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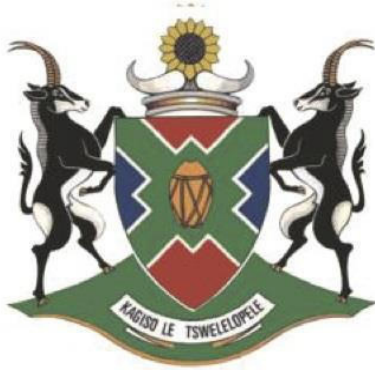
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Department:
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PROVINCIAL ASSESSMENT

GRADE 12

ECONOMICS P2
JUNE 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 13 pages.

SA EXAM PAPERS



INSTRUCTIONS AND INFORMATION

Read the following instructions carefully before answering the questions.

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 questions 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)**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 D.

1.1.1 Products that are similar in appearance, taste and touch are known as ...

- A homogenous products.
- B differentiated products.
- C heterogenous products.
- D unique products.

1.1.2 The marginal revenue curve of a monopoly lies ... the average revenue curve.

- A above
- B on top
- C below
- D next to

1.1.3 The private costs plus the external costs of a construction site are called ...

- A accounting costs.
- B internal costs.
- C social costs.
- D economics costs.

1.1.4 When a business has more power to change the market price by changing the quantity supplied in the market, it means it has ...

- A market share.
- B market power.
- C market structure.
- D market profit.

1.1.5 A market structure that has a few large businesses that dominate the market is called a ...

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

1.1.6 The ... is a graph that shows different combinations of two goods that provide a consumer the same level of satisfaction.

- A revenue curve
- B lorenz curve
- C productive possibility curve
- D indifference curve

1.1.7 The shutdown point is where the ...

- A average revenue is equal to marginal revenue.
- B average revenue is equal to average variable cost.
- C average revenue is equal to average fixed cost.
- D average revenue is equal to total cost.

1.1.8 ... exists when there are legal barriers that make it difficult to establish a business in a certain industry.

- A State-owned monopoly
- B Natural monopoly
- C Local monopoly
- D Artificial monopoly

(8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches a term 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.

COLUMN A		COLUMN B
1.2.1	Externality	A tax charged on demerit goods
1.2.2	Restrictive Trade Practice	B where businesses come together with the aim of forming a collective monopoly
1.2.3	Cartels	C an increase in the production costs due to inefficient production
1.2.4	Sin tax	D tax system where low income earners pay less tax
1.2.5	Diseconomies of scale	E costs that cannot be retrieved, e.g. advertising
1.2.6	Sunk costs	F practices that interfere with the perfect market, e.g. price fixing
1.2.7	Progressive tax	G a period of which at least one factor of production is fixed
1.2.8	Short run	H tax system where low income earners pay more tax
		I costs or benefits that spill over to the third party

(8 x 1) (8)

- 1.3 Give ONE term for EACH of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.
- 1.3.1 Opportunity costs to the owners of the firms for using the factors of production
- 1.3.2 Public goods and services that are provided by the government which are free for everyone
- 1.3.3 A group of businesses that produce goods that are the same
- 1.3.4 A property right that gives an inventor the exclusive right to use or sell their invention for a set period of time
- 1.3.5 A systematic process of calculating and comparing the benefits and costs of a project
- 1.3.6 When two or more firms come together to form one company (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

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

2.1 Answer the following questions.

2.1.1 List TWO barriers to entry that are used by monopolies. (2 x 1) (2)

2.1.2 Why is the demand curve of a perfect market horizontal? (1 x 2) (2)

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

REVENUE FOR A FIRM				
Total output	Price	Fixed cost	Variable cost	Total cost
0	0	30		-30
1	50	30	18	48
2	50	30	25	55
3	50	30	38	68
4	50	30	45	75

2.2.1 Identify the market structure represented in the table above. (1)

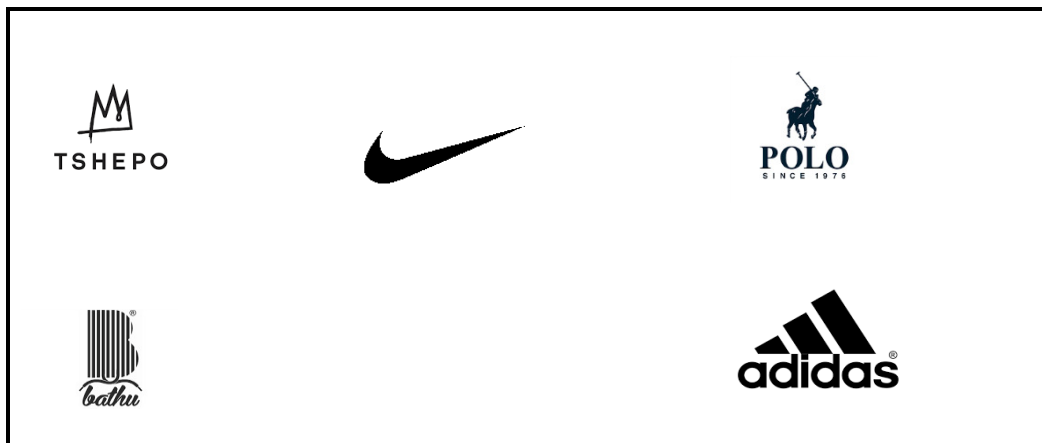
2.2.2 Name the cost that remains constant regardless of the amount of output. (1)

