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LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ECONOMICS PAPER 2

SEPTEMBER 2023

MARKS: 150

TIME: 2 HOURS



EECONP2

This question paper consists of 12 pages



**SA EXAM
PAPERS**

Economics/P2

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NSC

LimpopoDoE/September 2023

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:

SECTION A: COMPULSORY
SECTION B: Answer 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.

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

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 (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 C.

1.1.1 A market that has a hybrid structure is known as a (n) ...market.

- A perfect
- B factor
- C oligopoly
- D monopolistic competitive

1.1.2 Benefits that accrue to an individual only are called...benefits.

- A social
- B internal
- C marginal
- D external

1.1.3 The ascending part of the marginal cost curve (MC) also represents the ...curve.

- A demand
- B average cost
- C supply
- D total cost

1.1.4 Average revenue is always equal to ... in all markets.

- A marginal revenue
- B market price
- C variable cost
- D fixed cost

1.1.5 Changes in the general price level are measured by a (n)...

- A index.
- B percentage.
- C VAT.
- D GDP.

1.1.6 Visiting art galleries is part of ... tourism.

- A eco-
- B business
- C domestic
- D cultural



1.1.7 One way of preventing over-fishing is by ...

- A using quotas.
- B levying taxes.
- C restitution.
- D partnerships.

1.1.8 An increase in prices of goods and services by 50% and more per month is known as ...inflation.

- A consumer
- B producer
- C hyper
- D demand pull

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches an item 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 Licensing | A keeping something intact |
| 1.2.2 Cartel | B a barrier to entry that is not economic in nature |
| 1.2.3 Subsidy | C the ratio of the GDP at current prices to GDP at constant prices for a specific year |
| 1.2.4 Competition Commission | D it is established with the aim of forming collective monopoly |
| 1.2.5 Preservation | E it has practical application for daily survival of local people |
| 1.2.6 Implicit deflator | F it is a grant given to support production of good |
| 1.2.7 Indigenous knowledge | G raising interest rate and reducing money supply |
| 1.2.8 Restrictive Monetary Policy | H it gives all South Africans equal opportunities to participate in economic activities |
| | I raising taxes and government spending |

(8 x 1) (8)

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1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.

1.3.1 A technique for enumerating and evaluating the total costs and total benefits associated with an economic project used by governments

1.3.2 The value of the next best alternative not chosen

1.3.3 The prices that are set above market prices

1.3.4 It has been created to promote tourism in our country

1.3.5 Inflation that excludes items from CPI basket that have highly volatile prices

1.3.6 The physical surroundings and conditions that affect people's lives
(6 x 1) (6)

TOTAL SECTION A: [30]

SECTION B

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

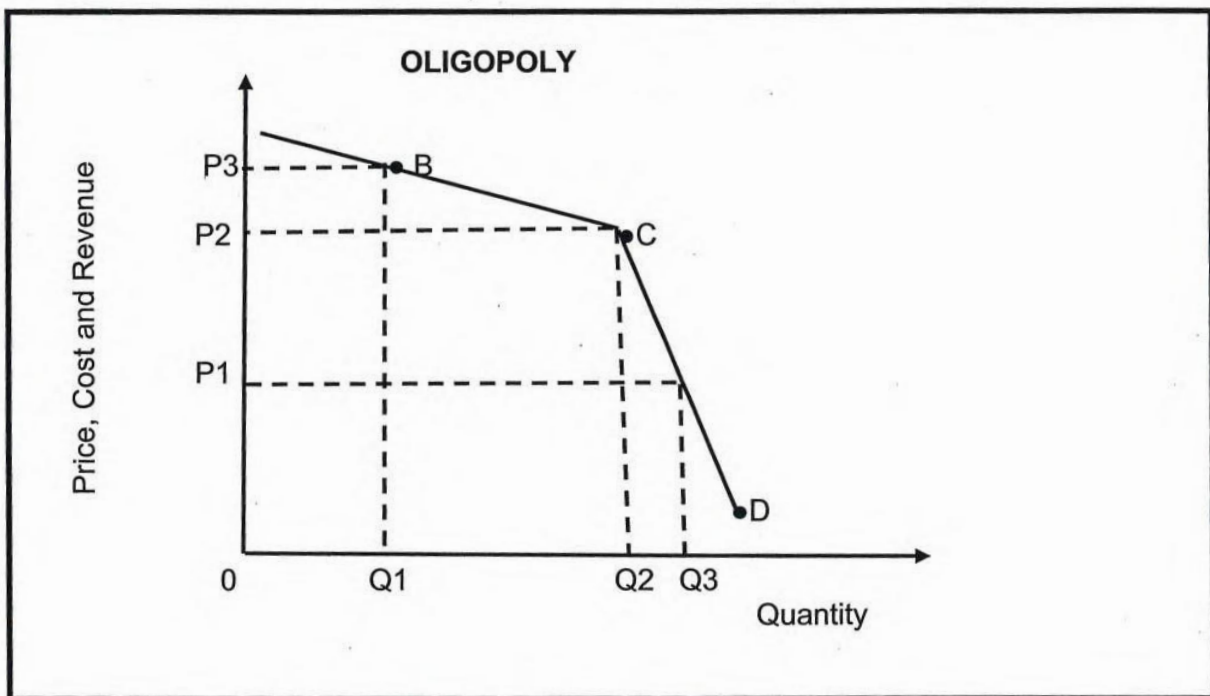
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name **TWO** examples of explicit costs. (2 x 1) (2)

