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KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA



NATIONAL SENIOR CERTIFICATE

GRADE 10

ECONOMICS

COMMON TEST

JUNE 2021



MARKS: 100

TIME: 1½ hours

This question paper consists of 9 pages.

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INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows:

   - SECTION A: COMPULSORY
   - SECTION B: Answer any ONE question from this section.
   - SECTION C: Answer any ONE of the two questions.

2. Number the answers correctly according to the numbering system used in this question paper.

3. Read the questions carefully and start EACH question on a new page.

4. Leave at least ONE line between subsections of each question.

5. Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

6. Answer ONLY the required number of questions. Answers in excess of the required number will NOT be marked.

7. Use ONLY blue or black ink.

8. Non-programmable pocket calculators may be used.

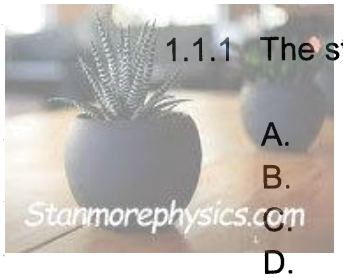
9. Write legibly and present your work neatly.

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SECTION A: COMPULSORY 30 MARKS – 20 MINUTES

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question number (1.1.1 – 1.1.5) in the answer book.



1.1.1 The study of the individual behaviour in the economy is called … economics

A. Market
B. Macro
C. Micro
D. International

1.1.2 Goods that are used together with the other are referred to as… goods

A. Complementary
B. Merit
C. Capital
D. Economic

1.1.3 The impact on a party that is not involved in the production process is called …

A. Positive
B. Production
C. Consumer
D. Externality

1.1.4 Harmful goods that decrease the welfare of society are called…goods

A. Durable
B. Demerit
C. Consumer
D. Free

1.1.5 The worth of a good in terms of another good or service is referred to as … value

A. Utilitarian
B. Book
C. Exchange
D. Market

(5 x 2) (10)

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1.2 Choose a description from Column B that matches an item in Column A. Write only the letter (A – G) next to the question numbers (1.2.1 – 1.2.6) in the answer book.

Column A	Column B
1.2.1 Supply	A. An illegal supply of goods that results from shortages of certain products.
1.2.2 Labour	B. The situation where people put waste into the atmosphere.
1.2.3 Black Markets	C. The quantity of goods and services that producers are willing to offer over a given period.
1.2.4 Allocative inefficiency	D. The big companies around the world that sells oil to government and businesses.
1.2.5 Dumping	E. The physical and mental effort of human used in the production process
1.2.6 Generic markets	F. The combination of goods and services produced that does not reflect the consumer preferences.
	G. The selling of surplus goods to locals and to foreign countries below costs price.

1 x 6 (6)

1.3 **Choose ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 – 1.3.4) in the answer book. Abbreviations, acronyms and examples will not be accepted.**

1.3.1 Goods that can replace each other.

1.3.2 The situation where someone can be better off without making someone else worse off.

1.3.3 The application of scientific knowledge that improves production of goods and services.

1.3.4 A group of firms that offer the same goods or services.

(4 x 1) (4)

TOTAL SECTION A: 20



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SECTION B

Answer ONE question in this section in the answer book.

QUESTION 2: MICROECONOMICS 40 MARKS – 30 MINUTES

2.1 **Answer the following questions.**

2.1.1 Name TWO factors affecting demand (2 x 1) (2)

2.1.2 Why does the demand curve slope downwards? (1 x 2) (2)

2.2 **Study the table below and answer the questions that follow.**

Number of movies	Total utility (TU)	Marginal utility (MU)
0	0	0
1	50	50
2	90	40
3	120	**A**
4	140	20
5	**B**	10
6	160	0

2.2.1 Name ONE type of utility. (1)

2.2.2 What is the point where marginal utility is zero called? (1)

2.2.3 Briefly describe the term *marginal utility.* (2)

2.2.4 Why do economists regard utility as subjective? (2)

2.2.5 Calculate the values of A and B on the table above. Show all your calculations. (4)

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2.3 Study the following picture and answer the questions that follow.