2.2.3 Briefly describe the term *variable cost*. (2)

2.2.4 Explain why businesses in this market are price takers. (2)

2.2.5 Calculate the marginal cost for the 3rd output. Show ALL calculations. (4)

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



[Source: Google images]

- 2.3.1 Identify the market depicted above. (1)
- 2.3.2 Name industry that is represented above? (1)
- 2.3.3 Briefly describe the term *product differentiation*. (2)
- 2.3.4 Explain how businesses in this market structure differentiate their products. (2)
- 2.3.5 How do businesses in this market structure compete? (2 x 2) (4)
- 2.4 With an aid of a graph explain how profit is maximised in the perfect market using total cost and total revenue. (2 x 4) (8)
- 2.5 With reference to the kinked demand curve, analyse the rationale behind the demand curve. (4 x 2) (8)
- [40]**

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

3.1 Answer the following questions.

3.1.1 Name any TWO institutions of competition policy. (2 x 1) (2)

3.1.2 Why are businesses in the car industry dependent on each other?
(1 x 2) (2)

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

BUDGET SPEECH 2025 : WILL SIN TAXES RISE?

Sin tax is a levy placed on certain products that are not necessarily essential for daily survival. The levy is applied to goods that cause health and social issues such as sugary drinks. For the average user, sin tax means that harmful goods will become more and more expensive, placing them under financial pressure. This increase also raises the risk of more illegal goods products flooding the market. The excise taxes on sugary drinks have been enforced since 2018 and it is expected that it may be increased in the 2025/2026 Budget to combat obesity and health issues.

[Adapted from ENCA]

3.2.1 Name the type of tax charged above. (1)

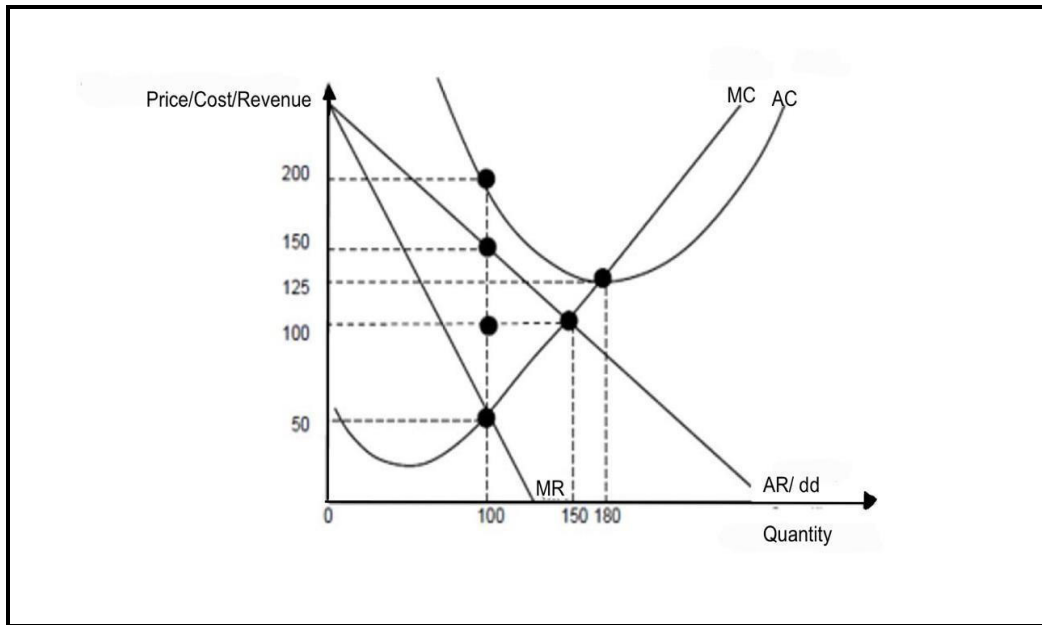
3.2.2 Who is mostly affected by an increase in the above-mentioned tax? (1)

3.2.3 Briefly describe the term *excise duty*. (2)

3.2.4 What is the reason for charging the above-mentioned tax? (2)

3.2.5 Why are excise duties a good source of income for government?
(2 x 2) (4)

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



- 3.3.1 Identify the marginal cost curve in the above graph. (1)
- 3.3.2 Name the type of product sold in the market structure above. (1)
- 3.3.3 Briefly describe the term *monopoly*. (2)
- 3.3.4 Why does the MR curve lie below the demand curve? (2)
- 3.3.5 Use the information from the graph above to calculate profit or loss. Show ALL calculations. (4)
- 3.4 Briefly discuss the aims of the Competition Act, 1998. (4 x 2) (8)
- 3.5 Why is a cost-benefit analysis (CBA) necessary for public sector projects? (4 x 2) (8)
- [40]**

