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LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

GRADE 12

**NATIONAL SENIOR CERTIFICATE
SENIOR CERTIFICATE**

ECONOMICS GRADE 12

**TEST 1
TASK 2**

DATE: 11 March 2026

MARKS: 100

TIME: 1H30

This question paper consist of 9 page





INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows in the ANSWER BOOK.

SECTION A : COMPULSORY

SECTION B: Answer any ONE of the two questions.

SECTION C : Answer any ONE of the two questions

2. Write the question number above each answer.
3. Answer only the required numbers of questions. Answers in excess of the required number will not be marked.
4. 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.
5. Number the answers correctly according to the numbering system used in this question paper.
6. Read the questions carefully.
7. Start each question on a new page.
8. Leave 2-3 lines between sub sections of questions.
9. Use only black or blue ink.
10. You may use a non- programmable pocket calculator.
11. Write legible and present your work neatly.



SECTION A : COMPULSORY**QUESTION 1****20 MARKS – 30 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 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.
- 1.1.1. Products that consumers can use repeatedly to satisfy their needs for many years are called ... goods.
- A. semi-durable
 - B. non-durable
 - C. Durable
 - D. perishable
- 1.1.2. If the value of the marginal propensity to consume (MPC) is 0,6, the value of the marginal propensity to save (MPS) will be ...
- A. 0,4.
 - B. 0,75.
 - C. 1,67.
 - D. 2,5.
- 1.1.3. The deficit rule states that shortages on the budget should not exceed ... of the gross domestic product (GDP).
- A. 60%
 - B. 3%
 - C. 30%
 - D. 6%
- 1.1.4. The relationship between the tax rate and the tax revenue for the government is illustrated by the ... curve.
- A. Phillips
 - B. Laffer
 - C. Lorenz
 - D. Indifference.
- 1.1.5. A deliberate action by the government to increase the value of a currency is known as ...
- A. revaluation.
 - B. appreciation.
 - C. devaluation.
 - D. depreciation.

(5 x 2) (10)



- 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 1.2.5) in the ANSWER BOOK, e.g. 1.2.6 J.

COLUMN A	COLUMN B
1.2.1. Money flow	A. Transfer of ownership of entities from the private sector to the public sector
1.2.2. Keynesian approach	B. Long-term financial instruments, such as shares, are traded in this market
1.2.3. Medium-term Expenditure Framework	C. an item in the balance of payments that caters for any omissions and errors
1.2.4. Unrecorded transactions	D. maintains that markets are inherently stable and economic fluctuations are caused by external factors
1.2.5. Capital market	E. income and expenditure between the participants in the economy
1.2.6. Nationalisation	F. a document that sets out the government's expected expenditure and income over a three-year period
	G. maintains that markets are inherently unstable and economic fluctuations are caused by internal factors

(6 x 1) (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. The total market value of all final goods and services produced by permanent citizens of a country within a specific period.
- 1.3.2. Illustrates the relationship between unemployment and inflation.
- 1.3.3. When resources are allocated in such a way that no one can be made better off without making someone else worse off.
- 1.3.4. Compares a country's export prices with its import prices by means of indexes.

(4 x 1) (4)

SECTION A: [20]

