KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA



NATIONAL SENIOR CERTIFICATE

GRADE 11

ECONOMICS

COMMON TEST

JULY 2021

MARKS: 100

TIME: 1 ½ 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. 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

QUESTION 1

1.1 **Various options are provided as possible answers to the following questions. Write down the question number (1.1.1 - 1.1.5) and write only letter (A - D) next to the question number in the ANSWER BOOK.**

1.1.1 A hybrid market structure where there are many buyers and sellers is known as…

A monopolistic competition.
B hybrid competition.
C monopoly.
D perfect market.

1.1.2 A period of production during which a business cannot change its fixed factors, is called …

A long-run.
B short-run.
C fixed-run.
D turnover-run.



1.1.3 Single firms are … in a perfect market because they do not have influence over the price.

A dominant
B price-takers
C decision makers
D price-setters

1.1.4 The inverse relationship between price and quantity demanded is associated with …

A economies of scale.
B law of supply.
C law of demand
D law of constant returns.

1.1.5 The additional satisfaction derived from consuming one extra unit of a good or service is called…

A total utility
B utility.
C satisfaction.
D marginal utility

(5 x 2) (10)

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 number (1.2.1 – 1.2.6) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Microeconomics	A. Products that are not related in terms of changes in price and quantity.
1.2.2 Nominal price	B. Business expenses such as interests, wages and materials.
1.2.3 Break-even point	C. A market structure that is characterised by few firms and lack of competition.
1.2.4 Independent goods	D. Occurs where average revenue (AR) is less than average total cost (AVC).
1.2.5 Oligopolies	E. Income is equal to the expenses.
1.2.6 Explicit costs	F. The study of the economy as individual units.
	G. Exchange value of a product that the consumer pays for in actual rands and cents.

(6 x 1) (6)

1.3 Give ONE term each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.4) in the ANSWER BOOK. ABBREVIATION AND ACRONYMS MAY NOT BE ACCEPTED.

1.3.1 A group of firms that sell related products.

1.3.2 Products that are similar but have slight differences.

1.3.3 A negative difference when costs are subtracted from the revenue.

1.3.4 Where final goods and services are exchanged for money. (4 x 1) (4)

TOTAL SECTION A: [20]

SECTION B

Answer any ONE question of the TWO from this section in the ANSWER BOOK.