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

4.1 Answer the following questions.

4.1.1 Name TWO characteristics of public goods and services. (2 x 1) (2)

4.1.2 Why does a monopoly make economic profit in the long run? (1 x 2) (2)

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

COMPETITION TRIBUNAL PROHIBITS VODACOM/MAZIV MERGER

The Competition Tribunal has issued today its order prohibiting the proposed transaction between Vodacom (Pty) Ltd and Business Venture Investments No 2213 (Pty) Ltd, also known as “Maziv”. The proposed transaction would have combined the country's largest mobile operator, Vodacom, with one of South Africa's largest fibre infrastructure players, Maziv.

[Source: <https://www.comptrib.co.za>]

4.2.1 Identify the organisation that can accept or reject mergers in South Africa. (1)

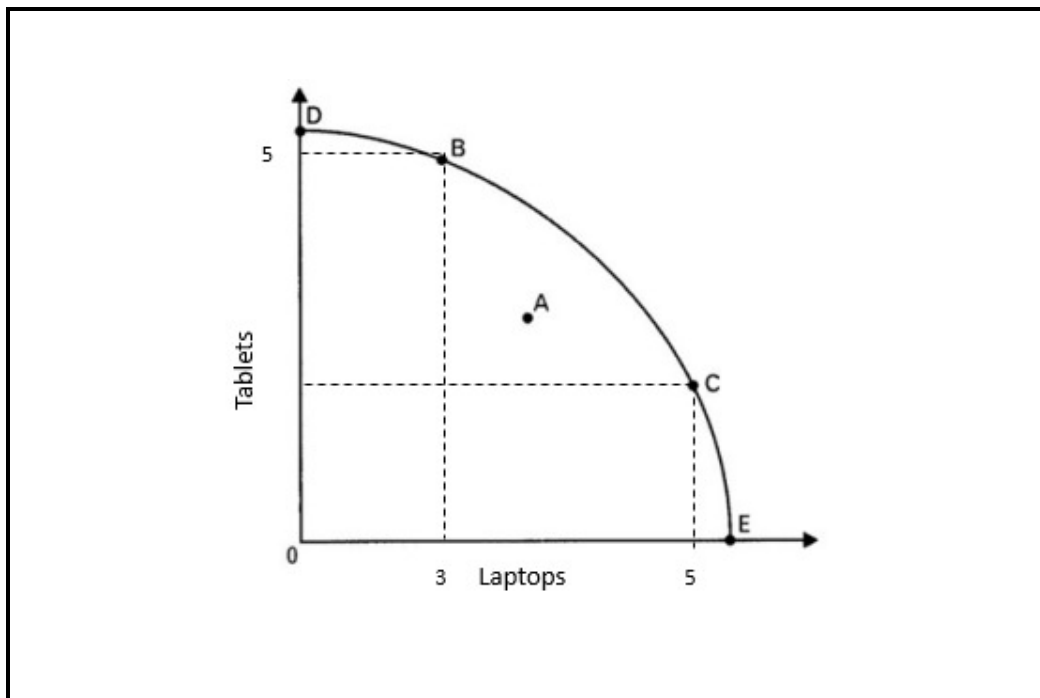
4.2.2 Name the market structure that Vodacom operates in. (1)

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

4.2.4 What negative impact will the merger of Vodacom and Maziv have on competition in the market? (2)

4.2.5 How does competition policy benefit the economy? (2 x 2) (4)

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



- 4.3.1 Provide a suitable heading for the graph above. (1)
- 4.3.2 Identify the point where resources are not being used efficiently. (1)
- 4.3.3 Briefly describe the term *allocative efficiency*. (2)
- 4.3.4 Explain how would a business be productive inefficient? (2)
- 4.3.5 How would the production be affected if it took place at point B? (4)
(2 x 2)
- 4.4 Discuss the role competition commission. (4 x 2) (8)
- 4.5 Analyse the production levels and demand curve as characteristics of monopoly. (4 x 2) (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 follows:

STRUCTURE 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 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/Discuss in detail with/without the aid of graphs/In depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate / Distinguish/Differentiate/ Explain/Assess/Debate A maximum of 8 marks may be allocated for headings/examples. Additional part: Critically discuss/Evaluate/ Critically evaluate/Deduce/ Compare/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: - 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	Max. 2
TOTAL	40

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

- With the aid of graphs, discuss the short-run equilibrium positions (economic profit, economic loss and normal profit) in a perfect market. (26)
 - Analyse the relationship between an individual business and the industry under perfect market. (10)
- [40]**

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

- Discuss in detail, without using graphs, state intervention as a consequence of market failures. (26)
 - How will immobility of factors of production lead to market failure? (10)
- [40]**



