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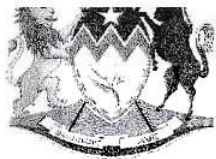
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**SA EXAM  
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**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
REPUBLIC OF SOUTH AFRICA

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ECONOMICS**  
**PROVINCIAL STANDARDISED ASSESSMENT**

**MARCH 2026**

**MARKS: 100**

**TIME: 1½ hours**

**This question paper consists of 9 pages.**



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## INSTRUCTIONS AND INFORMATION

1. Answer **THREE** questions as follows:
  - SECTION A: **COMPULSORY**
  - SECTION B: Answer any **ONE** question from this section.
  - SECTION C: Answer any **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 each question above each answer.
4. Read the questions carefully and start **EACH** question on a new page.
5. Leave at least **ONE** line between subsections of each question.
6. Start each question on a new page.
7. Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
8. Answer **ONLY** the required number of questions. Answers in excess of the required number will **NOT** be marked. Stanmorephysics.com
9. Use **ONLY** blue or black ink.
10. Non-programmable pocket calculators may be used.
11. Write legibly and present your work neatly.



**SECTION A: COMPULSORY****QUESTION 1****20 MARKS – 20 MINUTES**

- 1.1. Various options are provided as possible answers to the following questions. Choose the correct 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. D.
- 1.1.1. The addition of income or spending into the circular flow of the economy that increases overall economic activity is known as ...
- A. leakage
  - B. injection
  - C. withdrawal
  - D. loss
- 1.1.2. The technique of predicting the future of the business cycle using past data is known as ...
- A. amplitude
  - B. trough
  - C. trend
  - D. extrapolation
- 1.1.3. Public goods that are non-excludable and non-rival in consumption are referred to as ... goods.
- A. collective
  - B. community
  - C. merit
  - D. demerit
- 1.1.4. The purchase of financial assets, such as shares on the stock exchange of another country is called ... investment.
- A. direct
  - B. other
  - C. portfolio
  - D. capital
- 1.1.5. The final price paid by consumers for goods and services is known as ... price.
- A. market
  - B. basic
  - C. factor
  - D. goods

(2 x 5) (10)

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- 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**.

Column A		Column B
1.2.1	National accounts	A. They change at the same time as the economy changes
1.2.2	Coincident indicators	
1.2.3	Laffer curve	B. System of integrated statistics that provide a comprehensive picture of production, income and expenditure in the economy
1.2.4	Budget	
1.2.5	Devaluation	C. An item in the balance of payments that caters for any omissions and errors
1.2.6	Unrecorded transactionsq2	D. The analysis of the relationship between the country's tax rate and tax revenue
		E. The accounting summary of anticipated revenue and estimated expenditure for a period of time
		F. The deliberate action by the state to decrease the value of a country's currency

(1 x 6) (6)

- 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 A portion of disposable income that households keep for future consumption.
- 1.3.2 A policy used by the central bank to control the supply of money in the economy.
- 1.3.3 The total number of people between the ages of 15 and 65, who are willing and able to work.
- 1.3.4 Comparison of the country's export prices with its import prices using an index.

(1 x 4) (4)  
**TOTAL SECTION A: 20 MARKS**



**SECTION B**

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

**QUESTION TWO: MACRO-ECONOMICS                      40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO types of business cycles. (2 x 1) (2)

2.1.2 Why is the financial sector important in the economy? (1 x 2) (2)

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

**THE MULTIPLIER EFFECT**

The tourism sector in South Africa has experienced a significant increase in international arrivals, with a reported rise of 1.3 million new arrivals compared to the same period in 2024. Tourism contributes around 8% to the countries' GDP, with households being on the receiving end on the benefits thereof. This figure increases significantly in indirect contribution as South Africa has a marginal propensity to consume of 60% for every rand.

