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KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA



NATIONAL SENIOR CERTIFICATE

GRADE 11



ECONOMICS

COMMON TEST

MARCH 2022

MARKS: 100

TIME: 1½ hours

This question paper consists of 9 pages including this page.

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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. Write the number of each question above each answer.

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

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

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

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

8. Use ONLY blue or black ink.

9. Non-programmable pocket calculators may be used.

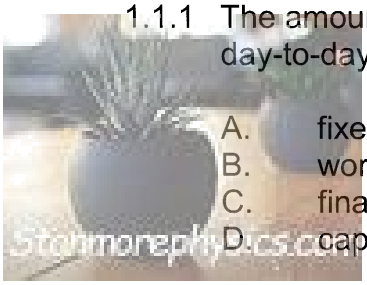
10. Write legibly and present your work neatly.

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SECTION A

QUESTION 1: COMPULSORY

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write ONLY the letter (A – D) next to the question number (1.1.1 – 1.1.5) in the **ANSWER BOOK**. e.g. 1.1.6 D



1.1.1 The amount of money that a business has available to use for its day-to-day operations is called …

A. fixed capital.
B. working capital.
C. financial capital.
D. capital formation.

1.1.2 The records that are kept to measure a country's total production, income and expenditure are called … accounts.

A. provincial
B. international
C. national
D. accounting

1.1.3 An economic system where economic questions about scarcity are answered by the state is known as ... economy.

A. centrally planned
B. market
C. mixed
D. traditional

1.1.4 The sector that processes natural resources into final products is called … sector.

A. primary
B. formal
C. tertiary
D. secondary

1.1.5 A company that is wholly or partially owned and managed by the government is called a …

A. close corporation.
B. monopoly.
C. private enterprise.
D. parastatal.

(5 x 2) (10)

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1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A-G) next to the question number (1.2.1.-1.2.6.) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Economic goods	A. Collection of raw materials that can return to nature what it has taken from it.
1.2.2 Open economy	B. Resources that are scarce which people are willing to pay for.
1.2.3 Mass production	C. The economic problem of unlimited needs and wants but limited resources.
1.2.4 Genetic operations	D. An environment where imports and exports can freely take place.
1.2.5 Informal sector	E. A combination of market and planned economies in which resources are allocated by government and the private sector.
1.2.6 Scarcity	F. The manufacturing of similar products in large quantities using machines in a factory.
	G. All economic activities that are not officially regulated by government.

(6 x 1)(6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1.-1.3.4.) in the ANSWER BOOK. Acronyms and abbreviations will NOT be accepted.

1.3.1 The payment that the owner of labour get in exchange for the use of their physical and mental capacity.

1.3.2 The total market value of all final goods and services produced within the borders of a country in a certain period of time.

1.3.3 The selling of assets owned by the government to the private sector.

1.3.4 Collection of raw materials that cannot return to nature what it has taken from it.

(4 x 1)(4)

