KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 11

ECONOMICS

APRIL 2021

COMMON TEST

MARKS : **100**

TIME : **1 ½ Hour**

This question paper consists of 10 pages.

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. Read the questions carefully and start EACH question on a new page.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Write the number of each question above each answer.
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. A factor of production that cannot be separated from its owner is ...

A. land
B. labour
C. technology
D. capital

1.1.2. Goods that are used to manufacture other goods and to provide services are called ... goods

A. final
B. economic
C. intermediate
D. luxury

1.1.3. An economic system that uses the forces of demand and supply to allocate resources is called ... economy

A. free market
B. centrally planned
C. informal
D. mixed

1.1.4. Construction is classified under ... sector

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

1.1.5. A method of measuring gross domestic product that adds up the total remuneration for all the factors of production is called ... method

A. expenditure
B. production
C. nominal
D. Income

(2X5) (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. Capital deepening	A. The value of final goods at prices paid by consumers.
1.2.2. Market price	B. Account for the largest part of total expenditure in the economy
1.2.3. Mixed economy	C. Stock of a country's production resources is above the size of labour force.
1.2.4. Exploitative operations	D. The main contributor in the secondary sector.
1.2.5. Households	E. A system that uses both the market forces and central planning to allocate resources.
1.2.6. Manufacturing	F. Economic activities that can't return to nature what they have taken from it.
	G. Depreciate and need to be replaced over time.

(1X6) (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 People who are excluded from mainstream economic activities and are seen as worse off when compared to others.

1.3.2 The use of tax to provide public goods and services.

1.3.3 An economic system in which factors of production are viewed as communal property.

1.3.4. The economic activities that deals with provision of services. e.g banking.

(1X4) (4)

TOTAL SECTION A: [20]

SECTION B

Answer any ONE question in this section

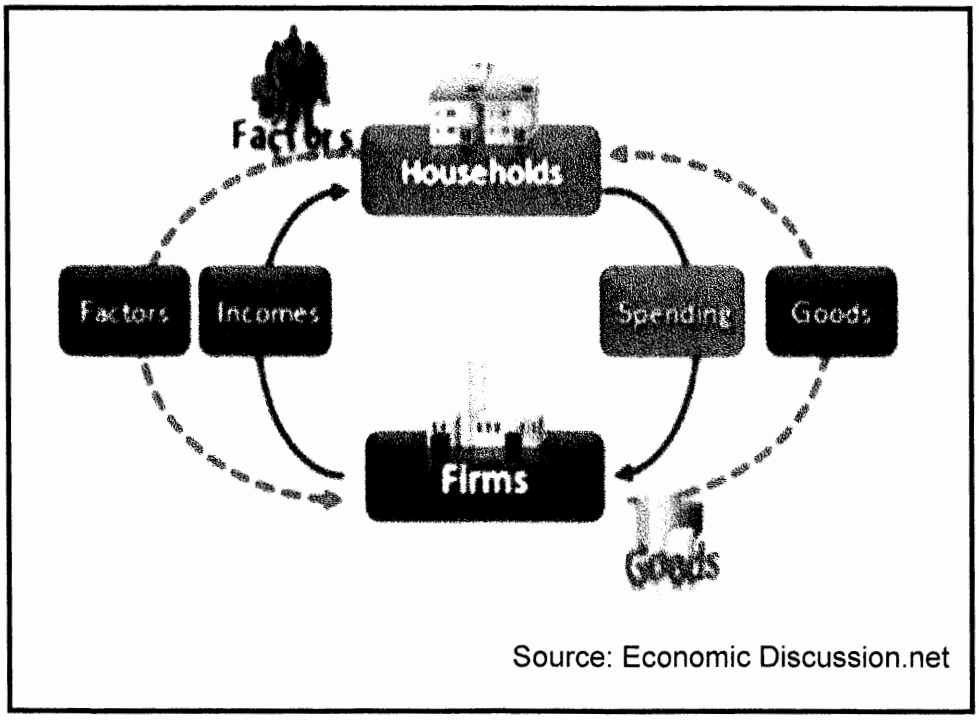
QUESTION 2 **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Mention any TWO types of indirect taxes. (1 x 2) (2)

