an uninformed party. As an example in medical insurance, buyers of health insurance know more about their health condition than insurance companies do. Because people with greater hidden problems are more likely to buy health insurance reflects cost of a sicker-than-average person. The insurance company must be able to separate high and low risk policy holders. Otherwise, only high risk people will purchase insurance. This type of adverse selection would

make medical insurance unprofitable. There are three approaches could be identified under asymmetric information,

- The economic cost information problem (Acolaf's lemon market model)
- Guessing for the information (signalling model of Michel Spence)
- Encourage the party with information for an honest behaviour (principle agent problem).

The economic cost information problem (Akolof's lemon market model)

In 1970, Akerlof came up with the first analysis of market equilibrium in the prisons of adverse selection and moral hazard by Holmstorm (1979). He introduced the lemon market model. The Sellers of cars know their vehicles'

defects while buyers often do not. Because owners of the worst cars are more likely to sell them than owners of the best cars, buyers fear they would get a “lemon” since low quality goods drive high quality goods out of the market. The market fails to produce mutually beneficial trade. Adverse selection occurs when there are only low quality cars left in the market.

Guessing for the information (signalling model of Michel Spence)

The better informed party takes the lead often and would be benefited from communicating this information. High-quality seller must do something costly and verifiable to signal the quality convincingly. E.g.: Reputation, warranty, job market etc. Informed individuals may find ways to signal the information about their

unobservable knowledge through observation actions. On the other hand, signal is one of the best ways to ensure the quality of your product. Mainly this problem could be observed in two ways; separating equilibrium and pooling equilibrium.

Encourage the party with information for an honest behaviour (principle agent problem)

This is the application of asymmetric information to create honest behaviour. It is mainly based on labour market where there are two major parties, Principle and Agent.



Principal wants to maximize his profit and agent wants to maximize his utility. Their satisfaction levels are different from each other and this creates some unavoidable issues between two parties. As a result, one party will be cheated by the other. To overcome from this problem, the employer finds a solution and come up with decision to give participatory constraint to cover employees' direct and opportunity cost. But in the real world it is not enough to satisfy employees' mind. Therefore, employer tends to give incentives constraint to overcome from these problems.

1. Participatory constraint: Principle pays a salary which is a best alternative cost for the agent. Principle would think that the payment would encourage honest behaviour of employee, though that payment is not sufficient to encourage the honest behaviour of employee.

2. Incentive constraint: Employer uses initiatives as punishments to make the honest behaviour of employee. This is based on the assumption of “Production process does not face any type of uncertainty”.

If the employer punishes employee, without considering uncertainties that could be taken place in the production process, will discourage the employee. If this process occurs continuously, the employees with honest behaviour, will leave and dishonest people will remain in the firm. As a result, the issues of Moral Hazard and Adverse Selection may arise.

Case Studies

Now let us discuss how does this theory engage with real world situations. There are a few case studies which bring out the problem of information failure.

Manufacturing sector

we selected Company A for our research. Company chain produces tiles as their main product. There are 350 male workers and 60 staffs. Company works 24 hours and it is based on shifts. (6.00 a.m. – 2.00 p.m. /2.00p.m.-10.00.p.m and 10. 00p.m- 6. 00a.m). Many of the workers represent 24 to 35 age group. The company owns local market share up to 40% now. Above details show the profile of this company. Now let us check how does the theoretical part engage with the process of the company. Thy provides incentives aiming a better enhancement of honest behaviour of their workers.

According to the HR manager, minimum monthly production incentive is Rs 4000/= per worker and company gives targets for their workers. This target is relevant for whole branches. They calculate their monthly target as Days of months – hours reduce for natural break downs, then they calculate targets for remaining work hours.