TOTAL SECTION A: 20

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SECTION B

Answer any ONE question in this section

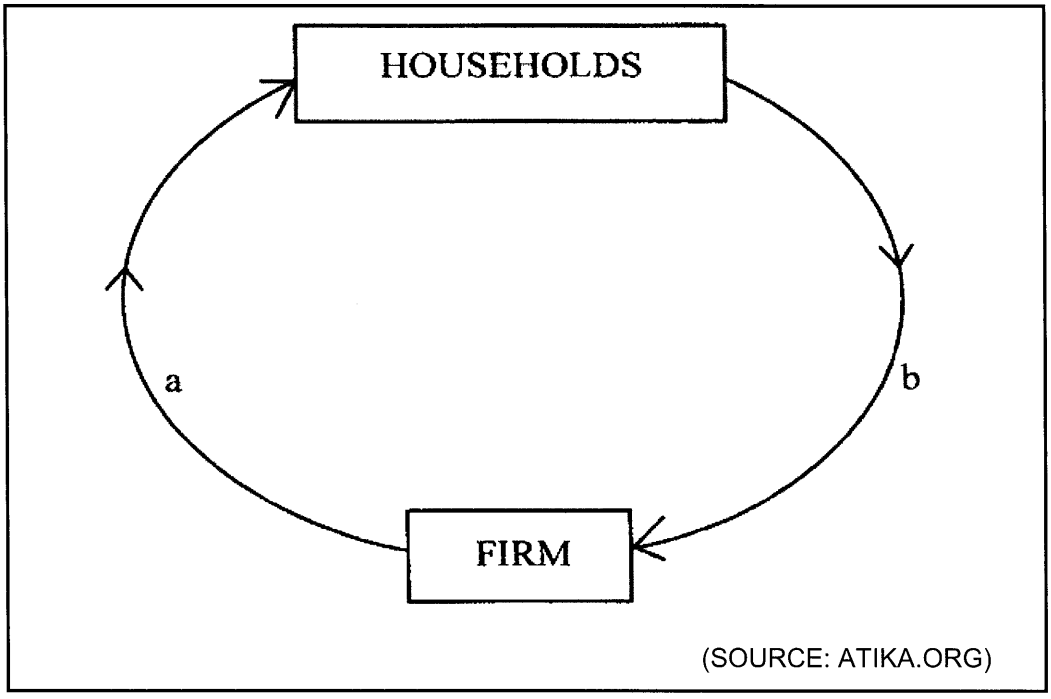
QUESTION 2: MACROECONOMICS 30 MINUTES – 40 MARKS

2.1 Answer the following questions.

2.1.1 Give any TWO sources of the government revenue. (2 x 1) (2)

2.1.2 Why is income from exports regarded as an injection? (2)

2.2 Study the diagram below and answer the questions that follow.



(SOURCE: ATIKA.ORG)

2.2.1 Identify the participant that is known as a producer from the diagram. (1)

2.2.2 Provide any ONE example of real flow as presented by letter A in the diagram. (1)

2.2.3 Briefly describe the term *circular flow model*. (2)

2.2.4 Explain the relationship between the factor market and goods market. (2)

2.2.5 Why do consumers spend more on non-durable goods? (2 x 2) (4)

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

Items	R Millions
Final consumption expenditure by households	2978
Government expenditure	1122
Gross fixed capital formation	784
Gross domestic expenditure	***4884***
Exports of goods and services	450
(A)	650
Expenditure on gross domestic Product	***(B)***

Source: SARB Quarterly Bulletin

2.3.1 Identify the method of calculating GDP in the table above. (1)

2.3.2 What is represented by (A) in the table above? (1)

2.3.3 Briefly describe the term *gross domestic expenditure*. (2)

2.3.4 Why is government spending important for the economy? (2)

2.3.5 Calculate the expenditure on GDP (B). Show all calculations. (4)

2.4 Discuss the importance of exports in the economy. (8)

2.5 How do subsidies on production contribute towards economic growth? (8)

[40]

TOTAL SECTION B: [40]