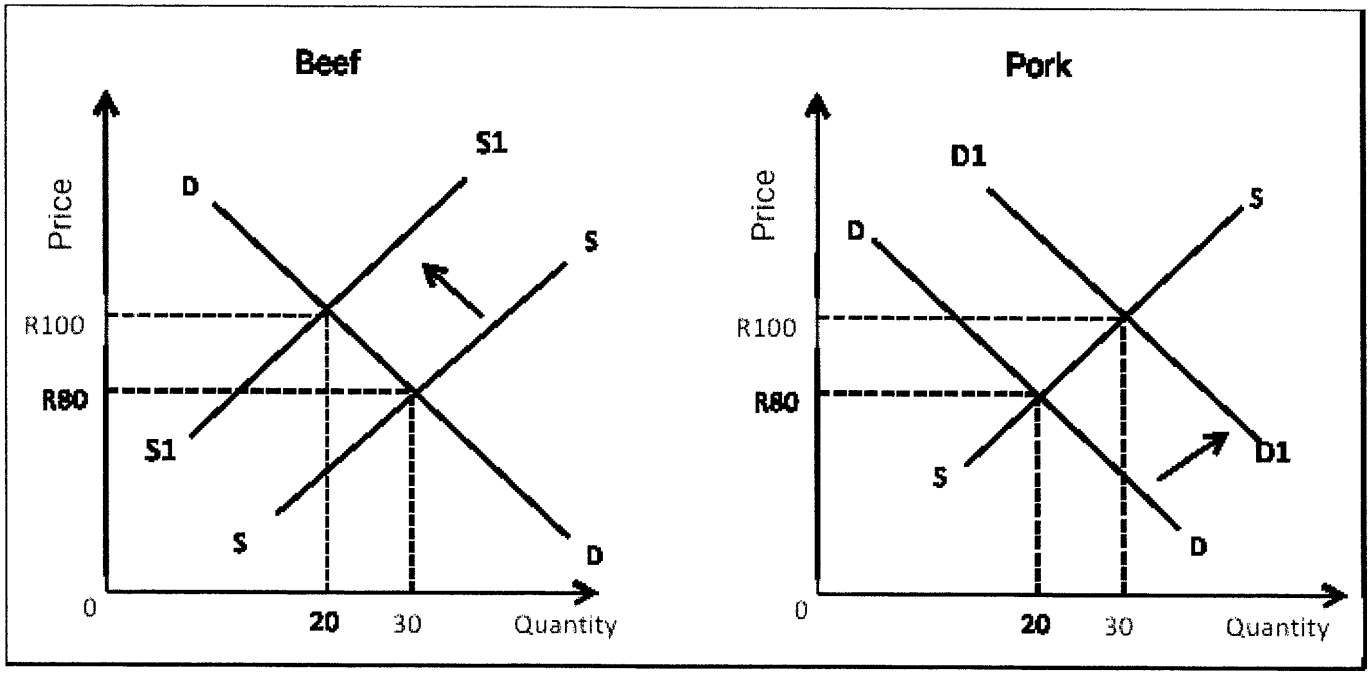
QUESTION 2

2.1 **Answer the following questions.**

2.1.1 Mention TWO types of utility. (2 x 1) (2)

2.1.2 Why does a firm in a perfect market make normal profit in the long-run? (2)

2.2 Study the following graph below and answer the questions that follow.



2.2.1 What type of goods are beef and pork according to the graphs above? (1)

2.2.2 How much is the increase in quantity demanded for pork? (1)

2.2.3 Briefly describe the term *demand*. (2)

2.2.4 Explain the impact of an increase in beef price on the pork market. (2)

2.2.5 How does the factor market relate with goods market for beef and pork? (2 x 2) (4)

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

OUTPUT	FC	VC	TC	AVC	MC
0	20	0	20	0	-
1	20	5	25	5	5
2	20	8	28	4	A
3	20	10	30	3,3	2
4	20	16	36	4	6

2.3.1. Name one example of variable costs. (1)

2.3.2. What is the total cost of producing the forth unit of output? (1)

2.3.3. Briefly describe the term *fixed cost*. (2)

2.3.4. Explain the impact of producing the third unit of output on average variable cost? (2)

2.3.5. Calculate the value of **A**. Show all your calculations. (2 x 2) (4)

2.4 Briefly discuss *profit maximisation* and *survival* as objectives of the business. (8)

2.5 How can a firm achieve economies of scale? (8)

[40]

