



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2020**

**ECONOMICS P1  
(EXEMPLAR)**

**MARKS: 150**

**TIME: 2 hours**

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This question paper consists of 12 pages.

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**INSTRUCTIONS AND INFORMATION**

1. Answer FOUR questions as follows in the ANSWER BOOK  
SECTION A: COMPULSORY  
SECTION B: Answer any TWO of the three questions  
SECTION C: Answer ONE of the two questions
2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Write the question number above each answer.
5. Read the questions carefully.
6. Start EACH question on a NEW page.
7. Leave 2-3 lines between subsections of questions.
8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
9. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.
11. Write neatly and legibly.

**SECTION A: (COMPULSORY)****30 MARKS – 20 MINUTES****QUESTION 1**

1.1 Various options are provided as answers to the following questions. Choose the answer and write only the letter (A–D) next to the question numbers (1.1.11–1.1.8) in the ANSWER BOOK, for example 1.1.9 D

1.1.1 Resources are called ... in the production process.

- A inputs
- B outputs
- C intermediate goods
- D final goods

1.1.2 When Walmart invested in Massmart it was called ...

- A capital widening.
- B capital deepening.
- C foreign direct investment.
- D economic growth.

1.1.3 An advantage of the centrally controlled economy is ...

- A choice.
- B innovation.
- C risk.
- D full employment.

1.1.4 In comparing the GDP of one year with that of another year, the ... is used.

- A GDP at current prices
- B GDP at market prices
- C GDP at constant prices
- D GDP at fixed cost

1.1.5 The ... is used to measure the standard of living in a country.

- A level of per capita income
- B inflation level
- C balance of payments
- D circular flow

1.1.6 Food security renders ... a vital industry.

- A energy
- B agriculture
- C water
- D retail

1.1.7 A company that generates fuel from coal is.

- A Caltex
- B Shell
- C Engen
- D Sasol

1.1.8 The ... is the price at which the South African Reserve Bank lends money to other banks.

- A prime lending rate
- B repurchase rate
- C profit
- D Dividend

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the correct 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 MTEF	A Enterprises which are controlled by the authorities/state
1.2.2 Disinvestment	B State intervention to protect workers against unfair labour practices
1.2.3 Primary sector	C The relationship between input and output
1.2.4 State owned enterprises	D A policy aimed at increasing the ownership of agricultural land of black people in the economy
1.2.5 Minimum wages	E A process where foreign countries withdraw their businesses from a country
1.2.6 Land Redistribution Programme	F This document outlines how government proposes to finance its expenditure in a given period
1.2.7 Productivity	G The sum total of factor income in a country
1.2.8 National Income	H Are involved in the production or extraction of raw materials
	I Black Economic Empowerment

(8 x 1) (8)

1.3 Give ONE term/word for each of the following descriptions. Write only the term/word next to the question numbers (1.3.1–1.3.6) in the ANSWER BOOK. NO ABBREVIATIONS or acronyms will be accepted.

1.3.1 Income per member of the population of a country

1.3.2 This sector is associated with activities that include street sales and handicrafts

1.3.3 GDP at basic prices, plus taxes on products, minus subsidies on products

1.3.4 Policy that the Reserve Bank uses to influence the supply of money and interest rates

1.3.5 An economy that does not include the foreign countries

1.3.6 Movement of people from rural areas to urban areas (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B****QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions:

2.1.1 Name any TWO factors that influence the price of natural resources. (2 x 1) (2)

2.1.2 Why are imports not included in domestic expenditure? (1 x 2) (2)

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

**TAXI RECAPITALISATION PROGRAMME (TRP)**

The TRP is an intervention by Government, as part of its infrastructure development programme, to bring about safe, effective, and accessible taxi operations by introducing new taxi vehicles designed to undertake public transport functions in the taxi industry. The TRP is not only about scrapping old taxi vehicles, but also about how best to help operators to benefit constructively through empowerment. The compulsory requirements are also meant to ensure passenger comfort.