SECTION B

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

QUESTION 2: MACROECONOMICS

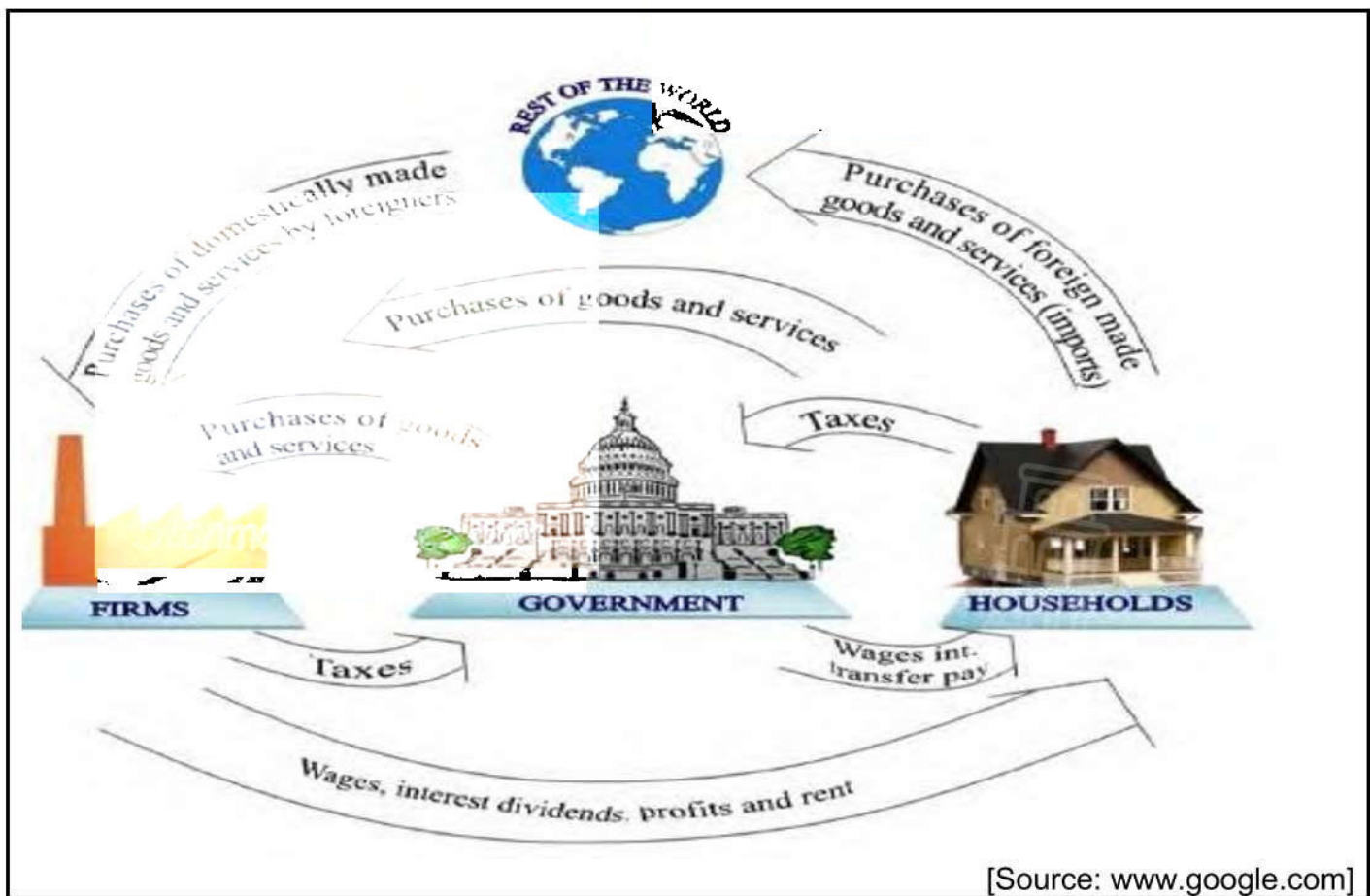
40 MARKS – 30 MINUTES

2.1. Answer the following questions.

2.1.1. Name TWO elements of multiplier in a two sector economy. (2 x 1) (2)

2.1.2. How can an increase in the marginal propensity to save (MPS) affect the size of the multiplier? (1 x 2) (2)

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



2.2.1. Identify the type of economy illustrated in the diagram above (1)





- 2.2.2. Which flow is not indicated in the diagram above? (1)
- 2.2.3. Briefly describe the term circular flow. (2)
- 2.2.4. Why is the gross domestic product always greater than the gross national product for South Africa? (2)
- 2.2.5. What measures can the South African government employ to ensure that money does not flow out of the country easily? (4)
- 2.3. Study the table below and answer the questions that follow.

NATIONAL ACCOUNT CONVERSIONS SOUTH AFRICA 2023	
ITEM	AMOUNT (R million)
Gross value added (GVA) at factor cost	6 175 572
Taxes on production	148 361
Subsidies on production	13 104
Gross value added (GVA) at basic prices	(A)
Taxes on products	730 506
Subsidies on products	17 341
Gross domestic product (GDP) at market prices	7 023 994

[Sources: SARB, Quarterly Bulletin, June 2024]

- 2.3.1. Identify the item that refers to the prices paid by consumers for goods and services. (1)
- 2.3.2. Name any ONE example of taxes on products. (1)
- 2.3.3. Briefly describe the term factor cost. (2)
- 2.3.4. Explain the impact of subsidies on production to producers of goods and services. (2)
- 2.3.5. Use the information in the above table to calculate the value of the Gross Value Added at basic prices (A). Show ALL calculations. (4)