The other motivational program is, learner launch program and the free English class program. Learner launch program has been introduced to improve worker's knowledge about investments such as fixed deposits, share markets investments. Free English class program aims to enhance the worker's knowledge about English language. This classes are conducted by HR manager on Mondays, Tuesday and Wednesday. Workers are very interested and enthusiastically participate for the class. All these events are displayed on a screen in the main cafeteria. The main objective of HR Department is to enhance their workers living condition through incentives additionally than their monthly salary. Like other companies, here also they arrange family parties and new year celebrations to increase the correlation among the workers. Training program and Total Productive Maintains (TPM) programs some other motivational events conducted by the company.

HR Manager further said that, honest behaviour is an essential thing and workers must maintain it. But it is not an easy task to attract workers

and achieve the company goal. The company should give incentives to attract them to reach the organization's main goal.

Considering the view of the workers, they are happy and satisfied with production incentives, annual bonuses, annual trip, uniforms and shoes, free card for foods, stationary for

worker's children, ambulance service and RS.25000/= for funerals. These incentives positively influence to increase their productivity.

Under principle agent problem, carrot and sticks are used in the practical world, and incentives are identified as carrots and punishments as sticks. Every company has its own policy, rules

and regulations. Mother company has her own rules and the group of companies has their own rules. It is generally based on company management system. Workers have the responsibility to follow all rules and regulations. When workers do not have honest behaviour they will be punished. According to this company, there is a procedure for giving punishments.

1. Verbal warning
2. Warning letter one.
3. Warning letter two.
4. Warning letter three
5. For the misconducts company take serious action.

Though there is a punishment procedure, HR department do not agree with warning letters. They do not want to send anyone home. So verbal warnings are highly accepted. Company always try to follow precautionary methods to solve the problems and try to be with workers while solving their problems.

Using mobile phones while working, chew betel in company premises are prohibited and if workers do such kind of mistakes, they have to pay Rs500 as fine. Unnecessary leaves and no pay affect to reduce their annual bonus.

Secondly, we selected JSW apparel under garment sector. They export and manufacture all protective garments, wear garments overall coats, lap coats, caps etc., and there are about 100 workers in both gender between 18-45 age group. Company works only in weekdays from 8.00am to 5.00 pm.

This company also provides production incentives when workers achieve their target as another motivational program,

- Best worker award: Company gives cash prizes for best workers annually.
 - 1St prize; Rs.50000.00 / 2nd prize: Rs.20000.00 / 3Rd prize: Rs.10000.00
- Stationary items for workers' children.
- Monthly Dry food basket :(Rice 5kg, sugar 1kg, milk powder)
- Phone cards (up to Rs.200.00)

• Under Punishments, they mainly concern about two cases;Small cases and Serious cases. Problems regarding targets, stealing garments, In and Out problems, drinking alcohol, quar-





relling with co-workers and Bribe cases are some of them.

There is a Punishment procedure.

- Verbal warning (here company monitors their workers and check whether they react or not, If the worker's reaction is not positive at that time company does follow procedure).

- Issue warning letters (issues a letter for the worker who has bad behaviour and the other letter is issued for his personal file)

- If worker accepts his problem, company gives small punishments, such as imposing fine and suspension)

- Domestic observation (Collect evidence about the problem and make an inquiry) Company takes support from an external person for the judgement e.g. labour officer, HR manager)

- Last option is issuing resignation letter.

Construction sector

We selected Company B PVT (Ltd). It focuses on providing civil, mechanical and electrical construction solutions to large and medium scale construction projects. As other companies, they also give incentives. If workers work more than 1 ½ hour after 6.00pm and on Saturday more than 1 1/2 hour after 1.30 pm they can earn over time incentive. If workers work on holidays (mercantile holidays and poya days) their overtime incentive will be doubled. Other motivational programs are, cricket functions, get together parties, pirith programs and annual trips. Punishments are as same as the other companies (verbal warning, warning letters) If there is a serious misconduct they take a critical action.

Non-Government Organization

We selected Organization C which is an eye clinic. It works from 8.am to 5pm. Working employer increment is the main incentive program for the drivers which is used to enhance the honest behaviour of their drivers.

