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PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

MOPANI WEST DISTRICT

GRADE 12

ECONOMICS P2

PRE- MID YEAR EXAMINATION

2024/05/06

MARKS: 150

DURATION: 2 HOURS

STARTING TIME: 14H00

This question paper consists of 13 pages



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 Number the answers correctly according to the numbering system used in this question paper.
- 3 Write the number of the question above each answer.
- 4 Read the question carefully and start EACH question on a new page.
- 5 Leave 2 - 3 lines between the subsections of questions.
- 6 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.
- 7 Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
- 8 Use black or blue ink.
- 9 Non-programmable calculators may be used.
- 10 Write neatly and legibly.

SECTION A (COMPULSORY)**QUESTION 1**

1.1 Various options are provided as possible answers. Choose the correct answer and write only the letter (A-D) next to the question number. E.g. 1.1.9. E

1.1.1 Which market structure is highly dependent on loyalty branding?

- A Monopoly
- B Perfect market
- C Monopolistic competition
- D Individual

1.1.2 The supply curve of the perfect competitor is represented by that part of the MC that is above the ... curve.

- A total cost
- B average variable cost
- C average cost
- D marginal cost

1.1.3 The average revenue of a firm in a perfectly competitive market is equal to its ...

- A selling price.
- B marginal cost.
- C total cost.
- D economic profit.

1.1.4 In the long run, an individual business in perfect competition will be in equilibrium when marginal ...

- A revenue equals total cost.
- B revenue equals fixed cost.
- C cost equals marginal revenue.
- D cost equals total revenue.

1.1.5 An imperfect market where information is complete is ...

- A oligopoly.
- B monopolistic market.
- C duopoly.
- D monopoly.

1.1.6 Government can introduce ... to increase the mobility of labour.

- A training programmes
- B taxes
- C inflation
- D poverty

1.1.7 Goods which are non-excludable and non-rival are known as ...

- A consumer.
- B community.
- C capital.
- D scarce.

1.1.8 When the business does NOT produce at the lowest possible cost, it relates to ... inefficiency.

- A allocative
- B consumer
- C goods
- D productive

(8x2) (16)



- 1.2 Choose a description from COLUMN B that matches the 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. (e.g. 1.2.9. D).

COLUMN A	COLUMN B
1.2.1 Marginal revenue	A these are undersupplied by the market but beneficial to the society
1.2.2 Economies of scale	B exists because of barriers to entry which are not economic in nature
1.2.3 Duopoly	C extra income the seller earns if one more unit of a product is produced and sold
1.2.4 Price leadership	D spill-over effects of an economic activity on third parties
1.2.5 Artificial monopoly	E occurs in inputs are increased, outputs increased by less than the percentage increase in inputs
1.2.6 Cartel	F two firms that dominate the industry
1.2.7 Externality	G businesses in the same industry come to an agreement to determine prices and quantities
1.2.8 Merit goods	H occurs if inputs are increased and output is increased by more than the percentage increase in inputs
	I an example of tacit collusion with regard to pricing

(8x1) (8)

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. Acronyms and abbreviations are not accepted.

1.3.1 Products that are identical and standardized

1.3.2 The cost that remains the same even if output changes

1.3.3 An imperfect market structure that makes normal profit in the long run.

1.3.4 Occurs when oligopolies openly collude and formally agree on prices and quantities to maximise profits

1.3.5 A situation where firms are allowed by law to charge prices above the market equilibrium price.

1.3.5 When it is impossible to increase the welfare of one individual without making things worse for another individual. (6x1) (6)

