KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

PREPARATORY EXAMINATION

SEPTEMBER 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 14 pages.

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INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows:

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

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. Start each question on a new page.

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

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

9. Use ONLY blue or black ink.

10. Non-programmable pocket calculators may be used.

11. 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 to 1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 The institution that reviews orders on restrictive business practices is called the Competition …

A Policy
B Tribunal
C Commission
D Appeal court

1.1.2 The revenue a firm earns per unit of output sold is known as …

A marginal revenue.
B average revenue.
C total revenue.
D profit.

1.1.3 A point where marginal revenue (MR) is equal to marginal cost (MC) is called …

A economic profit
B shutdown point
C profit maximisation point
D Break- even point

1.1.4 A cost or benefit of an economic activity that affects third parties who are not directly involved in the activity is called …

A pollution
B externality
C waste
D cost-benefit analysis

1.1.5 The rate of price increase for goods and services in an economy, excluding volatile items is called …

A stagflation.
B hyper inflation.
C headline inflation
D core inflation

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1.1.6 The process of creating a unique name for a product to distinguish it from competitors is known as …

A branding.
B design
C patenting.
D exclusion.

1.1.7 When free market does not allocate resources efficiently is called …

A missing market.
B scarcity.
C insufficiency.
D market failure.

1.1.8 The large-scale removal of trees and forests, often to clear land for agriculture, urban development, or logging is known as …

A conservation.
B pollution.
C deforestation.
D erosion. (8 x 2) (16)

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1.2 Choose a description from COLUMN B that matches the term in COLUMN A. Write only the letter (A – I) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Price maker	A	The point at which a business's total revenue equals its total costs.
1.2.2	Break even	B	Travel through a country to get to another country as a destination.
1.2.3	Non-renewable resources	C	Meeting present needs without compromising needs for future generations.
1.2.4	Transit tourist	D	Natural resources that cannot be replaced within a short period of time.
1.2.5	Conservation	E	A market structure where a few large firms dominate the industry.
1.2.6	GDP deflator	F	A firm has complete control over price.
1.2.7	Shutdown	G	A strategy aimed at achieving the sustainable use and management of natural resources.
1.2.8	Oligopoly	H	A measure of the overall level of prices in an economy.
		I	When a firm temporarily stops production because the revenue it earns cannot cover its variable costs.

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The total cost of production divided by the number of units produced.

1.3.2 An extremely rapid and out-of-control rise in the general price level of goods and services in an economy.

1.3.3 The market structure that combines elements of two or more different market structures.

1.3.4 The traditional knowledge, skills, and practices developed and passed down by local communities over generations.

1.3.5 A legal right granted to an inventor that gives them exclusive control over production of certain product.

1.3.6 When one dominant firm sets the price and others follow. (6 x 1) (6)

TOTAL SECTION A: 30

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SECTION B

Answer any TWO of the three questions from this section in the ANSWER BOOK.

QUESTION 2: MICROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Give any TWO examples of non-price competition. (1 x 2) (2)

2.1.2 Why would an oligopoly firm be reluctant to decrease the price? (2 x 1) (2)

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

MARKET INEFFICIENCY

The business is seen as inefficient if it limits output and sets higher prices than in competitive markets. With no competition, the firm has little incentive to reduce costs or innovate. Consumers often face fewer choices and may receive lower quality products. Higher prices reduce consumer welfare and affordability.
This creates a deadweight loss, meaning resources are misallocated and society is worse off than under competition.

[Source: www.educba.com]

