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PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ECONOMICS P1

MAY - JUNE 2025

MARKS: 150

TIME: 1HR30 HRS

This question paper consists of 10 pages.

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NSC

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 numbers (1.1.1 to 1.1.8) in the ANSWER BOOK e.g. 1.1.9 B.
- 1.1.1. The circular flow model of a/an ... economy shows the functioning of an economy that excludes foreign sector.
- mixed
 - open
 - closed
 - traditional
- 1.1.2. The Phillip curve is a graphical representation of the inverse relationship between ...
- tax rate and tax revenue
 - economic growth and economic development
 - demand and supply
 - inflation and unemployment
- 1.1.3. The ... rule states the loans received are used to finance capital expenditures.
- deficit
 - borrowing
 - credit
 - debt
- 1.1.4. When a country can produce goods and services more efficiently cheaper than other countries is called ...
- absolute advantage
 - comparative advantage
 - terms of trade
 - free trade
- 1.1.5. Non-rivalry and non-excludability are the features of ... goods.
- consumer
 - private
 - normal
 - public
- 1.1.6. The purchase or selling of equities (usually ordinary shares) is known as ... investments.
- portfolio
 - other
 - direct
 - future



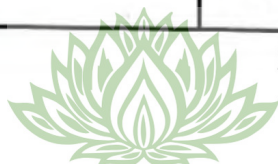
- 1.1.7. An increase in the production capacity of the country over a specific period of time is called ...
 A. economic development
 B. spatial development
 C. economic growth
 D. developmental economics
- 1.1.8. The price of one country's currency in relation to another country's currency is called ... rate
 A. market
 B. exchange
 C. interest
 D. nominal
- (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 numbers (1.2.1 to 1.2.8) in the ANSWER BOOK e.g. 1.2.9 J.

[40]

[150]

COLUMN A	COLUMN B
1.2.1. Derived consumption	A. income and expenditure between participants in the economy.
1.2.2. Exogenous approach	B. goods that are under-supplied in the market system such as education.
1.2.3. Privatisation	C. independent factor that influences business cycles and originate within the economy.
1.2.4. Residual item	D. a form of credit from international monetary fund (IMF) which can be used when balance of payments difficulties is experienced.
1.2.5. Money flow	E. spending that is dependent on the level of income.
1.2.6. New economic paradigm	F. caters for omissions and errors that may occur.
1.2.7. Merit goods	G. the transfer of ownership of business from the public sector to the private sector.
1.2.8. Special Drawing Rights	H. it is embedded on the demand-side and supply-side policies.
	I. factors that affect the economy are outside the market system.

(8X1) (8)



- 1.3. Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 – 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will not be accepted.
- 1.3.1. The portion of an increase in income that a person or households is likely to spend on consumption,
- 1.3.2. The removal of laws, regulations and by-laws by the government.
- 1.3.3. A form financial assistance that the government provides to another entity, usually a business or industry.
- 1.3.4. An exchange rate system where the price of a country's currency is determined by the market forces.
- 1.3.5. The production of goods in large quantities which may reduce average cost of production.
- 1.3.6. A document showing anticipated revenue and estimated expenditure for a specific period.
- (6X1) (6)

TOTALSECTION A: 30

SECTION B

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

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

2.1. Answer the following questions.

2.1.1. Name any TWO turning points of a business cycle. (2x1) (2)

2.1.2. Why is the value of multiplier in two-sector model higher than of a four-sector model? (1x2) (2)

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

NATIONAL ACCOUNTS AGGREGATES – SOUTH AFRICA	
SUMMARY OF GROSS DOMESTIC PRODUCT (AT CURRENT PRICES)	R million 2023
Compensation of employees	3 179 409
Net operating surplus	2 043 714
Consumption of fixed capital	952 449
Gross Value added at factor cost	6 175 572
Other taxes on production	148 361
Other subsidies on production	13 104
Gross value added at basic prices	6 175 572
Taxes on products	730 506
Subsidies on products	17 341
Gross domestic product at market prices	(A)

[Source: Quarterly Bulletin SARB, June 2023]

2.2.1 Identify the concept that indicates the use of nominal GDP to calculate figures above? (1)

2.2.1. Which method of calculating GDP is used in the table above? (1)

2.2.2. Briefly describe the term *gross national product*. (2)

2.2.3. How is gross domestic product converted to gross national product?(2)

2.2.4. Calculate the gross domestic product at market prices (A). Show ALL calculations. (4)



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

SA's current account deficit narrow as gold exports surge.