If drivers are not absent for more than three days in a month, they can earn Rs25.00 per day. But worker must cover his daily duties.

When considering the punishments procedure, it is same as the other companies with verbal advises, issuing warning letter, then taking necessary actions depend on the misconduct.

Financial sector

The D finance which is one of the best companies that we select to describe above theory. The company tries to enhance the level of satisfaction of employers using different methods. As incentives company increase annual income through a commission which depends on leasing target. Under the other programs, they give loans with a low-interest rate than the average interest rate and the workers have a chance to buy jewellery from jewellery auction under a considerable degree of profitability. On the other hand, there areal so many skill development and motivational programs to enrich the level of workers' personal motivation and development. There are punishments as other companies. When workers do mistakes or lost they should cover them from their personal salary.

Agricultural sector

Company E is a popular company which belongs to the agricultural sector in Sri Lanka. It produces chicken, eggs, sausages, poultry feeds etc. There are a few major units in their process. with breeding, boiler, processing and marketing units. There is both production and service sector in this company. When considering the production sector, labour incentives are a very important component which is necessary to maximize the utility of workers as well as the profit of the employer. In such a case, it causes to arise a conflict between employer and employee in achieving their objectives. In Company E, they use some incentives and punishment to create honest behaviour of employees. Attendance allowances, incentives on achieving key performing indicates, Sisu Diriya program for employees' children and Praja Aruna housing project are some of them. As for punishments, they use the deduction from monthly salary or no-pay as a result of disciplinary produce and demotion and transfer.

Automobile Insurance

Generally, in the case of the insurance industry; an adverse selection happens in the situations where the insurance applicant provides fraudulent data or documents regarding the risk of the subject that is going to be insured.

In the automobile industry, an insurance company requests the following documents from the customer when issuing insurance.

- Copy of the certificate of registration of a mo-



tor vehicle

- Proposal form (Filled by the customer mentioning the details of vehicle & customer)
- Inspection report
- Valuation report
- In the case of shifting the insurance coverage from one to another company; a claim report
- Tax report in the case of luxurious vehicles

Moral hazard in automobile insurance and possible remedies

In an automobile insurance industry, a moral hazard can be occurred by underestimations of the value of the vehicle and by presenting wrong information by the applicant. As an example, some people get insurance coverage to their vehicles by mentioning as it is privately used vehicle but they use that vehicle for hiring activities. Both of these are done in order to get a low premium. The overestimations of the losses occurred due to accidents with the aim of claiming a high amount and pretending of an accident that has not been actually occurred (this is an unavoidable circumstance) are some other instances where a moral hazard can occur. An insurance company goes around with the following steps to avoid such moral hazards;

When an accident happened, the insurance company send their agent to the location to check, confirm and collect evidence relating to that accident. Especially they take photographs of the accident. To avoid over-estimated payments provided by the customers, they investigate the damage and consider about the real market values of the damages (Spare parts) therefore, customers have to give an accurate and acceptable quotation from a recommended company. Sometimes insurance companies send their agents to the garage to evaluate the process.

The insurance agreement is based on perfect evidence of customers. It is a basic and essential requirement for the agreement.

According to that condition, if customer breach it, they are not entitled to obtain any claim.

After a claim, if the insurance company suspects about that claim, they do an investigation after claiming. If they found out it as a cheated one, they can recharge that claim amount within a period of two years from the customers by filing a case.

Insurance companies request a valuation report of the vehicle to avoid under-estimations of the value of the vehicle. In addition to that, they

request a claim report which includes the history of the previous claims of the customer. If the customer has obtained a number of claims per year; the insurer can either increase the renewal premium or reject the renewal of the customer.

Medical Insurance

In the medical insurance industry, an insurance company requests following documents from the customer when issuing insurance.