CORN MARKET



Agricultural competition is very large because individual farmer have no control over the market price of their goods. The price paid by consumers is just a signal about the value of these products in society. Source: (https//quizlet.com)

2.3.1 Name the market structure depicted above. (1)

2.3.2 Identify the characteristics/condition of the market shown above. (1)

2.3.3 Briefly describe the term *homogenous product*. (2)

2.3.4 Why is the above market structure unregulated? (2)

2.3.5 How can a change in price by one producer/seller affect the profit in the perfect market? (4)

2.4 Briefly discuss with the aid of a graph price formation in the market. (8)

2.5 How does the market mechanism promote efficiency in the economy? (8)

[40]

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QUESTION 3: MICROECONOMICS 40 MARKS – 30 MINUTES



3.1 Answer the following questions

3.1.1 Name TWO characteristics of public goods.

3.1.2 How can unequal opportunities on education lead to inefficiency?

3.2 Study the table below and answer the questions that follow.

Different combinations	Production of fish (kg)	Production of pair of shoes
A	500	0
B	400	300
C	300	390
D	200	460
E	100	500
F	0	510
G	700	700

3.2.1 Name the curve that can be drawn using the above table. (1)

3.2.2 How many pairs of shoes can be produced if no fish is produced? (1)

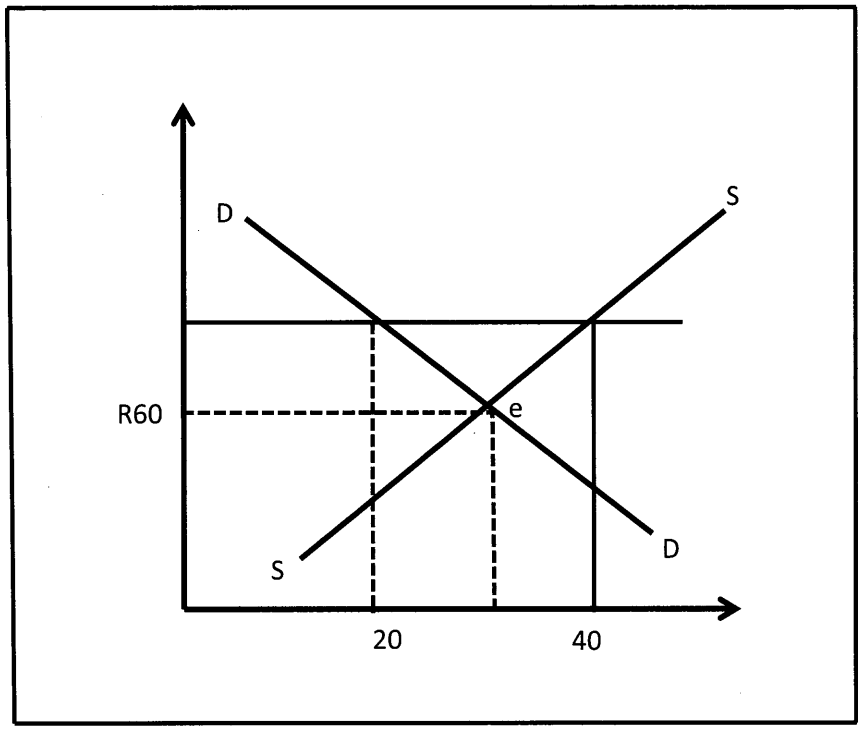
3.2.3 Briefly describe the term *opportunity cost*. (2)

3.2.4 Why is combination G unattainable? (2)

3.2.5 How can productive efficiency benefit the economy? (4)

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3.3 **Study the graph below and answer the questions that follow:**



3.3.1 Which amount indicate the minimum price from the above graph? (1)

3.3.2. Name ONE example of such products whose prices are set by government. (1)

3.3.3 Briefly describe the term *Market surplus*. (2)

3.3.4 Why does the government set the minimum price? (2)

3.3.5 How can the government deal with the surpluses? (4)

3.4 Briefly discuss with the aid of a graph the maximum price. (8)

3.5 Evaluate the success of minimum wage during Covid-19. (8)

[40]

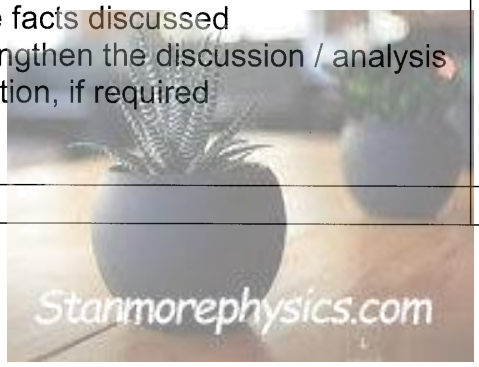
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SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max 2
Body • **Main part:** for example: Discuss / Distinguish / Differentiate / Explain / Analyse / Evaluate / Assess • **Additional part:** for example: Draw a graph or diagram / Deduce / Outline / Briefly explain / Expand on / Your own opinion / Support	Max (26) Max (10)
Conclusion Any higher order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgment on the facts discussed • Additional support information to strengthen the discussion / analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max (2)
TOTAL	40