2.1.2 Why is it important to use added value method when calculating gross domestic product (GDP) figures? (2 x 1) (2)

2.2 Study the diagram below and answer the questions.



Source: Economic Discussion.net

2.2.1 Identify the market that is involved in trading with labour in the diagram above. (1)

2.2.2 Which participant offers final goods and services for sale? (1)

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

2.2.4 Why are savings regarded as leakages in the economy? (2)

2.2.5 How does foreign sector interact with the South African economy? (2 x 2) (4)

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

THE INCOME METHOD

Value added (GVA)	**2017**	**2018**
Compensation of employees	875 162	874 395
Net operating surplus	638 782	**(A)**
Consumption of fixed capital	236 380	197 910
Gross value added at factor cost	**1 750 324**	**1 748 800**

Source: Statistics South Africa, 2019

2.3.1 Identify the item that represents remuneration for labour in the table. (1)

2.3.2 Determine the difference between gross value added for 2017 and 2018. (1)

2.3.3 Describe the term *gross domestic product.* (2)

2.3.4 What is the importance of consumption of fixed capital on the national accounts. (2)

2.3.5 Calculate net operating surplus (A) for 2018 from the table above.

Show ALL calculations. (2 x 2) (4)

2.4 Differentiate between *injections* and *leakages* in the circular flow. (8)

2.5 How important is the capital formation for the South African economy? (8)
[40]

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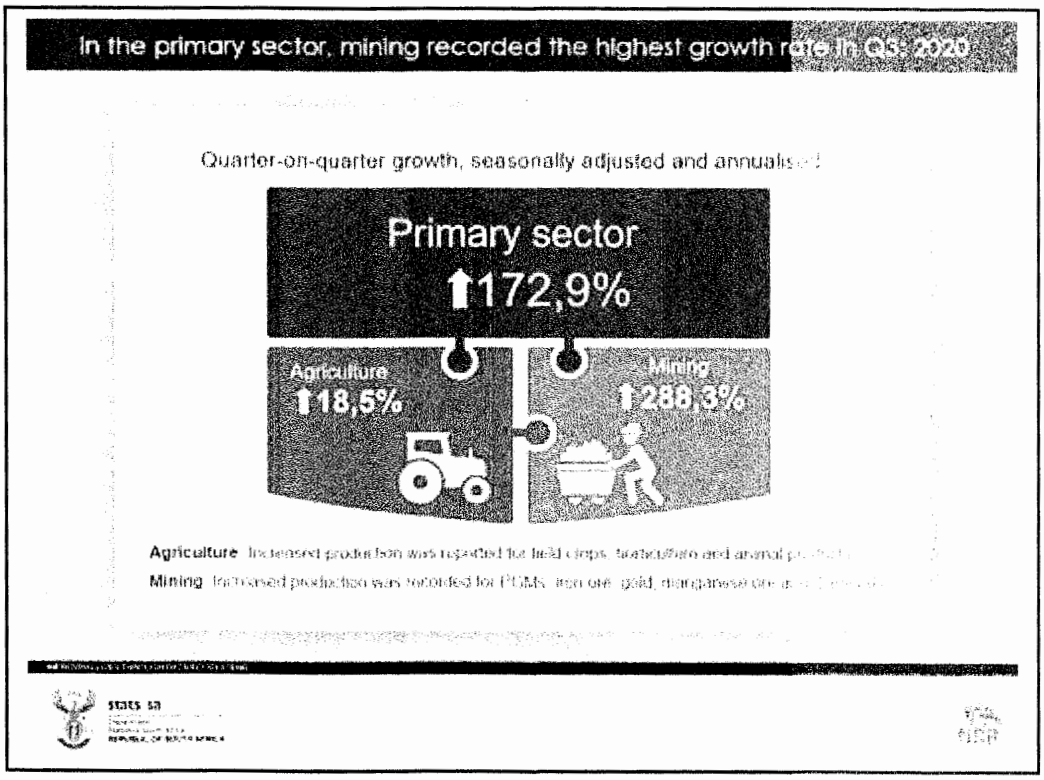
QUESTION 3 **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1. Name any TWO examples of renewable resource. (1x2)(2)