- Proposal form (Includes the details about pre-existing health issues, customer details)
- Occupation (to investigate the likelihood to get infected by a disease)
- Medical report

Moral Hazard in Medical Insurance and possible remedies

In the medical insurance industry, a moral hazard can occur in a case where a customer has registered in more than one insurance company and if he tries to get benefits from all those companies by presenting one medical bill. They have a condition called “contribution” in the insurance agreement. Through that condition, they only have the ability to claim the amount which they have actually paid. As an example a person who registered in two different insurance companies and if the value of his medical bill equals to Rs. 100,000, then he can get Rs. 50,000 from each.

Some people present high valued bills to the insurance company instead of real values. In this case insurance company check those bills with the hospital records.

Sometimes insures provide fraudulent prescriptions/ medicals to the insurance companies. In that case, the insurance company check those medical certificates to ensure whether they have been provided by the government or other approved medical institutions and equipped with a well experienced medical team. If not the insurance company can reject the claim.

Insurers make some conditions on the insurance agreement if a particular person has certain health conditions like by-pass & heart attack etc... as he is a high-risk person. If that person dies due to a direct or indirect effect of that specified diseases, the insurance company will not allow claiming the insured amount.

“

The insurance agreement is based on perfect evidence of customers. It is a basic and essential requirement for the agreement.

”

Credit Market

Here we discuss only the loan granting and pawning sections in the credit market.

Loan Market

Following documents are required and things considered in issuing a loan.

1. Personal loans

- Service letters of the applicant and the two guarantors
- Three salary sheets of the applicant and the two guarantors
- ID copies of the applicant and the two guarantors

2. Term Loans

- Two guarantors
- ID copies of the applicant and the guarantors
- Guarantee bond

3. Property/Housing Loans

- Salary and other incomes of the applicant
- Mortgage bond

4. Business and Commercial Loans

- Business registration

Moral hazard in Credit Market and possible remedies

In this market a moral hazard can be happened due to a providing of fraudulent documents such as salary sheets. To avoid this a bank can request a confirmation of service letters and salary sheets of the applicant and the guarantors by contacting the relevant company.

The borrowers can cheat by providing fraudulent land deeds. As a remedy to that a bank can investigate the accuracy of the documents provided by the client through the bank's lawyer.

Sometimes, a person may try to take loans by showing a wrong estimation of the property. To confirm that estimated value provided by the customer, a valuation report is requested by the bank to confirm the market value of the property.

Bank conducts field visits in the cases of housing loans to check whether the granted amount





has been utilized for the requested purpose.

To have an assurance about the loan repayment from the borrower the bank mortgage the relevant property.

When a person has no income from a business, but he has an income from non- business activities and illegal activities and trying to get loans by pretending those income inflows as their business income; banks request business proposals, bank statements and documents to confirm whether the company is registered. Pawn market

There are no special document requirements to issue a pawning loan.

Moral hazard in Pawning market and possible remedies

By pawning a stolen or illegal jewellery a moral hazard can be happened. Bank insures the pawning items in order to avoid the losses that may occur in such activities.

To avoid other adverse selections, the bank can auction the gold articles that the loan amounts cannot be recovered and use machineries to measure the karat age of jewellery.

Leasing

Moral hazard in Leasing and possible remedies A moral hazard can be occurred by trying to lease their vehicles by showing a higher value. As an example, leasing a vehicle worth Rs.



30,000,000 by showing higher value than actual; if the company accepts that wrong value and place the leasing for that person, it will be an adverse selection. To avoid this, the leasing company estimates the value of the vehicle through a registered company.

People who leased their vehicles have to give a duplicate key to the leasing company. In this case some people give wrong keys to the company. Leasing companies can take that wrong keys by thinking that those keys are the actual keys. In that case, leasing companies check the vehicles by using the given keys through a person in the leasing company.