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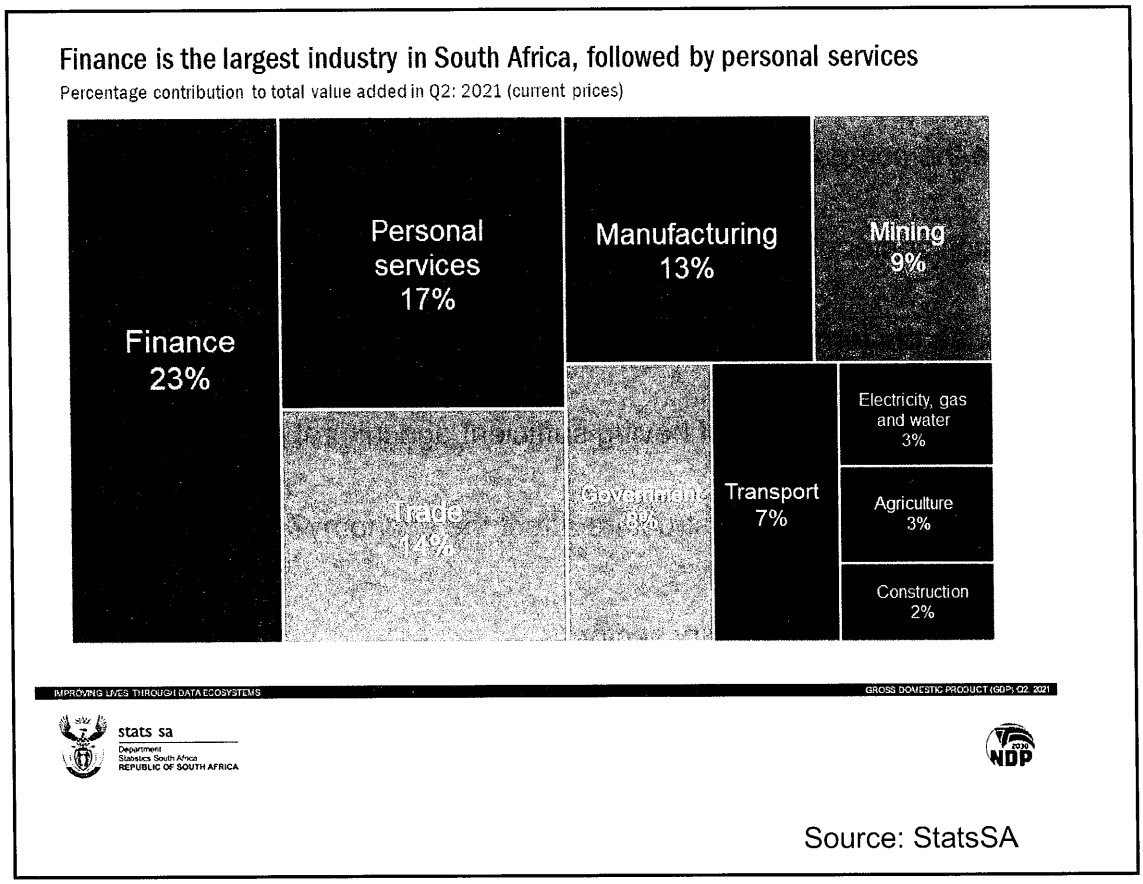
QUESTION 3: MACROECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name TWO examples of primary sector activities. (2 x 1) (2)

3.1.2 Why is communication infrastructure increasingly becoming important for today's economies? (2)

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



Source: StatsSA

3.2.1 Name ONE example of personal services. (1)

3.2.2 Which industry deals with the extraction of raw materials in the chart above? (1)

3.2.3 Describe the term *tertiary sector.* (2)

3.2.4 What impact does the development of technology have on the finance industry? (2)

3.2.5 Why is the manufacturing industry mostly important for the country to achieve economic growth? (4)

3.3 Study the extract below and answer the questions that follow.

Construction in South Africa

"To help the economy recover from the crisis, in June 2020, the government announced a 10-year infrastructure investment plan worth R2.3 trillion, with investment planned in the housing, energy, agriculture, transport, water and sanitation and digital infrastructure sectors. Officials from the World Bank, African Development Bank and Development Bank of South Africa have pledged support for the infrastructure drive which is expected to create over 1.8 million jobs over the next 10 years."

Source: BusinessWire.com

3.3.1 Name the company that is responsible for energy supply in South Africa. (1)

3.3.2 In which sector of the economy does the construction industry belong? (1)

3.3.3 Describe the term *infrastructure.* (2)

3.3.4 Explain the importance of having sufficient agricultural production? (2)

3.3.5 How can the lack of infrastructure affect the economy? (2 x 2) (4)

3.4 Discuss the importance of primary sector. (8)

3.5 How does the transport industry contribute to the economy? (8)

[40]

TOTAL SECTION B: [40]