2.2.1 Identify the market structure that is associated with the extract above. (1)

2.2.2 Name the nature of the product that is sold by a monopolist. (1)

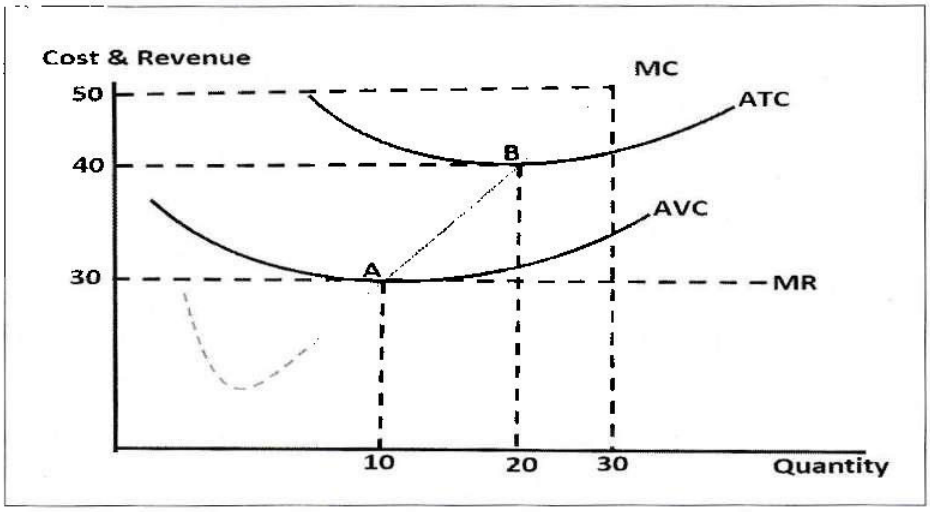
2.2.3 Briefly describe the term productive *inefficiency*. (2)

2.2.4 Explain price determination under monopoly. (2)

2.2.5 Why does a monopoly usually make an economic profit in the long run? (4)

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



2.3.1 Identify the shutdown point on the graph above. (1)

2.3.2 Name the part of MC curve that is above AVC. (1)

2.3.3 Briefly describe the term *perfect competition*. (2)

2.3.4 Explain the importance of producing where MC=MR. (2)

2.3.5 Why should the firm avoid producing beyond profit maximizing point? (4)

2.4 Briefly discuss lack of information and immobility of production factors as causes of market failure. (4 x 2) (8)

2.5 How do a firm under monopoly make economic loss? (4 x 2) (8)

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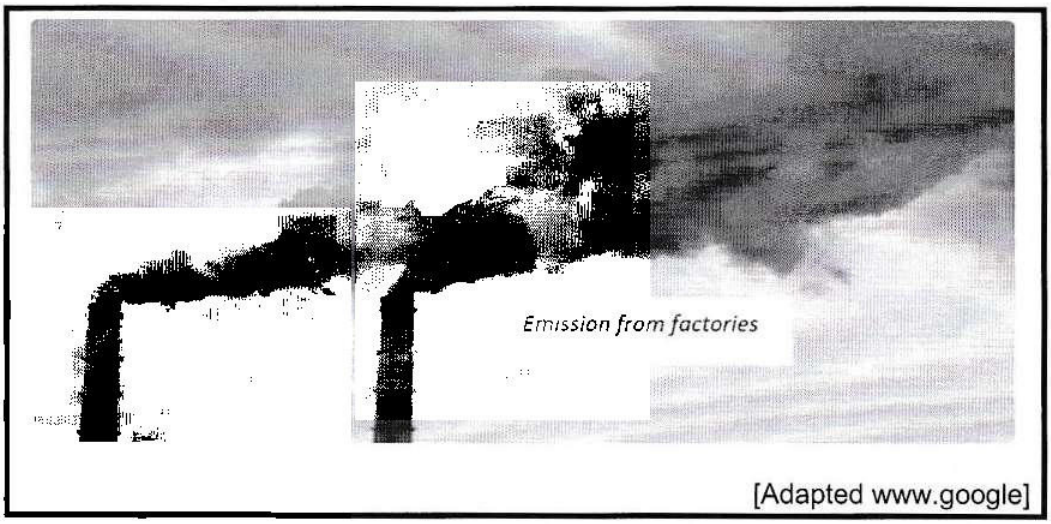
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO examples of heritage sites. (2 x 1) (2)

3.1.2 How would the government use education to reduce pollution? (1 x 2) (2)

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



[Adapted www.google]