So far we discussed some practical occasions where the problem of Asymmetric Information could be seen. Generally, Companies try to increase honest behaviour of workers, by maintaining a positive relationship with them and by improving their life style. It is not an easy task to attach workers with company's main goal. Therefore, these type of motivational programs are essential. Honest behaviour must come from the inner side of the workers. It is important to note that, companies do not like to demote or fire workers. They prefer to use verbal warnings than the complex methods.

Company can conduct several methods for workers to encourage honest behaviour in their career. Workers could be divided to several groups and give them to achieve monthly target. At the end of the month, the best group could be provided with cash prizes. Ranking method is another best way for a company. The company can rank its agents, who achieve given targets up to marginal level. And also private companies can give a chance for the workers to invest in the company; and can create best rules and regulations system which minimize labour issues.

To reach the targeted production level employers make a huge pressure and stress on the employees. In this case company can suggest some sort of programs that develop the mental health of the workers. (annual trip, musical show, meditation programs).

Generally, the job stability of the workers in marketing sector depends on expected production. To maximize the labour productivity, company can ensure job stability using EPF, ETF systems. Most of the private sectors have less

Company can conduct several methods for workers to encourage honest behaviour in their career.

awareness on government rules and regulation. Therefore, employers can introduce a system to make awareness on state rules and regulations. several companies operate with the lack of modern technology. Introducing new technology would create economies to increase the profit and ease the path of success. All above facts highlight that the incentives and Punishments are the key concepts that companies follow to enhance workers' honest behaviour.

The existence of full information is one of the most important assumption for every market in the economy. In the reality this assumption is far away. In many occasions implications arise due to unavailability of perfect information in the economy. Asymmetric information is the kind of unavailability of perfect information in the economy. Because of the asymmetric information dishonesty in the market may generate. According to the economic theory information asymmetry is more problematic and harmful in the case of adverse selection and moral hazard occurs when a more informed party has a tendency to behave inappropriately from the perspective of the less informed party. Under these asymmetric information, market may not work properly, where one person wants to be better off and another person has the possibility of worse off. There are many possible solutions that can help to avoid the problem of asymmetric information. Creating opportunities for greater access to information to consumers and government intervention can also be required and this situation may have an impact on the economic scenario.

GUESSING FOR INFORMATION

MDR Jayasekara, MLDKR Premachandra and TEI Dangalla

Signaling Model

Signalling is the idea that one party credibly conveys some information about itself to the other party. Signalling took root in the idea of asymmetric information and it causes to reduce the information asymmetry. Although signalling theory was initially developed by “Michael Spence” based on observed knowledge gaps between organizations and prospective employees. As an example, Michel Spence has used education as a signal to measure labour productivity in the job market. As economic students, we should consider both theoretical and practical situations of signalling in the real world. Let’s discuss how the real world uses a different kind of signalling models to reduce their information asymmetry and to increase the efficiency of their markets. To confirm the reliability of this model in the real-world condition, we conducted some direct interviews under two practical situations.

Guarantees and warranties as signals to ensure the quality of product.

An important mechanism through which sellers and buyers deal with the problem of asymmetric information is market signalling. Even in the durable good market, there is asymmetric information. To ensure the dependability of a product, producers use guarantees and warranties as a signal. The asymmetric information between two parties in the transaction in a market can be reduced through guarantees and warranties for goods. Here market signals improve consumer perceptions about attribute levels and increase confidence in brands’ claims.

X Plus showroom, Ambalangoda

X is a large, diversified company with an unmatched presence throughout Sri Lanka. X offer warranties and guarantees to give good quality products for customers and to make them more confidence about their good quality products. For this purpose, they offer different types of warranties and guarantees based on the brand to their customers as follows.



Year	Product
1 Year	Rice Cooker Toaster Iron
3 Years	Televisions Hot Water Shower
5 Years	Refrigerator

Warranty

In X’s view, it is impossible to find customers who are not looking at warranties and 99% of customers are asking about warranties. Customers have more confidence about the warranties.