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SECTION C

Only **ONE** question should be answered from this questions:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body: **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/ Analyse/Compare/ Evaluate/Distinguish/Differentiate/Explain/Assess/Debate **Additional part:** Give own opinion/Critically discuss/ Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/ Complete the given graph/Calculate/Deduce/Compare/Explain/Distinguish/ Interpret/ Briefly debate	Max. 26 Max. 10
Conclusion: Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned in the body • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required	Max. 2
TOTAL	**40**

QUESTION 4: MACRO-ECONOMICS MARKS – 40 MINUTES

- Discuss in detail the characteristics of an entrepreneur (26)
- Analyse the causes of lack of SMME development in South Africa. (10)

[40]

QUESTION 5: MACRO-ECONOMICS MARKS – 40 MINUTES

Discuss in details the market economy. Focusing on the following characteristics:

- Self-regulating and self-adjusting
- Ownership of factors of production
- Freedom of choice
- Competition (26)

Analyse the benefits of the mixed economic system used in South Africa. (10)

[40]

TOTAL SECTION C: [40]

TOTAL MARKS: [100]

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GRADE 11

ECONOMICS

MARKING GUIDELINES

COMMON TEST

MARCH 2022

MARKS: 100

This marking guideline consists of 13 pages.

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SECTION A

QUESTION 1: COMPULSORY

1.1 MULTIPLE CHOICE

1.1.1 B ✓✓ (cash)

1.1.2 C ✓✓ (national)

1.1.3 A ✓✓ (centrally planned)

1.1.4 D ✓✓ (secondary)

1.1.5 D ✓✓ (parastatal) **(5 x 2)(10)**

1.2 MATCHING ITEMS

1.2.1 B ✓ (Resources that are scarce which people are willing to pay for)

1.2.2 D ✓ (An environment where imports and exports can freely take place)

1.2.3 F ✓ (The manufacturing of similar products in large quantities using machines in a factory)

1.2.4 A ✓ (Collection of raw materials that can return to nature what it has taken from it)

1.2.5 G ✓ (All economic activities that are not officially regulated by government)

1.2.6 C ✓ (The economic problem of unlimited needs and wants but limited resources) **(6 x 1)(6)**

1.3 CONCEPTS

1.3.1 Wages ✓ / Salaries ✓

1.3.2 Gross domestic product ✓

1.3.3 Privatisation ✓

1.3.4 Exploitative operations ✓ **(4 x 1)(4)**

SECTION A: [20]

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SECTION B

Answer any ONE question in this section

QUESTION 2: MACROECONOMICS 30 MINUTES – 40 MARKS

2.1 Answer the following questions.

2.1.1 Give any TWO sources of the government revenue. (2 x 1) (2)

- Personal income tax.✓
- Value added tax.✓
- Excise duties.✓
- Corporate income tax.✓
- Fuel levy.✓

(Accept any relevant and correct responses)

2.1.2 Why is income from exports regarded as an injection? (2)

Because it creates an inflow of money and it increases total national income.✓✓
(Accept any relevant and correct responses)

2.2

2.2.1 Identify the participant that is known as a producer from the diagram. (1)

Firm.✓

2.2.2 Provide any ONE example of real flow as presented by letter(a) in the diagram. (1)

- Firms Supply goods and services. ✓
- Households Receive goods and services. ✓

2.2.3 Briefly describe the term *circular flow model*. (2)

Circular flow model is a schematic framework that demonstrate the interaction between participants and show the flow of factors production; goods; services and money in the economy.✓✓
(Accept any relevant and correct responses)

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2.2.4 Explain the relationship between the factor market and goods market. (2)

There is a positive relationship between factor market and goods market, the demand for goods creates to the demand for factors of production.✓✓
(Accept any relevant and correct responses)

2.2.5 Why do consumers spend more on non-durable goods? (2 x 2)(4)

- Non-durable goods consist mainly of perishable goods that are used on daily basis.✓✓
- Lower income earners resort to buying these goods in order to meet their basic needs.✓✓
- Lack of savings as a result of financial illiteracy confine consumers into spending a lot on non-durable goods.✓✓

(Accept any relevant and correct responses)