QUESTION 3



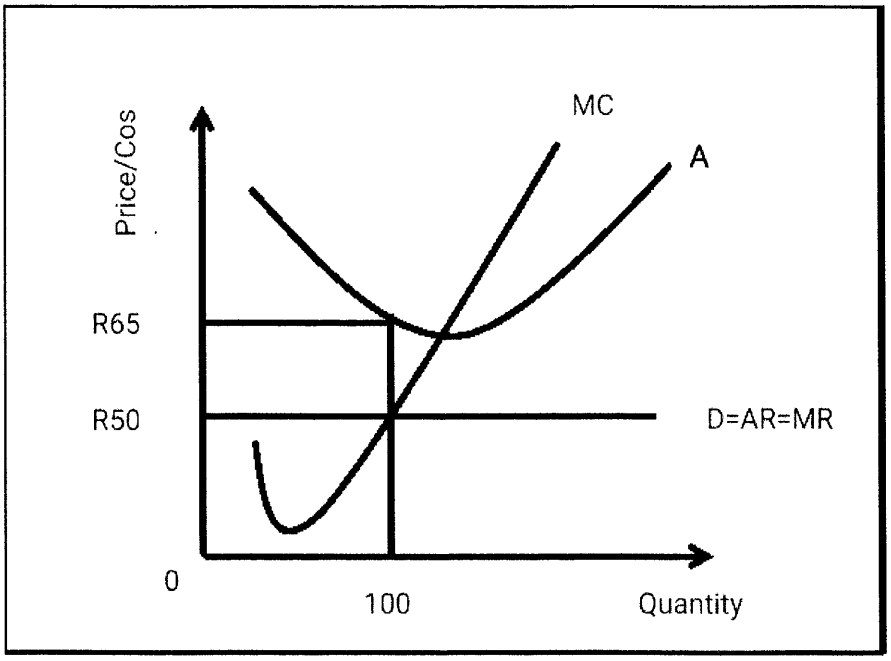
3.1 **Answer the following questions.**

3.1.1 Give any TWO examples of SMART goal setting guidelines for the business. (2 x 1) (2)

3.1.2. Why is the demand for normal goods have a positive gradient? (2)

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



3.2.1. Name the curve that is labelled 'A' in the above graph. (1)

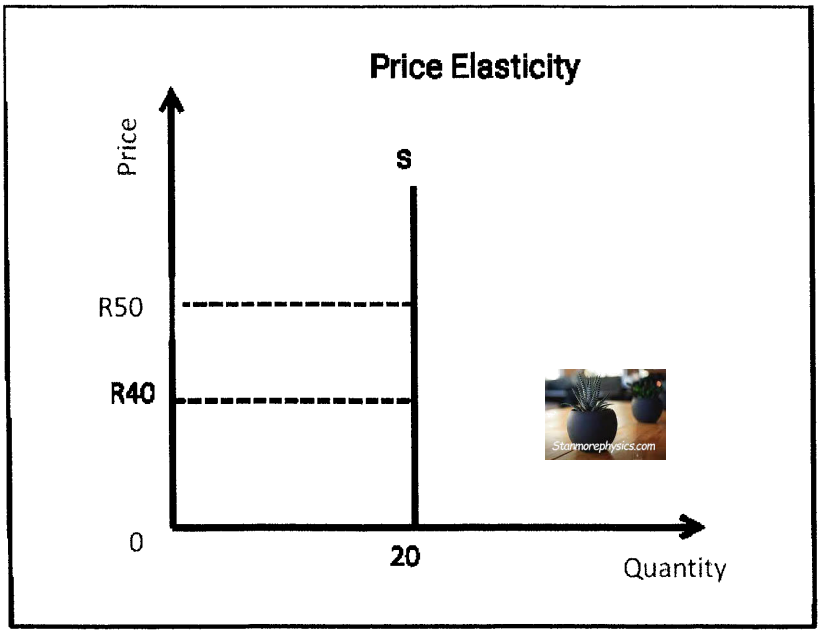
3.2.2. What is the market price of this firm? (1)

3.2.3. Briefly describe the term *average revenue*. (2)

3.2.4. Why is the demand curve for the individual firm horizontal? (2)

3.2.5. Calculate the economic loss made by the firm in the above graph. Show all calculations. (4)

3.3 Study the following graph and answer the questions that follow



3.3.1 Identify the type of price elasticity in the diagram above. (1)

3.3.2 What is the quantity offered for sale in the graph. (1)

3.3.3 Briefly describe the term *price elasticity of supply*. (2)

3.3.4 Why is the supply curve shaped vertically? (2)

3.3.5 How are relative prices used in the economy? (2 x 2) (4)

3.4 Briefly discuss *total revenue* and *marginal revenue* that are generated by firms. (8)

3.5 How are new potential competitors blocked from entering a monopoly market? (8)

[40]

TOTAL SECTION B: [40]

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

STRUCTUTURE 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 include any part of the introduction in your body. • Avoid saying 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. **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/ How/ Suggest	Max. 26 Max. 10
Conclusion Any high-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 4

40 MINUTES

- **Discuss the characteristics of a perfect market.** **(26)**
- **How is the price determined in a perfect market?** **(10**

[40]

QUESTION 5

40 MINUTES

- **Discuss in details the types of price elasticity of demand.** **(26)**
- **How can price elasticity of demand be influenced?** **(10)**

[40]

TOTAL MARKS: [100]

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