QUESTION 4

- Discuss the characteristics of Imperfect market. (26)
- How can world markets benefit the South African economy? (10)

(40)

QUESTION 5

- Discuss indirect tax and subsidies as methods of public sector involvement to address market failures. (26)
- How can the government improve the welfare of the poor? (10)

(40)

TOTAL SECTION C: 40

GRAND TOTAL: 100

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NATIONAL SENIOR CERTIFICATE

GRADE 10

ECONOMICS
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MARKING GUIDELINE

MARKS: 100

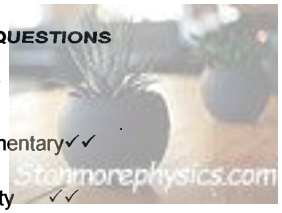
TIME: 1½ hours

This marking guideline consists of 13 pages.

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QUESTION 1

1.1 **MULTIPLE CHOICE QUESTIONS**



1.1.1 C. Micro✓✓

1.1.2 A. Complementary✓✓

1.1.3 D. Externality ✓✓

1.1.4 B. Demerit ✓✓

1.1.5 D. Market value✓✓

(5 x 2) (10)

1.2 **MATCHING ITEMS**

1.2.1 C – The quantity of goods and services that producers are willing to offer over a given period. ✓

1.2.2 E – The physical and mental effort of human used in the production process ✓

1.2.3 A – An illegal supply of goods that results from shortages of certain products.✓

1.2.4 F – The combination of goods and services produced that does not reflect the consumer preferences.✓

1.2.5 G – The selling of surplus goods to locals and to foreign countries below costs price.✓

1.2.6 D – The big companies around the world that sells oil to government and businesses.✓

1 x 6 (6)

1.3 **GIVE ONE TERM**

1.3.1 Substitute goods✓

1.3.2 Pareto efficiency ✓

1.3.3 Technology ✓

1.3.4 Industry✓

(4 x 1) (4)

TOTAL SECTION A: 20

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SECTION B

Answer ONE question in this section in the answer book

QUESTION 2: MICROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 **Name TWO factors affecting demand** (2 x 1) (2)

- Changes in income and wealth ✓
- Changes in taste and preferences ✓
- Population increase and decrease✓
- Availability of substitute and complementary goods ✓

2.1.2 **Why does the demand curve slope downwards?** (1 x 2) (2)

- Because there is an inverse relationship between the price and quantity demanded ✓✓
- The higher the price, the lower the quantity demanded. ✓✓
(Accept any other relevant correct answer) (2)

2.2 **DATA RESPONSE**

2.2.1 **Name ONE type of utility** (1)

- Utility of form ✓
- Utility of place ✓
- Utility of time ✓
- Utility of possession ✓

2.2.2 **What is the point where marginal utility is zero called?** (1)

Saturation point. ✓

2.2.3 **Briefly describe the term marginal utility** (2)

- Marginal utility refers to an extra/additional satisfaction a person derive from the consumption of additional goods. ✓✓
- Marginal utility decreases as person consume one additional unit of goods. ✓✓
(Accept any correct relevant answer)

2.2.4 **Why do economists regard utility as subjective?** (2)

- Because it differs from person to person that is utility derived by person consuming the product. ✓✓
(Accept any correct relevant answer)

2.2.5 **Calculate the value of A and B on the table above. Show all your calculations.** (4)

A = 120 – 90✓ = 30✓
B = 140 + 10✓ = 150✓

2.3 **DATA RESPONSE**

2.3.1 **Name the market structure depicted above.** (1)

Perfect market. ✓

2.3.2 **Identify the characteristics/condition of the market shown above.**

Price taker✓

2.3.3 **Briefly describe the term homogenous product.** (2)

Homogenous product refers to the same /identical product sold by the perfect market. ✓✓

(Accept any correct relevant answer)