2.3 DATA RESPONSE

2.3.1 Identify the method of calculating GDP in the table above. (1)

Expenditure method.✓

2.3.2 What is represented by (A) in table above. (1)

Imports of goods and services.✓

2.3.3 Briefly describe the term *gross domestic expenditure*. (2)

Gross domestic expenditure is the sum total spending occur within the geographical boundaries of a country in a period of one year. ✓✓

2.3.4 Why is government spending important for the economy? (2)

Government spending is important because:

- Provision of public goods and infrastructure improves the standard of living for the citizens and attract business opportunities.✓✓
- Creation of employment in the public sector stimulates household spending in the economy.✓✓

(Accept any relevant and correct responses)

2.3.5 Calculate the expenditure on GDP (B). Show all calculations. (4)

R4884m✓ + R450m✓ – R650m✓ = R4684m✓

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2.4 Discuss the importance of exports in the economy. (8)

- The income from exports serve as an injection that increase the national income.✓✓
- Exports earn foreign exchange for a country as domestic outputs are sold to other countries.✓✓
- There is an increase in the production of goods to cater for the internal markets.✓✓
- Job creation is ensured in the manufacturing sector.✓✓
- Government revenue will increase from taxes on manufacturers' profits.✓✓
(Accept any relevant and correct responses)

2.5 How do subsidies on production contributes towards economic growth? (8)

Subsidies on production contribute by:

- Helping firms lower their costs of production.✓✓
- Making it possible for firms to increase their output. ✓✓
- Ensuring higher labour productivity will occur as well as best quality products at lowercosts.✓✓
- Enabling firms to offer their products for sale at lower market prices.✓✓
- Helping consumers increase their spending since goods and services would be offered at lower prices.✓✓
(Accept any relevant and correct responses)

[40]

QUESTION 3: MACROECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name TWO examples of primary sector activities. (2 x 1)(2)

Mining ✓
Forestry ✓
Fishing ✓

3.1.2 Why is communication infrastructure increasingly becoming important for today's economies? (2)

Growth of economic services that are offered online (e-commerce) through cell phones and computers which requires advancement of communication infrastructure.✓✓

3.2 DATA RESPONSE

3.2.1 Name ONE example ofpersonal services. (1)

Medical services✓
Financial services✓
(Accept any other correct and relevant response)

3.2.2 Which industry deals with the extraction of raw materials in the chart above? (2)

Mining ✓

3.2.3 Describe the term *tertiary sector.* (2)

Tertiary sector is the part of the economy that deals with the provision of services.✓✓

3.2.4 What impact does the development of technology have on the finance industry? (2)

It makes the finance industry grow since it provides many varied methods of banking such as mobile banking through a cell phone or laptop online.✓✓

3.2.5 Why is the manufacturing industry mostly important for the country to achieve economic growth? (4)

- It is the industry that can produce a wide variety of finished and intermediate goods which would contribute to economic growth.✓✓
- It can help the country import less and export more products.✓✓
- By exporting more products the country would earn income which would be in foreign exchange.✓✓
- The industry makes it possible for consumers to have choice and may lead to increased spending.✓✓
(Accept any other correct and relevant response)

3.3 DATA RESPONSE

3.3.1 Name the company that is responsible for energy supply in South Africa. (1)

Eskom ✓

3.3.2 In which sector of the economy does the construction industry belong? (1)

Secondary sector✓

3.3.3 Describe the term *infrastructure.* (2)

Infrastructure refers to basic facilities, services and installations that are used for the functioning of the economy.✓✓
(Accept any other correct and relevant response)

3.3.4 Explain the importance of having sufficient agricultural production? (2)

It's important in order to ensure food security.✓✓
The country would be in a position to reduce agricultural imports.✓✓
(Accept any relevant and correct response)

3.3.5 How can the lack of infrastructure affect the economy? (4)

- It makes doing business difficult and costly and that hinders economic growth.✓✓
- The economy of a country may lose investments because investors may find a country that lacks infrastructure unattractive.✓✓
- The country may also find itself left behind in terms of development generally.✓✓
(Accept any relevant and correct response)