3.2.1 Identify the environmental problem in the picture above. (1)

3.2.2 Name any ONE environmental tax imposed by the government. (1)

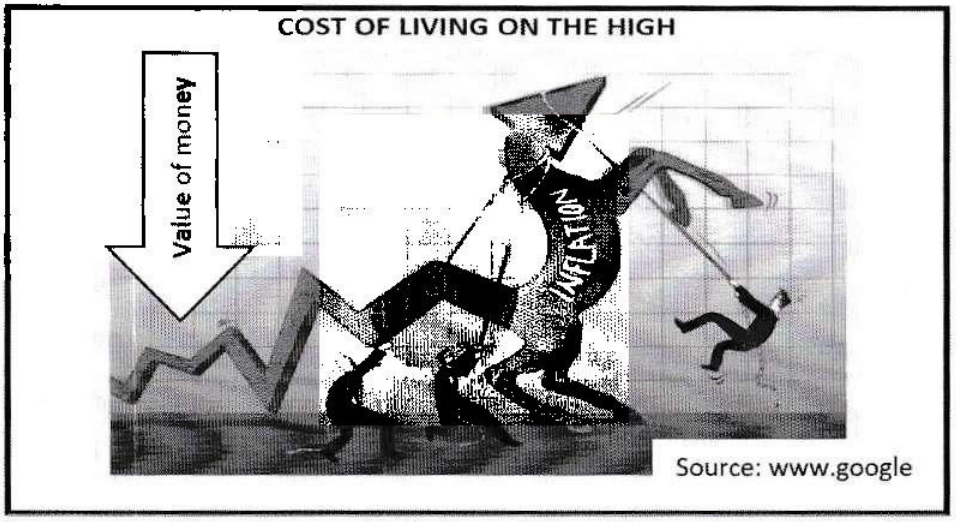
3.2.3 Briefly describe the term *social costs*. (2)

3.2.4 Explain marketable permits as a measure to ensure sustainable development. (2)

3.2.5 Why would the government grant property rights? (2 x 2) (4)

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



3.3.1 Identify the economic problem on the picture above. (1)

3.3.2 Name any ONE cause of cost push inflation. (1)

3.3.3 Briefly describe the term *headline inflation*. (2)

3.3.4 Explain the impact of inflation on consumers. (2)

3.3.5 How does the government use taxation to combat cost push inflation? (2 x 2) (4)

3.4 Briefly discuss investors' expenditure and government expenditure as causes of demand pull inflation. (4 x 2) (8)

3.5 How can the government use climate change policy as a measure to ensure sustainable development? (4 x 2) (8)

[40]

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

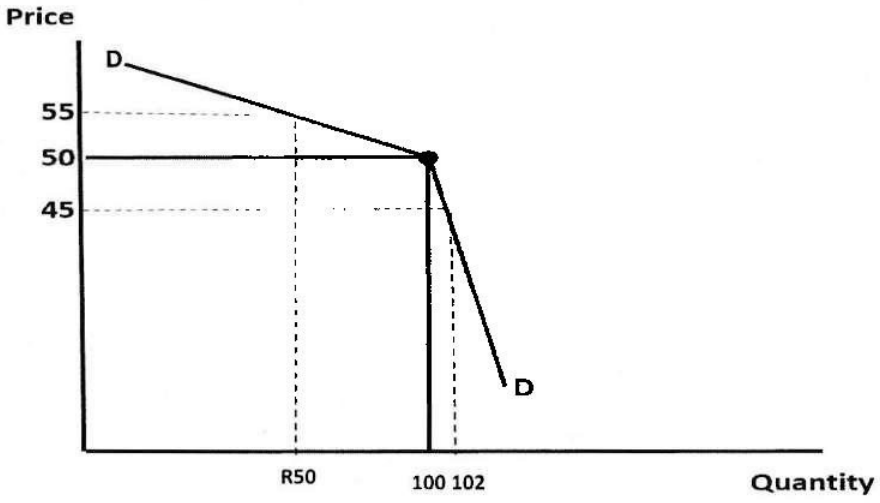
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO examples of fixed costs. (2 x 1) (2)