1. When people are going to consume products, they 1stly consider about the warranties.
 2. People are highly worried about the warranties period. Customer believes if the warranties period is high, the quality of the product also high.
- If the warranty period is very low, some people are willing to pay more money and extend their warranties period of the product.

Guarantee

- X offers guarantees based on their warranties period.
- If something happens to the product within the warranties period, they give a new product for that if the product cannot be repaired.
- After the warranties period, guarantees will not valid for its customers. As warranties, people are very much concerning about the guaranties also. In X view their signal becomes 99% success.

Y Showroom, Wattegama

Y is the largest furniture manufacturers offering a diverse range of modern and traditional furniture. With the vision to optimize on steadfast standards of service, they carry out different kind of promotions to attract and hold their customers with them.

Under the promotions, they offer warranties and guarantees to give good quality products for customers. For this purpose, they offer different types of warranties and guarantees based on the furniture to their customers. They divided these warranties and guarantees into 1year, 3 years, 5 years, 7 years,10 years, and 15 years.

1 year	Genuine Leather Sofa
2 year	Treated Rubber Beds Plastic Furniture Office Chairs
3 year	Full Fabric Finish Sofa MDF Beds Furniture (particles and MDF boards) Dining Tables & Chairs (solid wood)
5 year	Cushion Sheets
7 year	Cool Foam Double Layer
10 year	Mattresses Wooden Structure Sofa
15 year	Particle Board Beds

Guarantee

- Y offers guarantees based on their warranties period.

- If something happens or if the product cannot be repaired. to the product within the warranties period, they give new product for that

- After the warranties period, guarantees will not valid for its customers.

- In Y's view, the customers (90%) who are coming to the Y showroom are mainly considering the brand.

- When people are going to consume Y's products, after the brand they are concerning about warranties.

- People are highly worried about the warranties period also.

- Customers believe if the warranties period is very high, the quality of the product also high.

- If the warranty period is very low, customers are not trying to increase or decrease the warranty period. As warranties, people are very much concerning about the guaranties also.

- Customer tries to extend their guaranty period.

- If guarantee periods finished, at that time also customers prefer to pay more money and repair their products through Y company.

- In Y's view their signal becomes 80% success.

here are some failures in the signalling model related to warranties and guarantees.

- Some customers don't take their consumption decisions based on warranties and guarantees.

Because some of them are highly worried about the brand.

E.g.: The customers who are purchasing furniture from the Y company, highly consider the brand.

Failures in Signaling Model

Signalling model uses to reduce the uncertainty of asymmetric information . According to that

- Pay, less amount for reducing the warrantee period.

E.g.: As the X Plus mentioned, some customers try to reduce the price of the product by reducing their warranty period. At that point, the singer's signalling model fails.

- Because of the asymmetric information, the above point implies that the signalling model can be failed at sometimes.

Finally

"Guessing process through signalling increases the efficiency of the market with information asymmetric" by considering warranties and guarantees as a signal to ensure the product and the signals used by the employers on guessing on the productivity of workers in recruitment.

Most of the companies in the real-world use signals to reduce their information in an unbalance way. According to this article, there is a 90% per cent success of signalling models. But there is a possibility to occur some failures in the signalling model also.

Considering about warranties and guarantees they implement as a successful signalling mode in the durable goods companies.



NEWS LETTER

Department of Economics and Statistics, Faculty of Social Sciences and Languages, Sabaragamuwa University of Sri Lanka



The Department of Economics and Statistics (DES) was established under the Gazette Extraordinary No. 1602/19 on May 21, 2009 by the Ministry of Higher Education with the recommendation of the University Grants Commission. The DES is the fourth Department of the Faculty of Social Sciences and Languages (FSSL) in Sabaragamuwa University of Sri Lanka. The FSSL is the only Faculty that has been A-graded by the panels of Reviewers of the Quality Assurance Council (QAC) of the University Grants Commission (UGC) in 2017 for both General and Honours Degree Programmes in University system of Sri Lanka. The two Honours Degree Programmes of Economics and Statistics offered by DES have also proudly achieved the level of A grade for their academic excellence.