3.4 Discuss the importance of primary sector. (8)

- Primary sector provides raw materials for the production of all goods we consume.✓✓
- It is the sector where a wide range of crops and animals are produced to make food such maize, vegetables, sugar, meat, etc.✓✓
- Most people who are unskilled find employment in the primary sector.✓✓
- It is the source of wealth for many countries that are rich in minerals such as oil.✓✓
- It earns the country foreign exchange when there are natural resources exported to foreign countries✓✓
- This sector is an important source of tax revenue for government.✓✓
(Accept any other correct and relevant response)

3.5 How does the transport industry contribute to the economy? (8)

- The transport industry plays a key role of making markets accessible to buyers and sellers by distributing goods to retail shops.✓✓
- It creates job opportunities that require semi-skilled labour.✓✓
- It makes it possible for the country to export and import goods and services.✓✓
- Workers use transport to travel to work and business people also use it to travel for meetings and conferences.✓✓
- It's a source of tax revenue for government.✓✓
(Accept any other correct and relevant response)

[40]

TOTAL SECTION B: [40]

SECTION C

Only **ONE** question should be answered from this questions:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body: **Main part:** Discuss in detail/In-depth discussion/Examine/ Critically discuss/ Analyse/Compare/ Evaluate/Distinguish/ Differentiate/Explain/Assess/Debate	Max. 26
Additional part: Give own opinion/Critically discuss/ Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the given graph/ Calculate/Deduce/Compare/Explain/Distinguish/Interpret/ Briefly debate	Max. 10
Conclusion: Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned in the body • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required	Max. 2
TOTAL	**40**

QUESTION 4: MACROECONOMICS 40 MINUTES – 40 MARKS

Discuss in detail the characteristics of an entrepreneur (26)

Analyse the causes of lack of SMME development in South Africa. (10)

INTRODUCTION

An entrepreneur is a person who takes the risk of starting and financing a new business by combining the other factors of production in order to make profit.✓✓ (Max 2)
(Accept any relevant and suitable introduction)

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BODY (MAIN PART)

Combines the other factors of production ✓

- The entrepreneur combines the factors of production to produce goods and services to satisfy the needs and wants of consumers.✓✓
- Entrepreneurs need to source enough capital, natural resources and skilled labour at the right time and place, and in the right quantities.✓✓
- In doing so, they will try to make the biggest possible profit.✓✓

Demonstrates initiative ✓

- Entrepreneurs take the initiative to start businesses.✓✓
- They come up with new business ideas to make a profit in the market.✓✓
- No entrepreneur should start a business unless they have done plenty of research to find out if the business idea will be successful.✓✓
- The entrepreneur needs to work out the break-even point before starting a business.✓✓
- The break-even point is the point at which expenses equal income.✓✓
- Any income after this is the profit.✓✓

Takes risks ✓

- In a market economy, the entrepreneur is the person who takes the risks.✓✓
- The entrepreneur is responsible for all the losses if the business idea fails or if the business goes bankrupt. ✓✓

Makes decisions ✓

- Entrepreneurs make decisions on what to produce, where to set up the business and for whom to produce.✓✓
- They need to decide on issues such as whether to concentrate on quality or quantity, whether to buy land or to lease premises, from whom to buy stock or raw materials and which form of ownership to choose, for example, a sole proprietorship, a partnership, a company etc.✓✓

Have a strong drive to succeed✓

- Entrepreneurs constantly assess and set new high standards for themselves.✓✓
- They have high level of perseverance when things don't work according to their plans.✓✓
- They are able to cope with uncertainties and stress about their businesses.✓✓
- Entrepreneurs have the ability to cope with failure because they focus on their vision.✓✓

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Have good leadership and management abilities✓

- Successful entrepreneurs have good management skills of planning, organising, leading, directing, coordinating and controlling.✓✓
- They are skilled in decision-making and problem solving.✓✓
- They have good marketing management skills to assess the market potential for the product or service, determine its price, distribute the product and inform prospective customers.✓✓
- They have good financial management skills, including financial record-keeping, cash flow control and cost price calculations.✓✓
- They have first-hand business knowledge and thorough technical knowledge of the product or service they offer.✓✓ (Max 26)