SOURCE: BUSINESS TECH, 2025

2.2.1 Identify the economic participant from the extract above. (1)

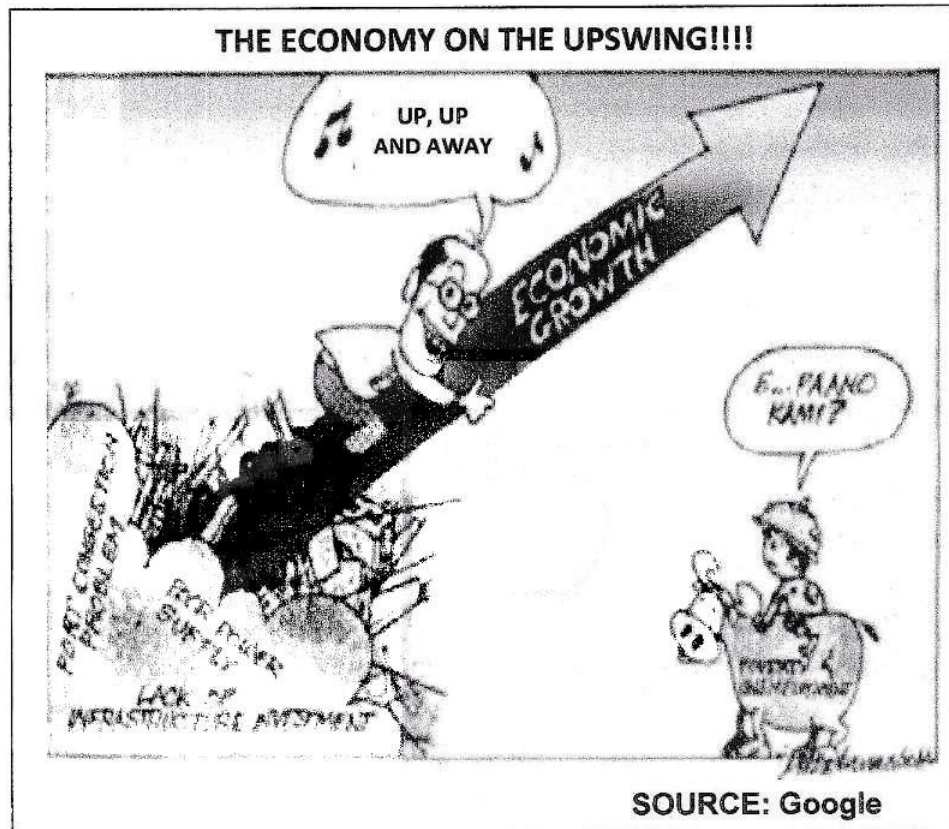
2.2.2 Give the value of the marginal propensity to save for South Africa (1)

2.2.3 Briefly describe the term *autonomous consumption*. (2)

2.2.4 Explain the positive impact of an increase in investment spending on the size of the multiplier. (2)

2.2.5 How does an increase in taxation negatively affect the economy? (4)

2.3 Study the cartoon below and answer questions that follow.



- 2.3.1 Identify the period of the business cycle depicted in the cartoon above? (1)
- 2.3.2 Name ONE example of an exogenous factor to business cycle fluctuation. (1)
- 2.3.3 Briefly describe the term *recession*. (2)
- 2.3.4 Explain the impact of an increase in money supply on price levels. (2)
- 2.3.5 Why would the government implement fiscal policy in the economy? (4)
- 2.4 Briefly discuss *leading indicators* and *lagging indicators* as features underpinning forecasting of business cycles. (8)
- 2.5 How can an increase in government spending affect the economy? (8)

**[40]**

**QUESTION 3: MACRO-ECONOMICS****40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name the TWO flows in the circular flow. (2)

3.1.2 How does a high unemployment rate affect business cycles? (2)

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

<b>GROSS VALUE ADDED ACCORDING TO TYPE OF ECONOMIC ACTIVITY</b>		
<b>At current prices (R millions)</b>	<b>2024</b>	<b>2025</b>
Primary sector	491 860	227 753
Secondary sector	941 459	2 042 456
Tertiary sector	2 596 256	5 902 399
<b>Gross value added at basic prices</b>	<b>4 029 575</b>	<b>A</b>

[Adapted: SARB Quarterly Bulletin, JUNE 2025]