4.1.2 Why would firms under perfect competition exit the market? (1 x 2) (2)

4.2 Study the graph below and answer the questions that follow.



4.2.1 Identify the price charged by the oligopoly firm on the graph above. (1)

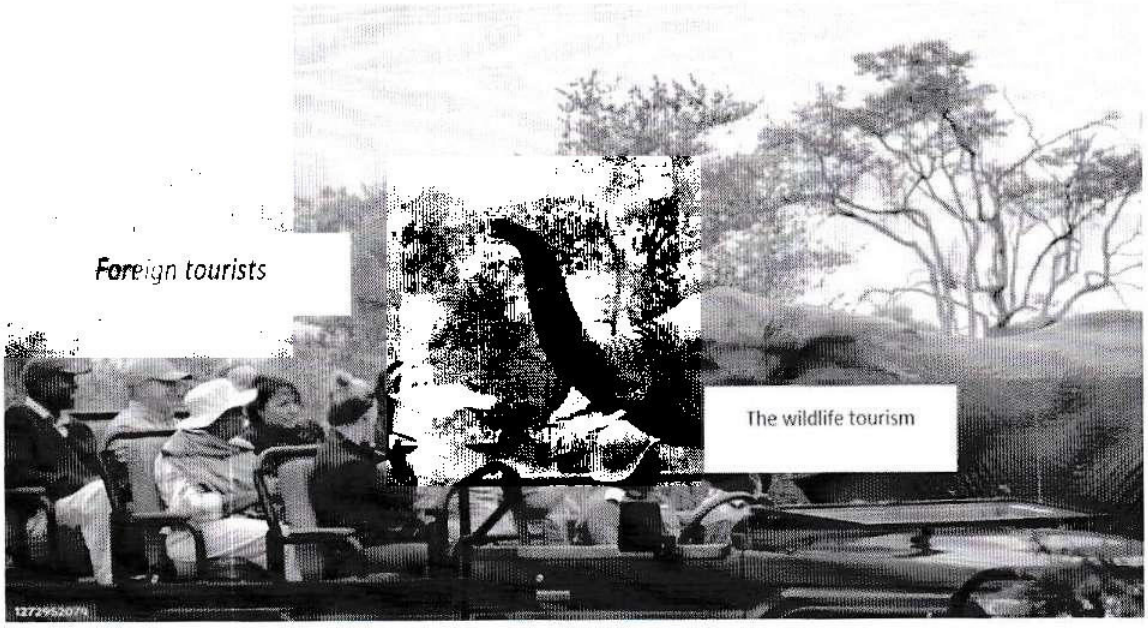
4.2.2 Give the name of the above graph. (1)

4.2.3 Briefly describe the term *oligopoly*. (2)

4.2.4 Explain non price competition as a characteristic of oligopoly. (2)

4.2.5 Why would firms under oligopoly be interdependent? (2 x 2) (4)

4.3 Study the following graph and answer the questions that follow:



4.3.1 Identify the type of tourism in the picture above. (1)

4.3.2 Name the reason for tourism activity in the above picture. (1)

4.3.3 Briefly describe the term *eco-tourism*. (2)

4.3.4 Explain the importance of tourism growth to the government? (2)

4.3.5 How can political instabilities negatively affect tourism? (2 x 2) (4)

4.4 Briefly discuss cconservation and preservation of environment. (4 x 2) (8)

4.5 How can tourism positively affect the economy of a country? (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer any ONE of the TWO questions in the ANSWER BOOK.

Your answer will be assessed as follows:

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/ Compare/ Evaluate / Distinguish/ Differentiate/Explain/ Assess/ Debate/ Draw a graph and explain/ Use the graph given and explain/ Complete the given graph. **Additional part:** Give own opinion/Critically discuss/ Evaluate/ Critically evaluate/ Deduce/Compare/ Distinguish/ Interpret/ Briefly debate/ How/ Suggest/ Analyse	Max. 26 Max. 10
Conclusion A 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**

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QUESTION 5: MICROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail state intervention as a consequence of market failures, with the aid of relevant graphs. (26 marks)

- How can competition policy be used to reduce inefficiency in the market? (10 marks)

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Discuss in detail the measures to combat inflation. (26 marks)

- Analyse the success of inflation targeting in South Africa. (10 marks)

[40]

TOTAL SECTION C: 40

GRAND TOTAL: 150

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