ADDITIONAL PART

Analyse the causes of lack of SMME development in South Africa. (10)

- **Lack of entrepreneurial education and culture:** A large part of the population in South Africa doesn't have entrepreneurial skills and prefer looking for employment opportunities than starting a business. ✓✓
- **Shortage of capital:** Most people who would like to start a business or expand an existing one are unable to access capital from banks because they don't have security.✓✓
- **Lack of skills and knowledge to manage the business:** This makes it difficult for most entrepreneurs to grow their businesses and as a result most start-ups just fail at the infancy stage. ✓✓
- **Too many government regulations:** A business environment that has too many regulations makes it difficult for businesses to operate and hinders innovation.✓✓
- **High cost of running the business:** Infrastructural services such as electricity is costly and its availability is unreliable and that makes running the business expensive.✓✓
- **Unwillingness to take risks:** there is a general unwillingness to bear risks of starting new small business enterprises by new entrepreneurs.✓✓ (Max 10)
(Accept any other correct and relevant response)

Conclusion

It is critically important for the country's economy to have more entrepreneurs for the establishment of new businesses, new business will produce more goods and achieve economic growth as well as employment creation.✓✓ (Max 2)
(Accept any other correct and relevant conclusion)

[40]

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QUESTION 5: MACRO-ECONOMICS MARKS – 40 MINUTES

Discuss in details the market economy. Focusing on the following characteristics:

- **Self-regulating and self-adjusting**
- **Ownership of factors of production**
- **Freedom of choice**
- **Competition (26)**

Analyse the benefits of the mixed economic system used in South Africa. (10)

[40]

Introduction

An economic system that solves the economic problems through the market mechanism and the property as well as production resources are privately owned.✓✓ (Max 2)
(Accept any relevant and suitable introduction)

Body (Main part)

CHARACTERISTICSOF THE MARKET ECONOMY

Self-regulating and self-adjusting

- The price mechanism in a free market co-ordinates economic activities.✓✓
- Consumers and producers can come together to respond to each other's needs and wants in an efficient way.✓✓
- Consumers' freedom of choice directs the types and quantities of goods and services to be produced. ✓✓

Ownership of factors of production

- Private persons or organisations own the factors of production.✓✓
- Private property rights allow households and firms to control their property.✓✓
- Freedom of private property rights stimulates investments and economic growth.✓✓

Freedom of choice

- Owners of property and resources can use resources as they choose.✓✓
- Consumers are free to spend their income on any goods and services.✓✓
- Products, however go only to those who are willing and able to pay for them.✓✓
- Workers are free to decide on the training, occupations and jobs they prefer.✓✓

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Competition

- Competition acts as the controlling mechanism in a market economy.✓✓
- Competition forces producers to produce right quantity and quality at lower costs.✓✓ (Max 26)

(Accept any relevant and correct responses)

ADDITIONAL PART

Analyse the benefits of the mixed economic system used in South Africa.

- State policy is used as a correct measure to stabilise the economy.✓✓
- Private sector ensure the availability of a wide variety of good-quality individual consumption goods and services.✓✓
- The government provides public goods and services for collective consumption, such as roads, bridges, dams, ect while private sector focuses on private initiatives ✓✓
- Government of a country with a mixed economy can introduce corrective measures to ensure an economic balance.✓✓
- Government provides regulation under which private and public business allow fair competition and operate to protect the whole society.✓✓
- The co-operation between the private and public sectors ensure the maximum utilisation of resources to satisfy the needs of the society. ✓✓

(Accept any other correct relevant responses) (Max.10)

Conclusion

An efficient economic system should aim at creating more wealth and sharing it more equally amongst the citizens of a country.✓✓ (Max 2)
(Accept any relevant and suitable conclusion)

[40]

TOTAL SECTION C: [40]

TOTAL MARKS: [100]

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