In the third quarter of 2024, the South Africa's current account balance improved, with a narrowing trade surplus and a smaller deficit on services, income and current transfers.

However, net gold exports decreased by 7.8% in the third quarter down from 34% increase in the third quarter. The decrease was mainly due to a decline in the export volume, even though the price of gold increased by 13.3%.

[Source: *BusinessDay*, 05 September 2024]

- 2.3.1. Identify the item that records transactions related to the gift, pension and taxes in the information above? (1)
- 2.3.2. Give ONE example of primary income in the current account. (1)
- 2.3.3. Briefly describe the term *trade balance*. (2)
- 2.3.4. Why is it important for a country to have a surplus trade balance? (2)
- 2.3.5. How can the government reduce deficit on the balance of payments? (2x2) (4)
- 2.4. Discuss *climatic conditions* and *labour resources* as the supply reasons for international trade, (2x4) (8)
- 2.5. Evaluate the success of the South African government in achieving its macroeconomic objectives? (8)

[40]



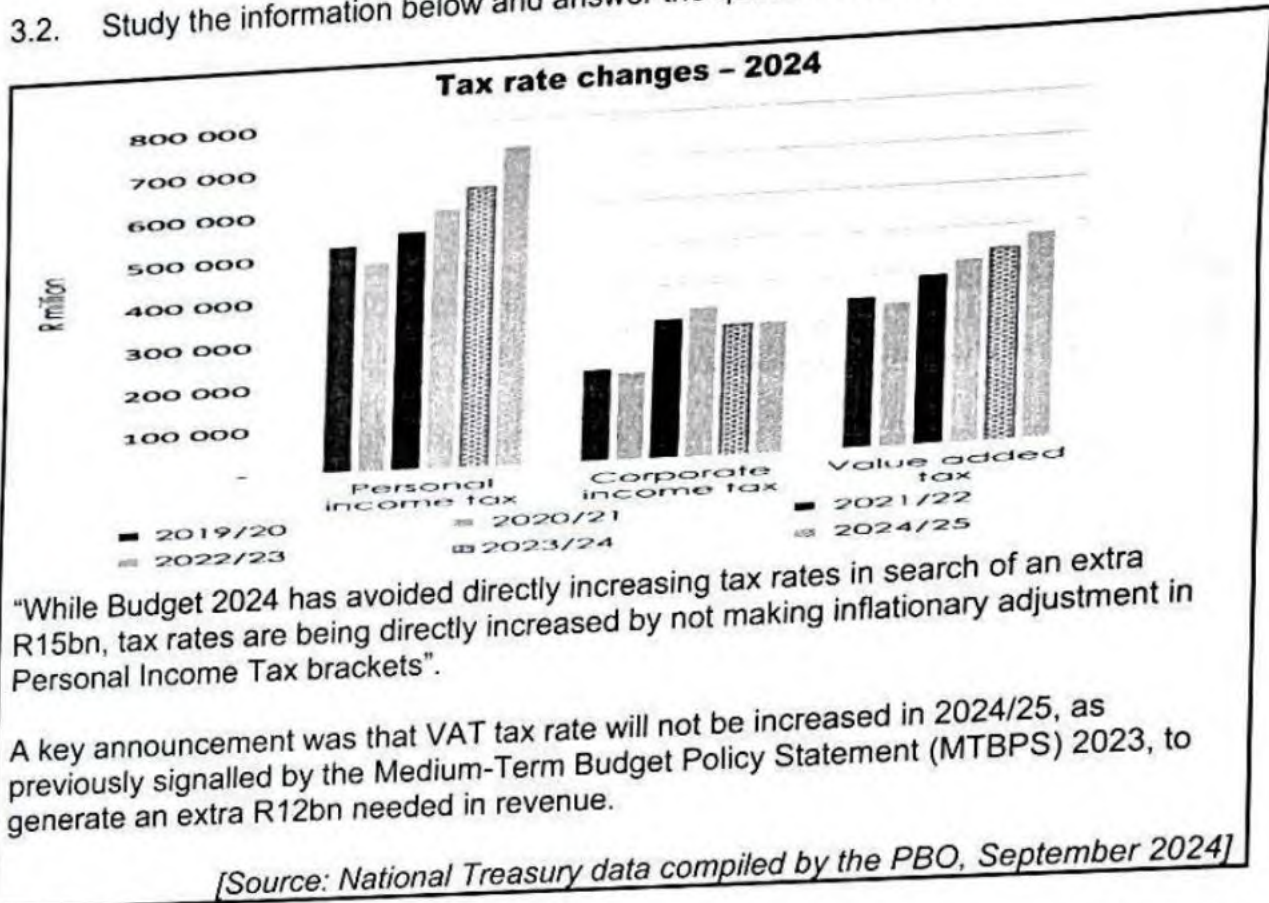
QUESTION 3: MACROECONOMICS**40 MARKS – 30 MINUTES**