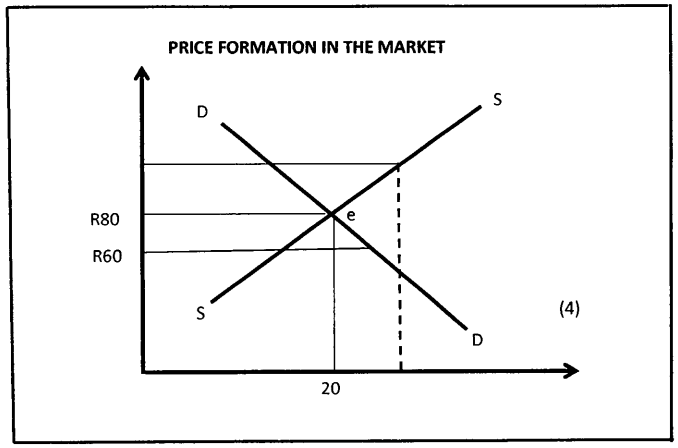
2.3.4 **Why is the above market structure unregulated?** (2)

Because the government does not intervene to set the prices. ✓✓
The market forces of supply and demand determine the price without any government control. ✓✓
(Accept any correct relevant answer)

2.3.5 **How can a change in price by one producer/seller affect the profit in the perfect market?** (4)

- By increasing price, seller will loose customers who will buy from someone else. ✓✓
- The producer will have excess supply which needs to be desposed. ✓✓
- By decreasing the price ,more consumers will want to buy the product but the profit will be low. ✓✓
- There will be shortages as excess demand from low prices attracts consumers. ✓✓
(Accept any correct relevant answer)

2.4 **Briefly discuss with the aid of a graph price formation in the market.** (8)



(4)

- The market price is determined by he intersection of supply and demand curves,shown by point e. ✓✓
- At this point the equilibrium price is R80 while the equilibrium quantity is 30 units. ✓✓
- Above this point there is an excess surply (surplus) which will force sellers to decrease the price back from R100 to R80. ✓✓
- Below this point he price is too low at R60 and it attracts consumers to demand more than sellers can supply. Cusing shortages.The price must increase from R60 to R80. ✓✓
- Only at point e where the market clears.
  (Accept any correct relevant answer)

(any 2x2) = (8)

2.5 **How does the market mechanism promote efficiency in the economy?** (8)

- By showing producers what consumers want, and how much of it they will buy. ✓✓
- By determining what is going to be produced. ✓✓
- The market enables buyers and sellers to enjoy benefits of the mass market and low prices. ✓✓
- By allowing buyers and sellers to buy in bulk or produce on a large scale and thereby keep their costs down. ✓✓
- By being able to guide and control itself in order to come up with best prices and the best way to use resources.
  (Accept any correct relevant answer) ✓✓

(2 x 4) = (8)
[40]

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QUESTION 3: MICROECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions

3.1.1 **Name TWO characteristics of public goods.**

- Non rivalry✓
- Non excludability✓
- Non reject ability✓

3.1.2 **How can unequal opportunities on education leads to inefficiency?**

- People born with rich families can access good education that cause to get better jobs while the poor remain poor or drop out. ✓✓
  (Accept any other relevant and correct answer)

3.2 DATA RESPONSE

3.2.1 **Name the curve that can be drawn using the above table.** (1)

- Production possibility curve. (PPC) ✓

3.2.2 **How many pairs of shoes can be produced if no fish is produced?** (1)

- 510✓

3.2.3 **Briefly describe the term opportunity cost.** (2)

Opportunity costs refers to the value of the best alternative not chosen. ✓✓
(Accept any other relevant and correct answer)

3.2.4 **Why is combination G unattainable?** (2)

- Because resources are scarce, we cannot produce more than 510 or 500. (given by 500:0 and 0:510) ✓✓
  (Accept any other relevant and correct answer)


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3.2.5 **How can productive efficiency benefit the economy?** (4)

- By allowing firms to maximize output from given factors of production. ✓✓
- By increasing more job opportunities which result from increased production. ✓✓
- Prices in the market are lowered by an increase in supply giving consumers the affordability for goods and services. ✓✓
- The standard of living of the economically vulnerable people may improve. ✓✓

(Accept any other relevant and correct answer)

3.3 **DATA RESPONSE**

3.3.1 Which amount indicates the minimum price from the above graph?

R100✓

3.3.2 Name ONE example of such products whose prices are set by government. **(1)**

- Wheat✓
- Grain✓

(Accept any other correct answer)

3.3.3 Briefly describe the term Market surplus. **(2)**

Market surplus occurs when there is an over supply of goods or services in the market✓✓
(Accept any other relevant and correct answer)

3.3.4 Why does the government set the minimum price?

- To encourage the production of certain goods so that producers can get reasonable returns. ✓✓
- To increase the supply of staple food like maize for the benefit of consumers.