[Source: SAYearbook 2018]

2.2.1 Name any other form of transport. (1)

2.2.2 Which agency is responsible for constructing and maintaining national roads in South Africa? (1)

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

2.2.4 Explain the economic importance of transport to the economy. (2)

2.2.5 How can the South African government improve the functioning of public transport in the country? (4)

2.3 Study the picture below and answer the questions that follow:



[Adapted from: Google images]

- 2.3.1 Name any personal characteristic of an entrepreneur. (1)
- 2.3.2 What is the remuneration that an entrepreneur receives? (1)
- 2.3.3 Briefly describe the term *entrepreneur*. (2)
- 2.3.4 Explain the role of an entrepreneur in the economy. (2)
- 2.3.5 How will government interventions in the market affect the remuneration of an entrepreneur? (4)
- 2.4 Discuss the role of households in an open circular flow. (4 x 2) (8)
- 2.5 How successful has the South African government been in delivering socio-economic services? (8)

**[40]**

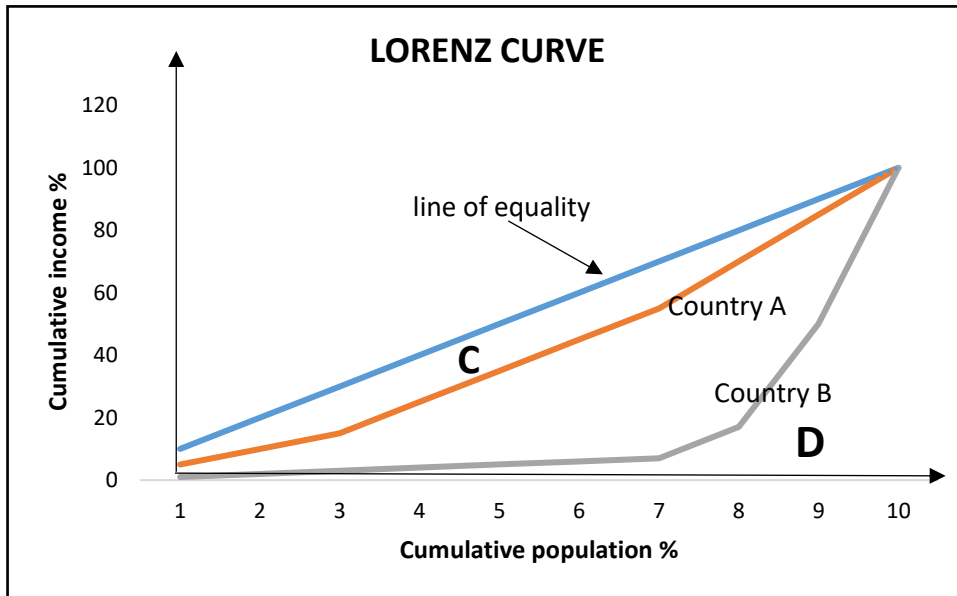
**QUESTION 3: ECONOMIC PURSUITS****40 MARKS – 30 MINUTES**

3.1 Answer the following questions:

3.1.1 Name any TWO functions of the Central Bank. (2 x 1) (2)

3.1.2 Why was money introduced as a medium of exchange? (1 x 2) (2)

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



[Adapted from Focus Economics]

3.2.1 Identify a country with the most unequal distribution from the graph above. (1)

3.2.2 What does a *Gini coefficient of zero* mean? (1)3.2.3 Briefly describe the term *Lorenz curve*. (2)

3.2.4 Explain the relationship between the Lorenz curve and the Gini coefficient. (2)

3.2.5 Suppose the area between Country A and the line of equality (C) is 20 and the total area (C + D) below the line of equality is 100. Calculate the Gini coefficient. Show ALL calculations. (4)



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

### SOUTH AFRICA'S HDI RANKING

South Africa boasts of a highly developed economy and advanced infrastructure. It is a significant player on the African continent.

However, development has slowed down, and the nation has one of the highest inequality rates in the world.