3.1. Answer the following questions.

3.1.1. Give any TWO examples of non-durable goods. (2x1) (2)

3.1.2. Why is inflation rate low during the depression phase of the business cycle. (1x2) (2)

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



3.2.1. Identify the form of taxation that provides the biggest source of government revenue in the information above. (1)

3.2.2. Name ONE item exempted from VAT in South Africa. (1)

3.2.3. Briefly describe the term *medium term expenditure framework*. (2)

3.2.4. Why are certain goods and services exempted from VAT in South Africa? (2)

3.2.5. How will an increase in VAT benefit the South African economy? (2x2) (4)



- 3.3. Study the extract below and answer the questions that follow.

South African economy weakens in the third quarter.

According to the recent data from Statistics South Africa, the South African economy experienced a slight contraction in the third quarter of 2024, with real GDP decreasing by 0.3%. The key factors contributing to the slowdown included a decline in agricultural sector, along with weaker performance in transport, trade, and government services.

[Adapted from Economic wrap up, June 2024]

- 3.3.1. Identify the sector that contributed most to the decline of the real GDP in the third quarter of 2024 in the extract above. (1)
- 3.3.2. Name the phase on the contraction period related to the decline in a country's real GDP for at least two consecutive quarters. (1)
- 3.3.3. Briefly describe the term *gross domestic product*. (2)
- 3.3.4. What impact will a decline in the real GDP have on the economy? (2)
- 3.3.5. How can the South African Reserve Bank curb (manage) economic activities during expansion period? (2x2) (4)
- 3.4. Discuss *efficiency* and *assessing the needs* as the factors contributing to the poor public sector provisioning. (2x4) (8)
- 3.5. Analyse the impact of devaluation of the rand on the South African economy? (8)

[40]



QUESTION 4: MACROECONOMICS**40 MARKS – 30 MINUTES**

- 4.1. Answer the following questions.
- 4.1.1. Name any TWO types of exchange rate systems. (2x1) (2)
- 4.1.2. What effect will increase in subsidies have on the production. (1x2) (2)
- 4.2. Study the extract below and answer the questions that follow.