2.1.2 Why is the private sector reluctant to provide community goods? (2)

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



2.2.1 Identify the market price above. (1)

2.2.2 Which part of the demand curve is elastic in the diagram above? (1)

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

2.2.4 Why is the demand curve of an oligopoly kinked? (2)

2.2.5. How can government correct allocative distortions caused by oligopolies? (4)

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

SA'S STRUGGLING MONOPOLY ALLOWED TO HIKE ELECTRICITY PRICES

Energy regulator has approved an 18.65% increase in electricity prices for 2023 – and a 12.74% hike for next year. NERSA's decision relates to the fifth Multi-Year Price Determination (MYPD) for the power utility for year two (2023/2024) and year three (2024/2025).

The approved increase is lower than what Eskom had applied for but is still significant, and far higher than inflation. In September 2022, Eskom applied for a 32% price hike for 2023/2024, equating to a recovery of R351 billions.

[Adapted from google]

- 2.3.1 Which institution regulates electricity prices in South Africa? (1)
- 2.3.2 What was the initial request for price increase from the power utility? (1)
- 2.3.3 Briefly describe the term *monopoly*. (2)
- 2.3.4 What will be the impact of this price increase on the economy? (2)
- 2.3.5 Why do many state owned monopolies struggle to make profits? (4)
- 2.4 Briefly discuss *non-price competition and market entry* as characteristics of monopolistic competition. (8)
- 2.5 Analyse the impact of minimum wages on the economy. (8)
- [40]**

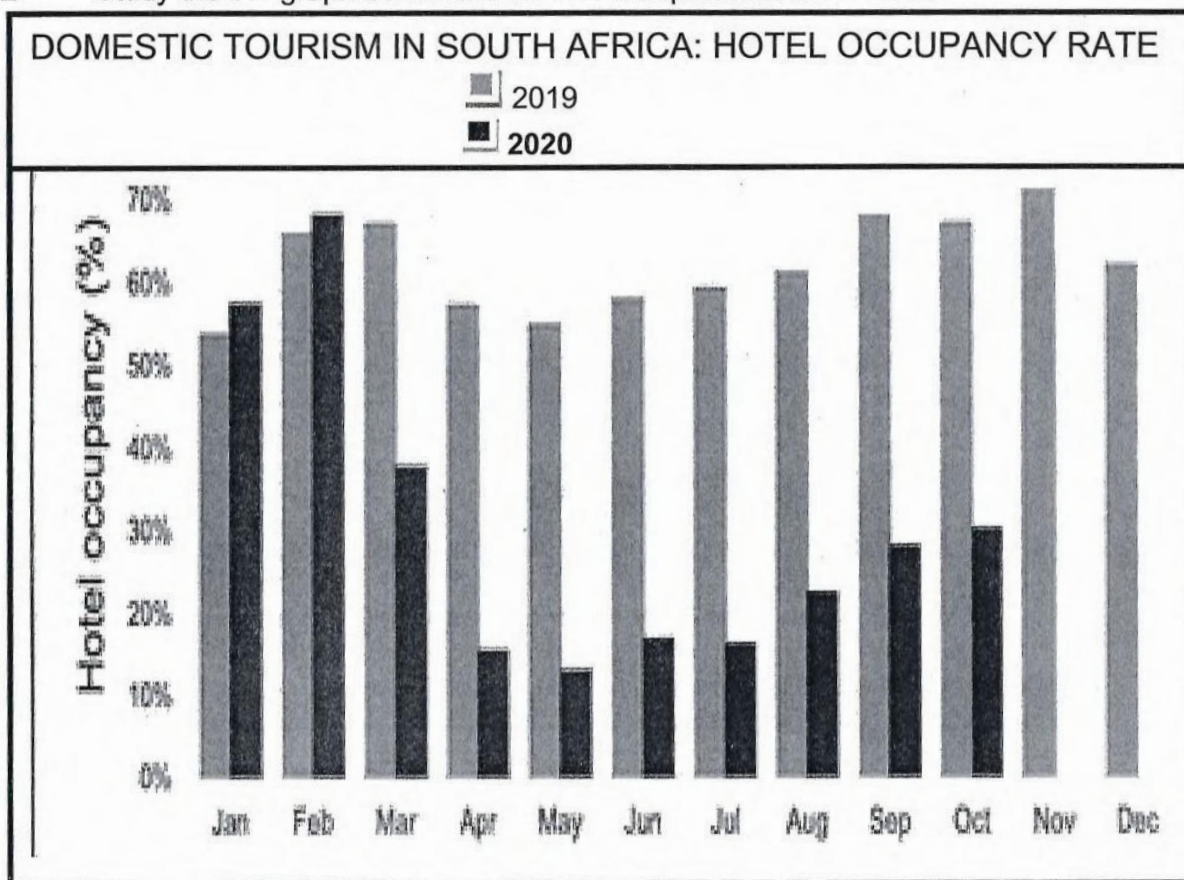
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Give **TWO** types of consumer inflation. (2 x 1) (2)