3.1.2. What impact does the lack of communication infrastructure have on the economy? (2x1)(2)

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



3.2.1 Which period of the year is covered in the picture above? (1)

3.2.2 Identify the South African mineral which is the largest contributor in export from the source above? (1)

3.2.3 Briefly describe the term *primary sector.* (2)

3.2.4 What is the possible reason for the increase in production during Q3 of year 2020? (2)

3.2.5 Why is the primary sector more dependent on the other two sectors? (4)

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

Eskom CEO plans operations overhaul with slower breakup mulled

In a plan unveiled in October, Public Enterprises Minister Pravin Gordhan set out a series of steps to restore stability to Eskom, including exposing it to greater competition, lowering fuel costs, increasing renewable-energy output and selling non-core assets.

Gordhan also called for the utility to be splits into three units — power transmission, generation and distribution — with the first of those divisions to be spun off by March. That step would ease the way for private generators to supply the national grid.

3.3.1 Name any one source of energy. (1)

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

3.3.3 Briefly describe the term *infrastructure.* (2)

3.3.4 Why is there a need for Eskom to have competition? (2)

3.3.5 How does the shortage of energy in South Africa affect the economy? (4)

[10]

3.4 Discuss the composition of transport infrastructure in South Africa. (8)

3.5 How does the tertiary sector contribute to modern economies? (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 The introduction is a lower-order response. • A good starting point would be to define the main concept related to the question topic. • Do not include any part of the question in your introduction. • Do not repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	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 **40 MARKS – 40 MINUTES**

- Discuss characteristics of the natural resources as a factor of production. (26)
- How can South Africa benefit from processing its natural resources into finished goods before exporting them? (10)

[40]

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QUESTION 5: **40 MARKS – 40 MINUTES**

Discuss the mixed economy under the following headings:

- Characteristics
- Advantages
- Disadvantages (26)

- How does the government intervene to regulate a mixed economy? (10)

[40]

SECTION C: [40]

GRAND TOTAL: [100]

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ECON GR 11 + 10

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GRADE 11

ECONOMICS

APRIL 2021

MARKING GUIDELINE

MARKS : **100**

TIME : **1 ½ Hour**

This marking guideline consists of 14 pages.

SECTION A

QUESTION 1 COMPULSORY

1.1 MULTIPLE CHOICE

1.1.1. B – labour ✓✓

1.1.2. C – intermediate ✓✓

1.1.3. A – free market ✓✓

1.1.4. D – secondary ✓✓

1.1.5. D – income ✓✓

(2X5) (10)

1.2 MATCHING ITEMS

1.2.1. C✓

1.2.2. A✓

1.2.3. E✓

1.2.4. F✓

1.2.5. B✓

1.2.6. D✓

(1X6)(6)

1.3 ECONOMIC CONCEPTS

1.3.1 Marginalised groups✓

1.3.2 Government Expenditure✓

1.3.3 Centrally planned economy✓

1.3.4. Tertiary sector✓

(1X4)(4)

TOTAL SECTION A: [20]

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SECTION B

Answer any ONE question in this section

QUESTION 2 **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Mention any TWO types of indirect taxes. **(1 x 2) (2)**

- Excise duties.✓
- Value added tax (VAT).✓
- Fuel levies.✓
- Customs duties.✓

2.1.2 Why is it important to use added value method when calculating gross domestic product (GDP) figures? **(2 x 1) (2)**

Using value added method is important because:

- It avoids double counting when national aggregates figures are calculated.✓✓
- It ensures accurate national aggregates figures, which indicates a true reflection of the economy's performance.✓✓

(Accept any relevant correct responses)

2.2 DATA RESPONSE

2.2.1 Identify the market that is involved in trading with labour in the diagram above. **(1)**

Factor market.✓

2.2.2 Which participant offers final goods and services for sale ? **(1)**

Business / Firm✓

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

A schematic framework that demonstrate the relationship amongst participants, show the flow of production factors, goods, services and money in the economy.✓✓

(Accept any relevant correct responses)

2.2.4 Why are savings regarded as leakages in the economy? **(2)**

- They are kept away, and not used by the income earner, this money is not circulating in the economy for some time.✓✓
- Savings decreases the amount of national income in a country.✓✓

(Accept any relevant correct responses)

2.2.5 How does foreign sector interact with the South African economy? **(2 x 2) (4)**

Foreign sector interacts with the South African economy by:

- Demand South Africa's exports, and supply South Africa with foreign imports.✓✓
- Demand and supply of South Africa's currency (ZAR), during international transactions.✓✓
- Supply South Africa with other foreign currencies from the rest of the world.✓✓
- Pay taxes to the government for importing and charge taxes from businesses for exports.