3.2.1 Identify the method used to calculate the gross domestic product above. (1)

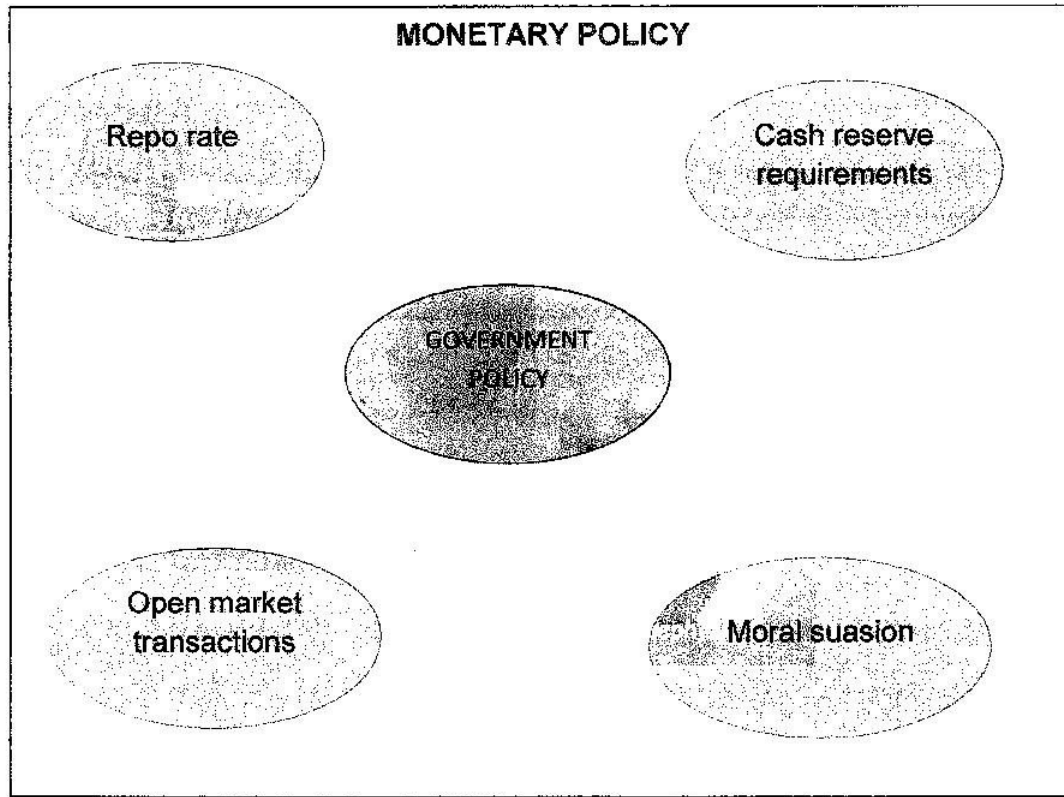
3.2.2 Name ONE example of an industry in the Primary sector. (1)

3.2.3 Briefly describe the term *Gross National Product*. (2)

3.2.4 Explain the impact of double counting in the National Income. (2)

3.2.5 Calculate the value of A. (Show all calculations). (4)

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



- 3.3.1 Identify the term that relates to the cost of borrowing by banks on the information above. (1)
- 3.3.2 Name the institution that is responsible for the determination of the policy shown above. (1)
- 3.3.3 Briefly describe the term *cash reserve requirements*. (2)
- 3.3.4 Explain the benefits of keeping interest rates unchanged to South Africa? (2)
- 3.3.5 Why are open market transactions important to dampen the overheating economy? (4)
- 3.4 Briefly discuss the factor market and the product market within the four-sector model. (8)
- 3.5 How can aggregate supply be stimulated? (8)

**TOTAL SECTION B: 40 MARKS**

**SECTION C**

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

STRUCTURE OF ESSAY	MARK ALLOCATION
<p><b>Introduction</b></p> <p>The introduction is a lower order-response</p> <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction.</li> <li>• Do not include any part of the introduction in your 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.</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/ How/ Suggest</p>	<p>Max. 26</p> <p>Max. 10</p>
<p><b>Conclusion</b></p> <p>Any high-order conclusion should include:</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned.</li> <li>• Any opinion or value judgment on the facts discussed.</li> <li>• Additional support information to strengthen the discussion/ analysis.</li> <li>• A contradictory viewpoint with motivation, if required.</li> <li>• Recommendations.</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

**QUESTION 4: MACRO-ECONOMICS****MARKS – 40 MINUTES**

- Discuss the main objectives of the public sector. (26)
- How can the South African government improve public sector provisioning? (10)

**QUESTION 5: MACRO-ECONOMICS****MARKS – 40 MINUTES**

- Discuss in detail the reasons for international trade. (26)
- Evaluate the success of South African government in correcting the balance of payments deficit. (10)

**[40]****TOTAL SECTION C: 40 MARKS****SA EXAM PAPERS****GRAND TOTAL: 100 MARKS**