3.1.2 How can property rights be used to protect the environment? (2)

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



[Adapted from southafrica.net]

3.2.1 When did most people (tourists) sleep in hotels in the country? (1)

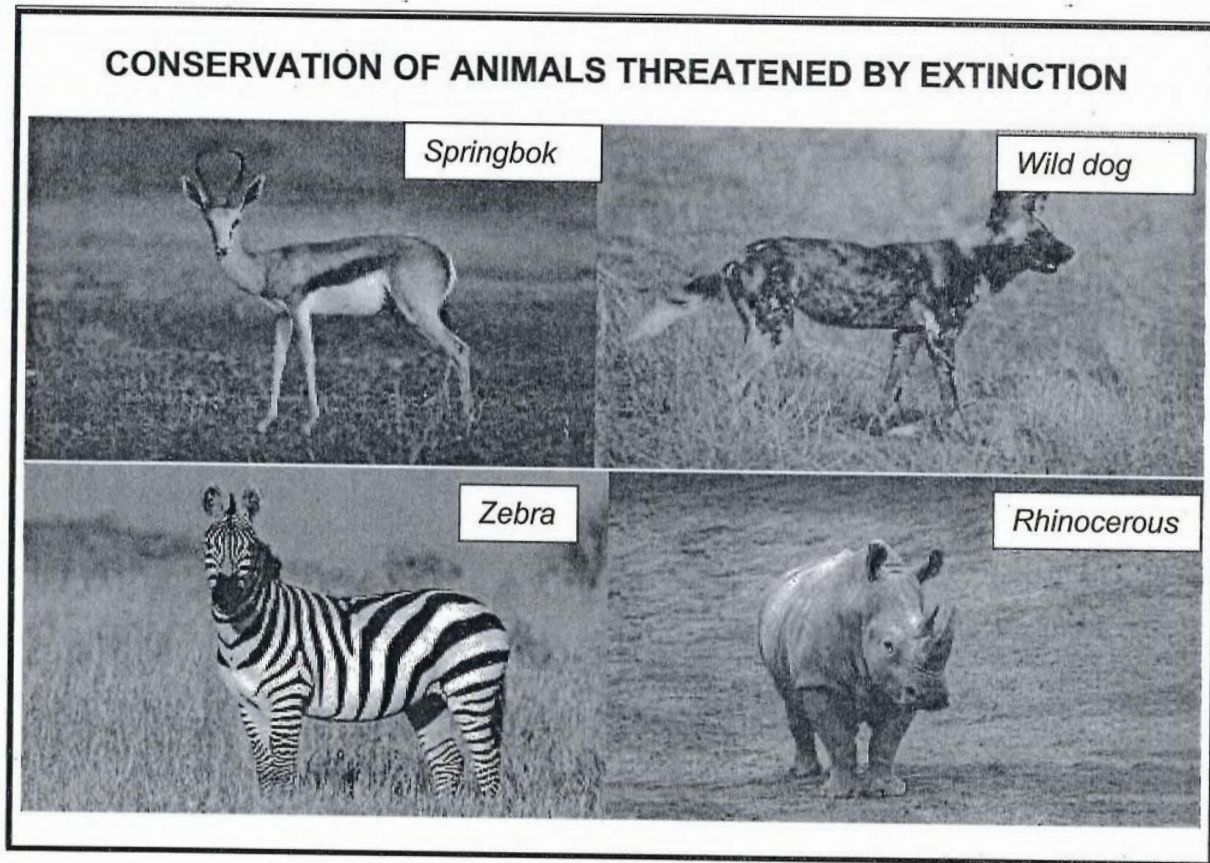
3.2.2 Give one example of a cultural tourist attraction in South Africa. (1)