(Accept any relevant and correct responses)

2.3 DATA RESPONSE

2.3.1 Identify the item that represents remuneration for labour in the table. **(1)**

Compensation of employees.✓

2.3.2 Determine the difference between gross value added for 2017 and 2018. **(1)**

- 1524✓

2.3.3 Describe the term *gross domestic product.* **(2)**

Gross domestic product is the market value of all final goods and services, produced within the geographical boundaries of a country, in a particular period of time.✓✓

2.3.4 What is the importance of consumption of fixed capital on the national accounts. **(2)**

- consumption of fixed capital represent the loss of value on fixed assets over the years.✓✓
- consumption of fixed capital indicate the book value of fixed assets on the national accounts.✓✓

(Accept any relevant and correct responses)

2.3.5 Calculate net operating surplus (A) for 2018 from the table above. Show ALL calculations. **(2 x 2) (4)**

874,395 + 197,910✓ = 1,072,305✓

1,748,800 – 1,072,305✓

= 676,495✓

(Accept any calculation method that leads to a correct answer)

2.4 Differentiate between *injections* and *leakages* in the circular flow. **(8)**

Injections

- All monetary flows that are added into the circular flow.✓✓
- Injections increase the amount of the national income.✓✓
- Injections include the flow of government expenditure; investment spending and income from exports.✓✓
- Consumption spending by household is also an injection, since spending by household increases the countries national income.✓✓

Leakages

- All monetary flows that are subtract or withdrawn from the circular flow.✓✓
- Leakages are decreasing the amount of the national income.✓✓
- Leakages include the flow of taxes; savings and spending on imports.✓✓

2.5 How important is the capital formation for the South African economy? **(8)**

By:

- Increasing spending on machinery and factories, etc. will lead to economic growth.✓✓
- Lowering the interest rates, through the reserve bank, would increase the demand for capital goods and other tools, to create job opportunities.✓✓
- Placing South Africa in a position to process its own natural resources, and increase final goods exports.✓✓
- Improving South Africa's standard of living in general.✓✓
- Developing production infrastructure, will increase the variety of goods produced, which widens the choice of consumer goods.✓✓

(Accept any relevant and correct responses)

[40]

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QUESTION 3 **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1. Name any TWO examples of renewable resource. **(1x2)(2)**

- Plants✓
- Animals✓
- Weather ✓

(Accept any other correct and relevant response)

3.1.2. What impact does the lack of communication infrastructure have on the economy? **(2x1) (2)**

It makes doing business in the country difficult and expensive and that may lead to low economic growth.✓✓

(Accept any relevant and correct responses)

3.2. DATA RESPONSE

3.2.1 Which period of the year is covered in the picture above? **(1)**

Q3 of 2020✓

3.2.2 Identify the South African mineral which is the largest contributor in export from the source above? **(1)**

Gold✓

3.2.3 Briefly describe the term *primary sector.* **(2)**

Primary sector is a sector that deals with production and extraction of raw materials from natural resources.✓✓

(Accept any other correct and relevant response)

3.2.4 What is the possible reason for the increase in production during Q3 of year 2020? **(2)**

- The increase was due to the opening of economic activities after covid19 lockdown regulations were eased. ✓✓

3.2.5 Why is the primary sector more dependent on the other two sectors?

- Some of the raw materials and minerals from the primary sector need to be processed in the secondary sector before they are ready for consumption.✓✓
- Products from the primary sector need transport services from the tertiary sector.✓✓
- The primary sector cannot function without electricity from the secondary sector. ✓✓ (2x2) (4)

(Accept any other correct and relevant response)

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3.3 DATA RESPONSE

3.3.1 Name any one source of energy. (1)

Coal✓
Nuclear✓
Water✓
Wind✓
Gas✓

(Accept any other correct and relevant response)