(Accept any other relevant and correct answer)

3.3.5 How can the government deal with the surpluses?

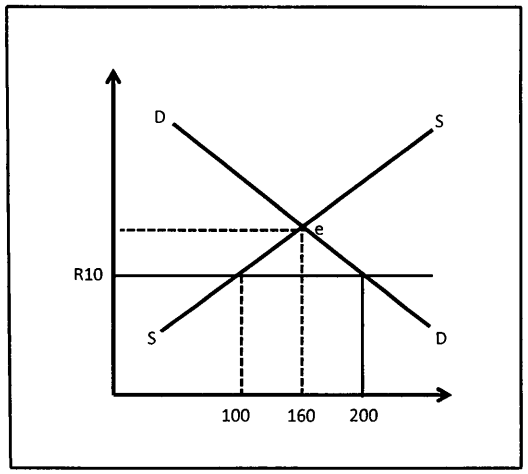
- By buying the surplus and dump it locally or in some foreign countries. ✓✓
- The government may destroy or dispose it as animal feed or as food parcels for the poor. ✓✓

(Accept any other relevant and correct answer)

(2x2) (4)

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3.4 Briefly discuss with the aid of a graph the maximum price. **(8)**



- Initially the market equilibrium price is R20 and equilibrium quantity is 160, determined by the market. ✓✓
- The government intervenes and passes a law that milk cannot be sold for more than R10. ✓✓
- The effect of this maximum price is that quantity supplied decreases to 100 and quantity demanded increases to 200. ✓✓
- There is a shortage of milk equal to the difference between 200 and 100. ✓✓
- A shortage creates a problem of how to allocate milk to consumers. ✓✓
- Black markets often develop where people can obtain milk. A black market is an illegal market in which either illegal goods are bought and sold or illegal prices are charged. ✓✓

(Accept any other relevant and correct answer)

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3.5 Evaluate the success of minimum wage during Covid-19.

The minimum wage was successful because:

- It benefited domestic workers as they received UIF benefit while they were not working during level 5 lock down.
- It improved an affordability of more goods which were necessary like sanitizers etc. and this impacted positively on economic growth.
- Poverty may be reduced as low income earners get UIF.
- Some unemployed workers got employment for screening and the production of PPE's etc.

The minimum wage was unsuccessful because:

- Decreasing employment opportunities due to high wage costs, causing more unequal distribution of income among citizens.✓✓
- Damaging the competitiveness of some firms, due to high costs of production incurred especially by infant businesses. . ✓✓
- Aggravating the costs push inflation where firms have to recover the increasing costs by adjusting the price. ✓✓
- Creating distortions on the labour market where wages must find its own way to settle. ✓✓
- Some employers decrease the wages of their domestic / farm workers because of high production cost.✓✓

(Accept any other relevant and correct answer) (2 x 4) (8)

[40]

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SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

QUESTION 4

- **Discuss the characteristics of Imperfect market** (26)
- **How can world markets improve the economy?** (10)

(40)

Introduction

A market exists wherever buyers and sellers meet to exchange goods and services at a price.

A market is any place where buyers and sellers meet in order to determine the price and quantity of goods or services that will be exchanged. ✓✓

(Accept any other relevant introduction) (Max 2)

Body

MAIN PART

IMPERFECT MARKET

The characteristics of imperfect markets are as follows:

Number of buyers and sellers✓

- There is only one large supplier of a good or service (monopoly) or a few large suppliers (oligopoly). ✓✓
- These producers have a direct influence on the price of the product, and are not held back by any competitors and are able to affect the price. ✓✓
- There may be many suppliers but one producer is able to significantly change the demand at the other producers (monopolistic competition). ✓✓

Nature of product✓

- The goods or services supplied are heterogeneous or unique products. ✓✓
- The products in the market are quite different from each other and consumers look for specific qualities of each product. ✓✓
- The seller supplies products that are unique and have no close substitutes. ✓✓
- These products may differ on price or feature or bonus offers. Sometimes products differ due to location or advertising. ✓✓

Ability of suppliers to change prices✓

- The seller has control over the price, they are price makers. ✓✓
- The producers of the goods and services can set the prices and buyers are not able to bargain or affect the prices in a significant way. ✓✓