Global ranking:	113
Life expectancy:	63,4
GDP:	349,4 billion USD
Gross National Income Per Capita:	USD 11,923
HDI ranking in Africa:	8

[Adapted from: [africanexponent.com](http://africanexponent.com)]

- 3.3.1 Name any characteristic of developing countries. (1)
- 3.3.2 Which indicator is used in measuring HDI? (1)
- 3.3.3 Briefly describe the term *economic development*. (2)
- 3.3.4 Explain the use of per capita figures. (2)
- 3.3.5 How can the South African government improve the quality of human resource? (4)
- 3.4 Briefly discuss the importance of indigenous knowledge systems. (4 x 2) (8)
- 3.5 Evaluate the Reconstruction and Development Programme as a development strategy in South Africa. (8)
- [40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS****40 MARKS – 30 MINUTES**

4.1 Answer the following questions:

- 4.1.1 Name any TWO methods used to calculate the Gross Domestic Product. (2 x 1) (2)
- 4.1.2 Why is wealth more important than income? (1 x 2) (2)

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

<b>SOUTH AFRICA'S GROSS DOMESTIC PRODUCT-2019</b>		
<i>At current prices</i>	<b>2018</b>	<b>2019</b>
Compensation of employees	2 320 179	2 418 544
Net operating surplus	1 249 182	1 296 696
Consumption of fixed capital	638 782	713 078
<b>Gross value added at factor cost</b>	<b>4 245 848</b>	<b>4 428 317</b>
Other taxes on production	101 936	105 061
Less: other subsidies on production	6 492	9 798
<b>Gross value added at basic prices</b>	<b>4 173 328</b>	<b>4 523 580</b>
Taxes on products	545 558	564 866
Less: subsidies on products	12 951	10 821
<b>Gross domestic product at market prices</b>	<b>4 873 899</b>	<b>5 077 625</b>

[Source: SARB – QB March 2020]

- 4.2.1 Give an example of taxes on products. (1)
- 4.2.2 What does compensation of employees consist of? (1)
- 4.2.3 Briefly describe the term *current prices*. (2)
- 4.2.4 Explain the purpose of subsidies on production. (2)
- 4.2.5 Calculate the consumption of fixed capital as a percentage of the GVA at factor cost for 2019. Show ALL calculations. (4)

4.3 Read the extract and answer the questions that follow:

### **A decade to achieve NDP Vision**

The year 2020 marks the 26th year of democracy in South Africa and that we have only 10 years remaining to achieve a vision as outlined in the national development plan (NDP).

The plan sets out year-on-year targets to be achieved by the government. These include dismantling the structural economic elements that remain unchanged and continue to undermine economic growth endeavours, among others.

[Source: Adapted from <https://mg.co.za/article/>]

- 4.3.1 What is the main aim of the NDP? (1)
- 4.3.2 In which year is the NDP aiming to achieve its objective? (1)
- 4.3.3 Briefly describe the term *economic growth*. (2)
- 4.3.4 Explain the negative effect the NDP can have on taxpayers. (2)
- 4.3.5 How will the South African economy benefit from the implementation of the NDP? (2 x 2) (4)
- 4.4 Discuss the economic importance of the tertiary sector (4 x 2) (8)
- 4.5 Analyse South Africa's constraints to economic growth. (8)

**[40]**

**TOTAL SECTION B: 80**

**SECTION C**

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
<p><b>Introduction:</b></p> <ul style="list-style-type: none"> <li>• A good starting point would be to define a concept or key word that appears in the question.</li> <li>• Include other sentences to support the topic.</li> <li>• Do not include in your introduction any part of the question.</li> <li>• Do not repeat any part of the introduction in the body.</li> <li>• Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<p><b>Body:</b></p> <p><b>Main part:</b> Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate</p> <p><b>Additional part:</b> 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</p>	Max. 26  Max. 10
<p><b>Conclusion:</b></p> <ul style="list-style-type: none"> <li>• The conclusion is a wrap up of the discussion of the topic in the body and should be treated as a higher order response.</li> <li>• The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed.</li> <li>• No aspect from either the introduction or body should be included in the body</li> </ul>	Max. 2
<b>TOTAL:</b>	<b>40</b>

**QUESTION 5: MACROECONOMICS****40 MARKS – 40 MINUTES**

- Discuss in detail a mixed economy under the following headings:
  - Characteristics (26)
  - Disadvantages (26)
- How does a mixed economy benefit its population? (10) **[40]**

**QUESTION 6: ECONOMIC PURSUITS****40 MARKS – 40 MINUTES**

- Discuss in detail the monetary policy instruments. (26)
- How successful is the SARB in stabilising prices on the different markets as its main objective. (10) **[40]**

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 150**