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

Secondary sector ✓

3.3.3 Briefly describe the term *infrastructure.* (2)

Infrastructure is the facilities and systems that make the economic activities in the country possible. ✓✓

3.3.4 Why is there a need for Eskom to have competition. (2)

- In order to have enough supply and affordable energy to support economic growth.✓✓
- To reduce inefficiency that leads to problems such as load shedding.✓✓

(Accept any other correct and relevant response)

3.3.5 How does the shortage of energy in South Africa affect the economy?

- It disrupts production which leads to a decline in economic growth.✓✓
- It causes an increase in cost of production which may lead to inflation. ✓✓

(2x2) (4)

(Accept any other correct and relevant response)

[10]

3.4 Discuss the composition of transport infrastructure in South Africa.

- Roads: The road network in South Africa is about 754 600 KM in length and about 70 000 KM of that are paved or surfaced roads. ✓✓
- Rail network: The country has the largest railroad in southern Africa that is managed by state-owned Transnet Freight Rail.✓✓
- Airports: South Africa has nine airports that are run and managed by The Airports Company South Africa (ACSA).✓✓
- Ports/harbours: There are eight ports in the country which are managed by Transnet National Ports Authority.✓✓
- About 96% of the country's exports are conveyed by sea through our ports.✓✓
- Both national and provincial governments are responsible for the policy and construction of roads while SANRAL is responsible for improving and maintaining the national roads. ✓✓ (2x4) (8)

(Accept any other correct and relevant response)

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3.5 How does the tertiary sector contribute to modern economies? (8)

- It contributes through a range of services created by its main function of transporting goods throughout the world. ✓✓
- It enhances the financial system through the provision of financial services to businesses and individuals. ✓✓
- People depend on it for professional services such as lawyers, doctors, etc. ✓✓
- It satisfies the daily communication needs for most individuals and businesses. by providing services such as telecommunication, emails, etc. ✓✓
- It facilitates buying/selling and education over digital platforms. ✓✓

(2x4) (8)

(Accept any other correct and relevant response)

[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 **40 MARKS – 40 MINUTES**

- **Discuss characteristics of the natural resources as a factor of production.** **(26)**
- **How can South Africa benefit from processing its natural resources into finished goods before exporting them?** **(10)**

[40]

INTRODUCTION

Natural resources are all the gifts of nature such as soil, water, fish, minerals, weather, atmosphere and the environment.✓✓

(Accept any other correct and relevant introduction)

BODY

Natural resources are scarce

- The supply of natural resources is fixed and cannot be increased once they are exhausted or used up✓✓
- There are not enough resources of the required quality to produce all goods needed by consumers✓✓
- Agricultural crop may also lack the required quality that might render them useless for the production process✓✓

Natural resources are unevenly distributed

- They are not spread equally across all countries✓✓
- For example S.A. has a large deposits of gold and other minerals while Japan does not✓✓
- The surplus of resources in one country and the scarcity thereof in another country lead to international trade✓✓

They have to be transformed

- Most natural resources are useful in their natural form✓✓
- They need to be processed to make them useful for human consumption e.g. change wood into furniture✓✓
- Producers have to transform them into intermediate goods or useful goods before they can satisfy our wants✓✓

Natural resources have a price

- To use natural resources people have to pay the price✓✓
- The price (remuneration) for the use of a natural resources✓✓
- If natural resources is scarce the price is very high and if the quality is low then the rent will be lower✓✓

They are exhaustible and destructible

- Natural resources and fossil fuels are exhausted when they are mined e.g. non-renewable resources✓✓
- If farmers do not fertilisers agricultural land will become infertile and its ability to produce crops is destroyed✓✓
- Without control commercial fishing, timber felling and hunting will destroy fish, forests and wildlife resources✓✓
- These resources are known as renewable resources✓✓

Additional Part

South Africa can benefit through:

- The creation of job opportunities that result from value adding activities during processing or manufacturing✓✓
- The diversification of the economy which creates a wide range of economic activities✓✓
- Earning foreign exchange as more goods would be exported to foreign markets✓✓
- Increased terms of trade ✓✓
- Having a self-sufficient economy that doesn't depend on imports ✓✓
- Increased tax revenue for government ✓✓
- Having a labour force that has a wide range of skills✓✓ (Max 10)