Information availability✓

- These markets have imperfect information. ✓✓
- Producers and consumers have incomplete knowledge about market conditions. ✓✓
- It is not easy, and sometimes not possible, for buyers to know what all the prices of a product are within the market. ✓✓

- **Barriers of entry**✓
- Entry into the market is restricted or completely blocked so that new suppliers cannot enter the market. ✓✓
- Other sellers are prevented from entering the market. ✓✓
- The seller is protected from competition through patents, control of resources and government restrictions. ✓✓
- There are many examples of imperfect markets, these include Eskom, ✓Telkom, ✓ DSTV, cellphone companies, petrol stations, restaurants, computer and car manufacturers. ✓

(Allocate a maximum of 8 marks for headings, sub-headings or examples)



ADDITIONAL PART

How can world markets benefit the South African economy?

- Global market offers the opportunity for consumers and suppliers. ✓✓
- Access to more capital, technology, cheaper imports. And larger export markets. ✓✓
- Global markets help to promote efficiency and better use of resource. ✓✓
- Division of labour so that economies and firms can focus on what they can do best. ✓✓
- Global markets facilitate commerce and education. ✓✓

(Accept any other relevant and correct answer) (10)

[40]

QUESTION 5

- **Discuss indirect tax and subsidies as methods of public sector involvement to address market failures.** (26)
- **How can the government improve the welfare of the poor?**

INTRODUCTION
Public sector
The sector that consists of government at all levels – national, provincial and local as well as public institutions that the government establishes to serve the needs and wants of all the citizens. ✓✓

BODY
Methods of involvement
Indirect taxes
Indirect tax is a form of tax that the government levies on certain goods and services. ✓✓
It is indirect because only the people who buy a taxable good or service pay it. ✓✓

- The incidence of an indirect tax is more on the consumer than on the producer. ✓✓

- South Africa's government levies three kinds of indirect taxes: Value added tax (VAT, on most consumer goods and services), excise duty (on some locally produced goods such as cigarettes and alcoholic drinks) and customs duty (on imported goods). ✓✓

Subsidies
- Subsidy is a grant of resources or a gift of money by the government. ✓✓
- It is granted to producers to support the production of a good or service for local consumption or to encourage exports. ✓✓

- It can also be a grant to employers to create more jobs or to individuals to maintain a minimum standard of living. ✓✓

- A subsidy can be direct, for example government pays a cash grant or provides an interest- free loan to producers. It can also be indirect, for example producers receive rebates on rent paid, are allowed to write off depreciation or government covers some of the producers' expenses. ✓✓

- The following are examples of some of the purposes for which government make subsidy payments: ✓✓

- Production subsidies encourage producers to provide more of a certain good or service. ✓✓
- Production subsidies can prevent a decline in the supply of an essential product or service (e.g. maize); help producers when the market is very low; help the country to become self-supportive in food production; make a product more affordable to the general public; or encourage an increase in employment in a certain industry.

- Export subsidies encourage the production of a certain good or service for export purposes. ✓✓
- *Export subsidies are aimed at helping new industries to be more competitive and to gain a* foothold in world markets; improving the balance of payments; and in creating more job opportunities. ✓✓
- Indirect subsidies are also paid to exporters to participate in overseas fairs and marketing campaigns to find markets for their goods or services. ✓✓
- Employment subsidies encourage businesses to create more job opportunities by means of wage subsidies. These are available for example, for employing people with disabilities, for employing unskilled workers or for giving skills training to workers to reduce unemployment. ✓✓
- Income subsidies enable people to enjoy a minimum standard of living e.g. old age pensions, child care allowances and unemployment benefits. ✓✓
- Educational subsidies improve education and literacy levels through subsidies to schools and tertiary institutions. ✓✓

Additional part

How can the government improve the welfare of the poor?

Government provides the following to the poor:

- Payments called welfare grants to people in need. ✓✓
- Free education at certain schools with free meals✓✓
- Free health care for children under six and social pensioners. ✓✓
- Housing subsidies for qualifying households. ✓✓
- A basic amount of free electricity and water for all households. ✓✓
- Transport subsidies for people in low income areas. ✓✓

(Accept any other relevant and correct answer)

CONCLUSION

An economy that participates effectively in world markets improve the welfare of its citizens. ✓✓

TOTAL SECTION C: 40

GRAND TOTAL: 100

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