The DES offers three market oriented degree

programmes of Economics, Statistics and Information and Communication Technology (ICT). It has the strength of the largest number of undergraduates in the faculty with intellectual capacity, analytical skills and other Socio Emotional Skills (SES). The DES is equipped with energetic and dynamic academic staff members with great achievements in the teaching and the research.

The proposal of the DES for Accelerating Higher Education Expansion and Development (AHEAD) to reach the status of excellence as proposed by the QAC of UGC, competitively won the development grant showing their excellence among the other departments in the art faculties in tier two universities. DES always attempts to provide parental environment and carrying to their undergraduates with strong mentoring and guiding. Few remarks of the journey of the DES family are given below.

Successful Completion of the Industrial Week

Department of Economics and Statistics, Faculty of Social Sciences and Languages, organized the guest Lectures mentioned below and the Industrial Training Programme for the 4th year students of the Faculty under the AHEAD project of the Faculty of Social Science and Languages.

- Bringing Out the Professional in You: An Insight to Survive in a Work Environment

The guest lecture was held for the final year students of Economics, on the 3rd of December at the lecture halls of the faculty.

The Resource Person was Mr. Gunaratna Nagawalliya, Corporate Head of HR, Sierra Cables

PLC

• All of Us Have a Role to Play
Mr. B.L.S.P. Nishantha, Chief Technologist, Sri Lanka Institute of Textile & Apparel conducted the guest lecturer mentioned above for the final year students of Statistics on the 3rd of December at the lecture halls of the faculty.

- What do IT Industries Expect from IT Graduates
- A group of IT experts from Derana TV, anim8 and Thala Roopa, met the students who are doing ICT as their major subject, for the discussion mentioned above, from 2nd to 7th December 2019



Workshop on “Improving Business Communication Skills”

A Workshop on Business Communication was conducted by Dr. Mahesh Jayasinghe, for the 3rd year students of the Department of Economics and Statistics, on 18th of December 2019. The Department of Economics and Statistics produces undergraduates in three disciplines as Economics, Statistics and ICT which are highly relevant to the world of business. Improving business communication of the students will

enhance their capabilities in relation to employability. The main objective of the workshop is to develop positive attitudes towards using English language among undergraduates. Further, it intends to adopt and prepare students to the world of work in both public and private sectors, by improving their skills of business communication which have been identified as a major requirement of their soft skills.



Workshop on “Improving Academic Literacy in English”



A workshop on Improving Academic Literacy in English was conducted by Mrs. M.D.N.M.U. Mahawatta, Senior Lecturer (Grade II), Department of Marketing Management, Faculty of Management Studies, Sabaragamuwa University of Sri Lanka. It was held from 18th to 20th January 2020 for the final year undergraduates of Economics and from 25th to 27th January for the final year undergraduates of Statistics and ICT, by the Department of Economics and Statistics, Faculty of Social Sciences and Lan-

guages, Sabaragamuwa University of Sri Lanka, under Accelerating Higher Education Expansion and Development (AHEAD) Project.

The main objective of this workshop is to provide satisfactory knowledge on the usage of key concepts in academic literacy. The target group of students was trained for the academic writing, reading and referencing through workshops with the goal of improving their subject oriented academic literacy.



Journal Publication at SLFUE Conference



Sri Lanka Forum of University Economist Journal was successfully launched by the Department of Economics and Statistics, Faculty of Social Sciences and Languages at the International Research Conference of the Wayamba University of Sri Lanka on 20th December 2019. The chief editor Mrs. R.M.L. Ratnayake, Senior Lecturer, Department of Economics and Statistics, Faculty of Social Sciences and Languages has conferred the journals to the panel including Lead Economist Dr. Harsha Athurupana (Keynote Speaker).