TOTAL SECTION A: 30

SECTION B

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

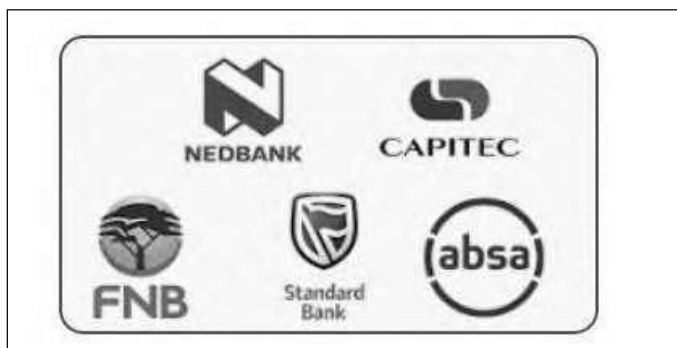
QUESTION 2

2.1 Answer the following questions

2.1.1 Name TWO types of inefficiencies that can exist in the imperfect market.

2.1.2 Why are implicit costs important to the entrepreneur?

2.2 Study the picture below and answer the questions that follow



2.2.1 Identify the market structure depicted in the above picture. (1)

2.2.2 What kind of demand curve is associated with this market structure? (1)

2.2.3 Briefly describe the concept tacit collusion. (2)

2.2.4 What does interdependency of businesses in this market structure imply? (2)

2.2.5 Why businesses in this industry will be reluctant to decrease the price of their product? (4)

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

The hybrid market structure

This market structure is the imperfect market with many sellers and buyers. Businesses in this market operate independently of each other; thus, they are not price takers. The quality of products, prices, and marketing determine a company's competitiveness. Rival companies can easily replicate the products, thus reducing profits in the long run.

Adapted from: study.com

- 2.3.1 Identify the market structure depicted in the above extract. (1)
- 2.3.2 Give any ONE example of the hybrid market structure. (1)
- 2.3.3 Describe the concept product differentiation. (2)
- 2.3.4 Briefly explain the benefits of product differentiation to producers of goods and services. (2)
- 2.3.5 Why are the prices of the monopolistic competitor lower than the prices of the monopolist? (4)
- 2.4 Briefly discuss the reasons for a cost-benefit analysis. (8)
- 2.5 Draw a fully labelled graph to illustrate the economic loss of the monopoly market structure. (8)

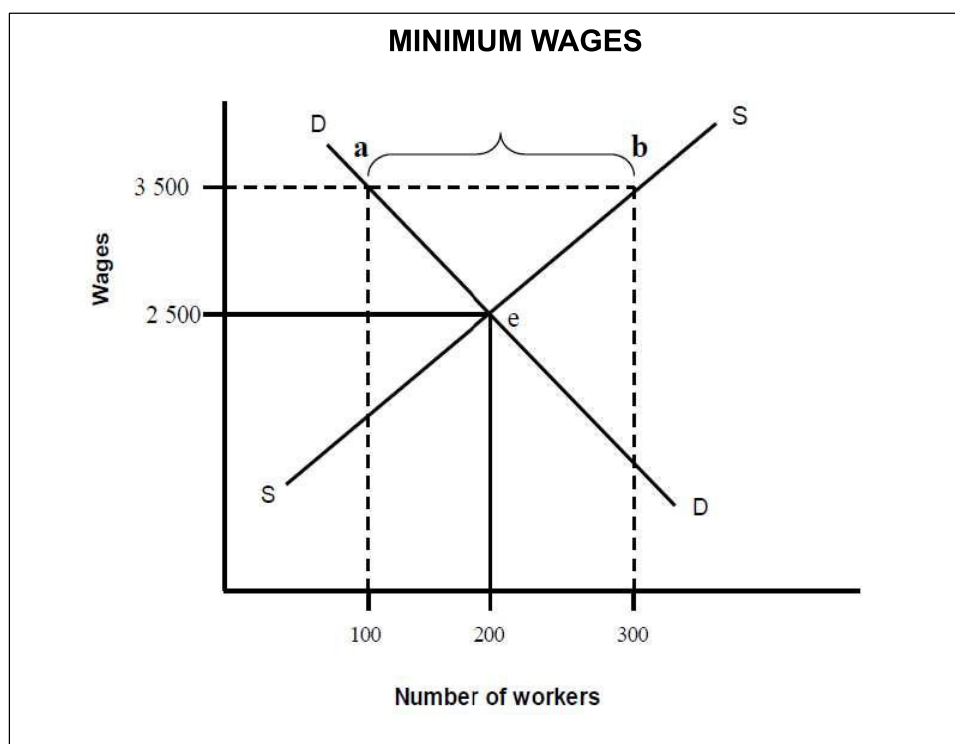
[40]

QUESTION 3**3.1 Answer the following questions**

3.1.1 Name TWO methods of non-price competition (2x1) (2)

3.1.2 How effective has government spending been in addressing market failure? (2)

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



3.2.1 Identify the minimum wage to be implemented as per the graph above. (1)

3.2.2 Give any ONE example of sector in South Africa where minimum wages should be applied according to the above graph. (1)

3.2.3 Briefly describe the concept minimum wage. (2)

3.2.4 What is the advantage of having a national minimum wage instead of minimum wage per sector. (2)

3.2.5 Explain the implication of the R3 500 minimum wage imposed by the government. (2x2) (4)

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

MARKET A			MARKET B		
Quantity	Price	TR	Quantity	Price	TR
0	R10	-	0	R12	-
1	R10	R10	1	R10	R10
2	R10	R20	2	R8	R16
3	R10	R30	3	R6	R18
4	R10	R40	4	R4	R16
5	R10	R50	5	R2	R10