3.2.3 Briefly describe the term *domestic tourism*. (2)

3.2.4 What has contributed to the rapid growth of tourism in the country in November 2019? (2)

3.2.5 How can South Africa be promoted as a tourist destination? (2 x 2) (4)

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



[Adapted from google]

- 3.3.1 Identify an animal from the ones in the information above that is threatened by extinction. (1)
- 3.3.2 Name any **ONE** area that has been created for protection of these animals. (1)
- 3.3.3 Briefly describe the term *conservation*. (2)
- 3.3.4 What can the Convention on International Trade in Endangered Species (CITES) do to assist in protection of endangered species? (2)
- 3.3.5 How can government intervene in the preservation of environmental assets? (4)
- 3.4 Discuss the effects of inflation on *taxpayers and investors and savers*. (2 x 4) (8)
- 3.5 How can businesses reduce the impact of pollution? (4 x 2) (8)
- [40]**

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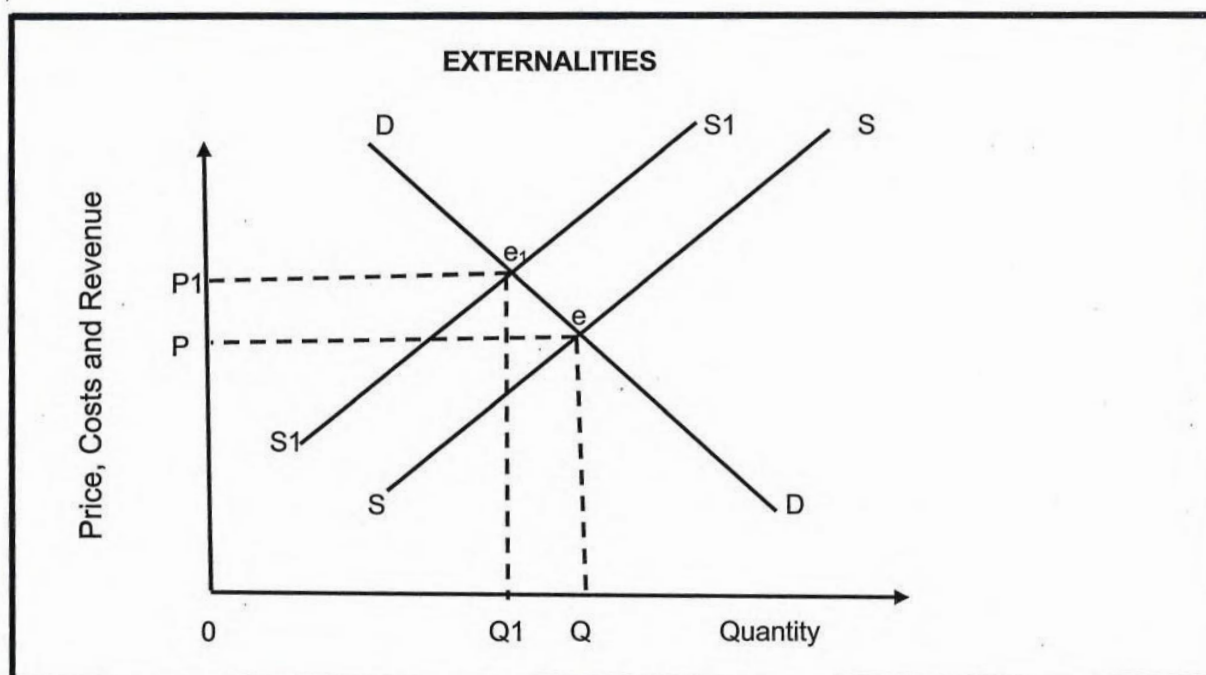
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Give **TWO** features of public goods. (2 x 1) (2)