NERSA's 12.7% electricity increase sparks community outrage

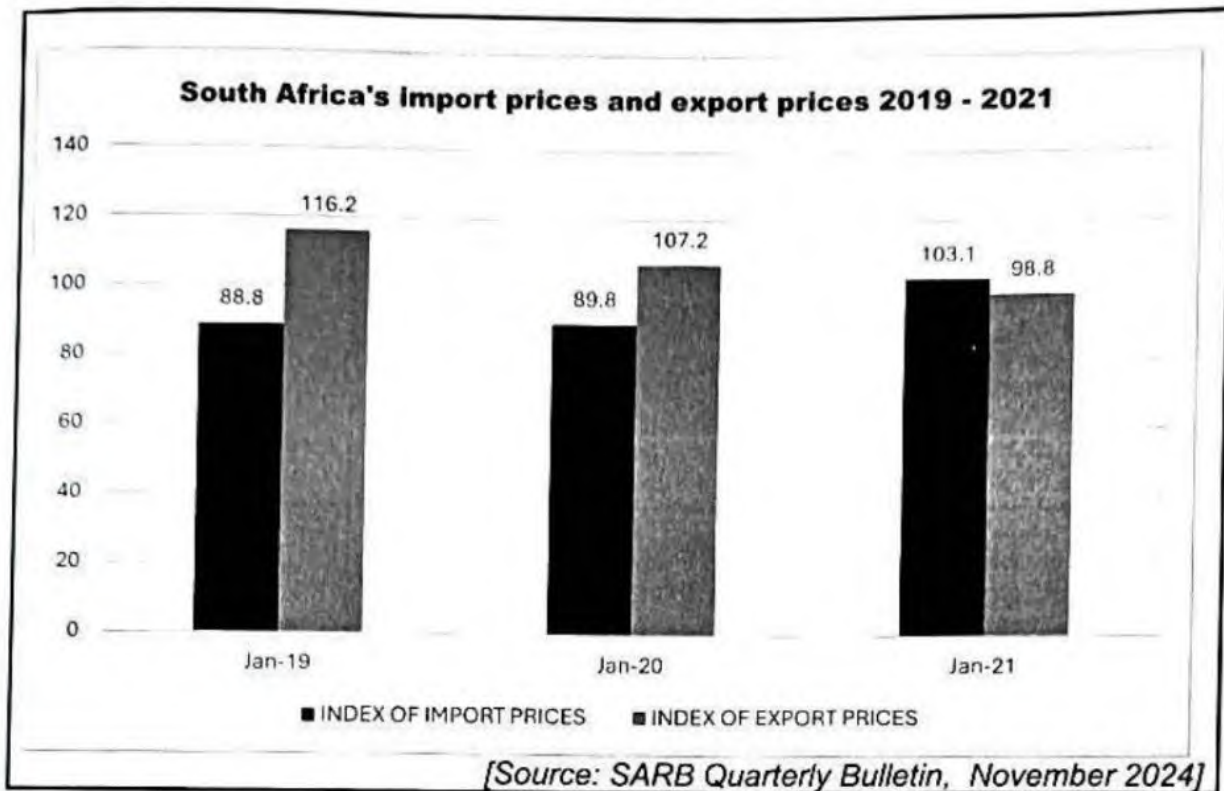
There have been mixed reactions from the taxpayers following the National Energy Regulator of South Africa (Nersa) approving a 12.7% increase in electricity tariffs for 2025/2026 financial year on Thursday. This tariffs increase will impact households from 1 April, and municipal customers from 1 July this year. This comes on top of 18.65% increase implemented in July last year.

[Source: Business Report, 2 February 2025]

- 4.2.1. Identify the organisation responsible for regulating electricity in South Africa. (1)
- 4.2.2. Name the state-owned enterprise that provides electricity in South Africa? (1)
- 4.2.3. Briefly describe the term *parastatals*. (2)
- 4.2.4. What impact does load shedding have on the South African economy? (2)
- 4.2.5. How can the South African government address the electricity crises in South Africa? (2x2) (4)



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



4.3.1. What is the trend indicated by the index of export prices in the graph above? (1)

4.3.2. Which institution is responsible for publishing the data above? (1)

4.3.3. Briefly describe the concept *terms of trade*. (2)

4.3.4. How will the appreciation of rand affect the terms of trade? (2)

4.3.5. Calculate terms of trade for Jan-21. Show ALL calculations. (4)

4.4. With the aid of a correctly labelled graph, explain how an increase in the demand of South African exports will have on the value of rand. (8)

4.5. How successful is the implementation of the South Africa's fiscal policy? (8)

[40]

TOTAL SECTION B: 80



SECTION C

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

Your answer will be assessed as follow:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is the lower order question: <ul style="list-style-type: none"> • A good starting point will be to define the main concept related to the question topic. • DO NOT 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/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate A maximum of 8 marks may be allocated for mere listing headings/examples. Additional part: Critically discuss/Evaluate/Critically/Compare Evaluate/Deduce/Distinguish/Suggest/Interpret/Debate/How A maximum of 2 marks may be allocated for mere listing of facts.	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 view point with motivation, if required. • Recommendations. 	Max: 2
TOTAL	40

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

- Discuss in detail the markets within the FOUR-SECTOR model. (26)
- How can the government as a participant in an open economy contribute more positively to the economy? (10)

QUESTION 6: MACROECONOMICS**40 MARKS – 40 MINUTES**

- Discuss in detail the features underpinning forecasting of the business cycles. (26)
- Why is it important for country to promote an economic recovery in the business cycle? (10)



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