3.3.1 Identify the market in which the demand curve shows the downward slope. (1)

3.3.2 What is the nature of product sold in market B. (1)

3.3.3 Briefly describe the term marginal cost. (2)

3.3.4. Why is it difficult for other producers to supply the same product as the monopolist? (2)

3.3.5 Calculate the marginal revenue for market B at quantity 2. Show all the calculations. (4)

3.4 Examine briefly control over price and market information as characteristics of monopolistic competition (2x4) (8)

3.5 Why do oligopolies often collude though it is illegal in South Africa? (8)

[40]



QUESTION 4**4.1 Answer the following questions**

4.1.1 Name TWO institutions responsible for regulating competition in South Africa. (2x1) (2)

4.1.2 Why does the government provide subsidies to producers? (1x2) (2)

4.2 Study the extract below and answer the questions that follow

The majority of industries in this market structure allow firms to easily enter and exit the industry. The arrival of new firms into an industry is referred to as market entry. Market entry is enabled by the absence of obstacles posed by government regulation or low start-up costs.

Adapted from: corporatefinanceinstitute.com

4.2.1 Identify the market structure referred to in the above extract. (1)

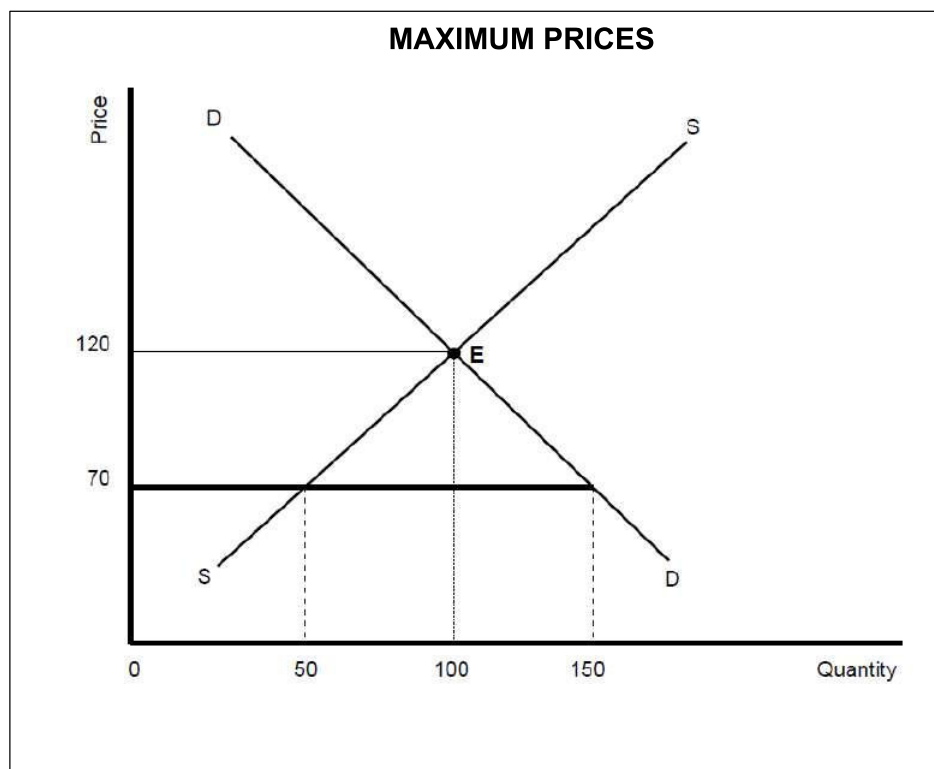
4.2.2 What is the nature of product sold in the above market structure? (1)

4.2.3 Briefly describe the concept market. (2)

4.2.4 What would the impact on the market be if many firms leave this industry? (2)

4.2.5 Why is it not possible for a single business to adjust its selling price in this market structure? (4)

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



- 4.3.1 What is the equilibrium price from the above graph? (1)
- 4.3.2 Identify the quantity of goods above that will be supplied if a maximum price of R70 is implemented. (1)
- 4.3.3 Briefly describe the term *market failure*. (2)
- 4.3.4 Why will a government implement maximum prices of certain goods? (2)
- 4.3.4 Explain the impact of maximum prices on the market with reference to the above graph. (4)
- 4.4 How effective is competition policy in regulating mergers and takeovers in South Africa? (8)
- 4.5 Describe negative externality with the aid of the well labelled graph. (8)

[40]

TOTAL SECTION B: 80