4.1.2 How does the government benefit from tourism? (2)

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



4.2.1 Identify the type of externality shown above. (1)

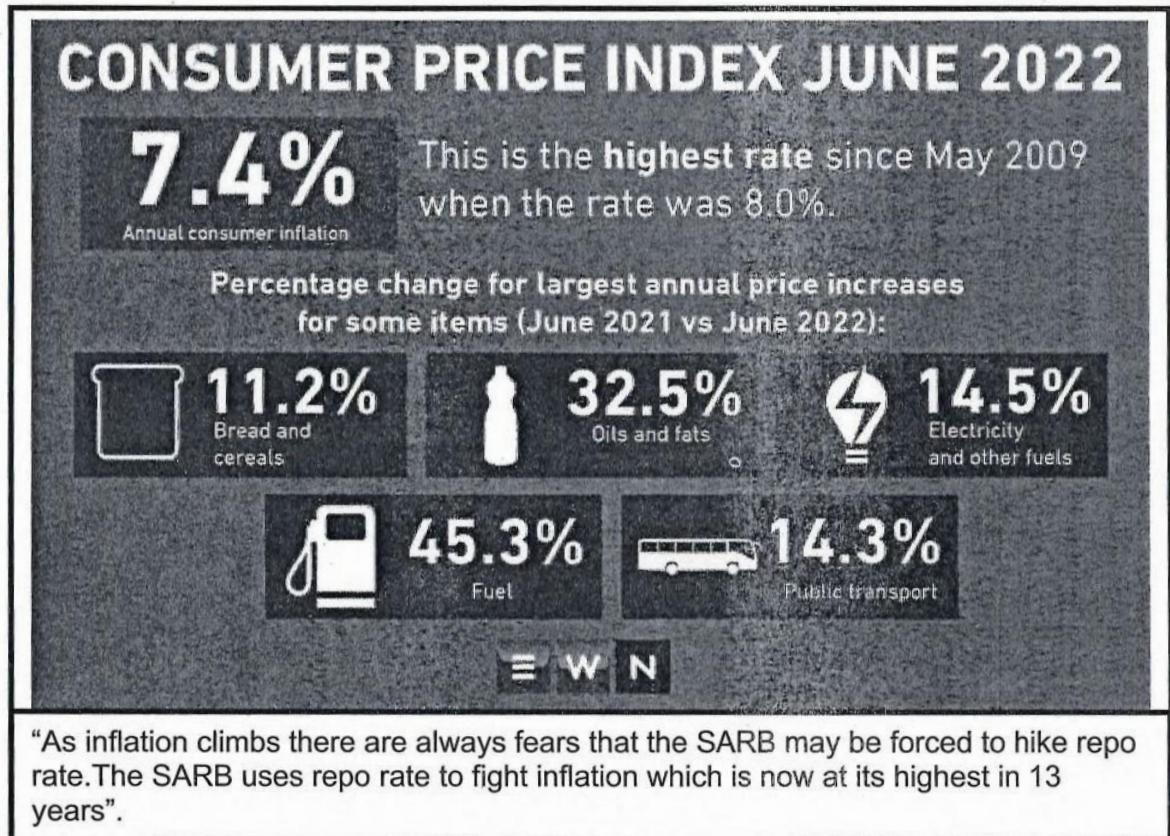
4.2.2 Which point on the graph above represents optimum consumption point? (1)

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

4.2.4 Why are externalities causes of market failures? (2)

4.2.5 How can government reduce the consumption of demerit goods? (4)

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



[Adapted from EWN News]

- 4.3.1 Identify the inflation rate in the year 2022 according to the information above? (1)
- 4.3.2 What is the current inflation target of the South African Reserve Bank (SARB)? (1)
- 4.3.3 Briefly describe the term *inflation*. (2)
- 4.3.4 In what way can fuel as a key input cause inflation? (2)
- 4.3.5 How can cost-push inflation be curbed/reduced in the economy? (2 x 2) (4)
- 4.4 Discuss the impact of lack of information on *consumers* and *workers* as causes of market failure. (2 x 4) (8)
- 4.5 Analyse the measures used in South Africa in ensuring environmental sustainability. (4 x 2) [40]

TOTAL SECTION B: [80]

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SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

Your answer will be assessed as follows:

| STRUCTURE OF THE ESSAY | MARK ALLOCATION |
|--|------------------------|
| Introduction | Max. 2 |
| Introduction: <ul style="list-style-type: none"> 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 saying in the introduction what you are going to discuss in the body Body: <ul style="list-style-type: none"> 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 higher-order conclusion should include: <ul style="list-style-type: none"> A brief summary of what has been discussed without repeating facts already mentioned Any opinion or value judgement on the facts discussed Additional support information to strengthen the discussion/analysis A contradictory viewpoint with motivation, if required Recommendations | |
| Conclusion | Max. 2 |
| TOTAL | 40 |

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

- Discuss in detail various equilibrium positions in a perfect market by using graphs. (26)
- How does the Competition Policy affect the economy? (10) **[40]**

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Discuss in detail the effects of tourism. (26)
- How can an increase in the inflation rate affect the tourism sector? (10) **[40]**