(Accept any other correct and relevant response)

Conclusion

Every man-made product is composed of some form of natural resource.✓✓

(Accept any other correct and relevant conclusion)

[40]

QUESTION 5: 40 MARKS – 40 MINUTES

Discuss the mixed economy under the following headings:

- **Characteristics**
- **Advantages**
- **Disadvantages** **(26)**

How does the government intervene to regulate a mixed economy? **10)**

INTRODUCTION

South Africa's mixed economy is a mixture of a market and a centrally planned (command) economy. This economic system combines the advantages of both economic systems.✓✓

Max (2)

(Accept any suitable introduction)

BODY (MAIN PART)

CHARACTERISTICS

Motivation✓

- In the private sector of the mixed economy, consumers and producers are assumed to be motivated by self-interest.✓✓
- In the public sector it is assumed to be motivated by the necessity to satisfy the social need of the community.✓✓

Ownership✓

- Consumers, producers and organisations own most of the factors of production.✓✓
- The state own enterprises such as Transnet, Telkom, The Post Office. Denel, the SABC and the Rand Water Board.✓✓

Competition✓

- In the private sector competition is maintained and produces a variety of goods and service which are produced.✓✓
- In SA rivalry in the private sector is maintained and promoted by the Competitions Act.✓✓
- The public sector provides protection, healthcare, education, social welfare and economic services.✓✓
- Government's enterprises are monopolies.✓✓

State intervention✓

- Government interfere in order to realize social and welfare objectives and to improve the functioning of markets.✓✓

ADVANTAGES

The private sector✓

- Private ownership, the profit motive and competition are the forces that ensure the production of a variety of good and services.✓✓
- Imports supplement domestic variety and choice.✓✓
- Exports create employment and contribute to economic growth.✓✓

The public sector✓

- Protection education, healthcare, social benefits and opportunities for the poor are proved.✓✓
- The public sector handles the market failures by providing infrastructure and the creation of a solid economic framework. (Laws, courts, economic right, banks and central banking).✓✓

Optimum mix✓

- The optimum mix would ensure an optimum standard of living for all citizen.✓✓
- Government allows sufficient room for the private sector to pursue its market objectives.✓✓

The environment and human rights✓

- Mixed economies have better environment and human rights records than either centrally planned or market economies.✓✓

Attract foreign direct investment. ✓

- Foreign investors are willing to invest in countries that operate mixed economic system, than command economy countries.✓✓
- The increased inflow of foreign direct investments further stimulate economic growth and create employment opportunities.✓✓

DISADVANTAGES

Creating poverty✓

- Because the private sector has control over land and capital it may be able and inclined to exploit workers.✓✓
- Through imperfect markets the private sector can rob consumers and worsen the inequality of incomes and wealth.✓✓
- The environment and human rights are abused.✓✓

Crowding out the private sector✓

- Crowding out the private sector because the public sector has control over the legislature process.✓✓
- The scale of taxation and public sector enterprises become so extensive that private sector businesses are crowded out, and this leads to a decrease in economic growth and employment creation.✓✓
- Unemployment, inflation and fluctuating business cycles.✓✓
- The distribution of income is not fair.✓✓
- Higher taxes on a few workers.✓✓
- Centralisation/ concentration of growth in cities.✓✓ Max (26)

How does the government intervene to regulate a mixed economy? (10)

ADDITIONAL PART

Government intervenes by:

- Reducing inequalities where there is an undesirable gap between the rich and the poor.✓✓
- By using expansionary policies to stimulate economic growth in times of contraction.✓✓
- Keeping the prices of essential goods affordable for the poor, through administered prices.✓✓

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- Ensuring healthy competition amongst businesses and minimise monopolies.✓✓
- Providing infrastructure to attract more business establishment in the economy.✓✓
- Assisting infant industries by offering subsidies and other incentives.✓✓

(Accept any other relevant and correct responses)

Max (10)

Conclusion

There should be a smooth cooperation between the public sector and the private sector, to ensure maximum consumption for the citizens.✓✓

(Accept any relevant and correct conclusion)

Max (2)

[40]

SECTION C: [40]

GRAND TOTAL: [100]

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