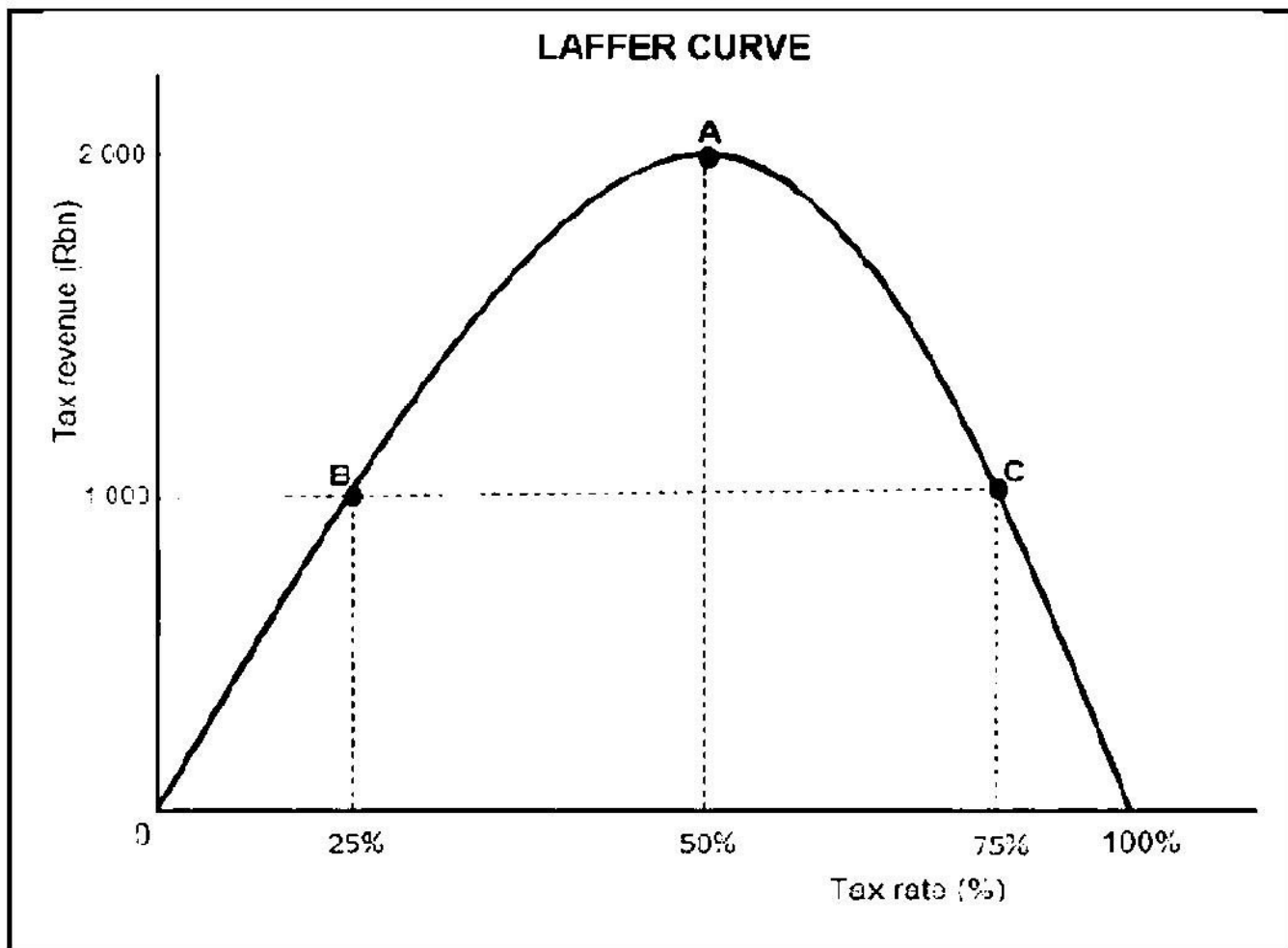


- 2.4. Analyse the relationship between the financial sector and other participants in the circular-flow model. (4 x 2) (8)
- 2.5. How can fiscal policy be used to positively influence the economy? (8)

QUESTION 3: MACROECONOMICS

40 MARKS – 30 MINUTES 3.1. Answer the following questions

- 3.1.1. Name any TWO reasons for public sector failure. (2 x 1)(2)
- 3.1.2. Why is investment regarded as an injection in the circular flow model? (1 x 2) (2)
- 3.2. Study the graph below and answer questions that follow.



- 3.2.1. Identify the tax rate at which the government maximises tax revenue. (1)
- 3.2.2. Name any form of indirect tax paid by households to the government. (1)

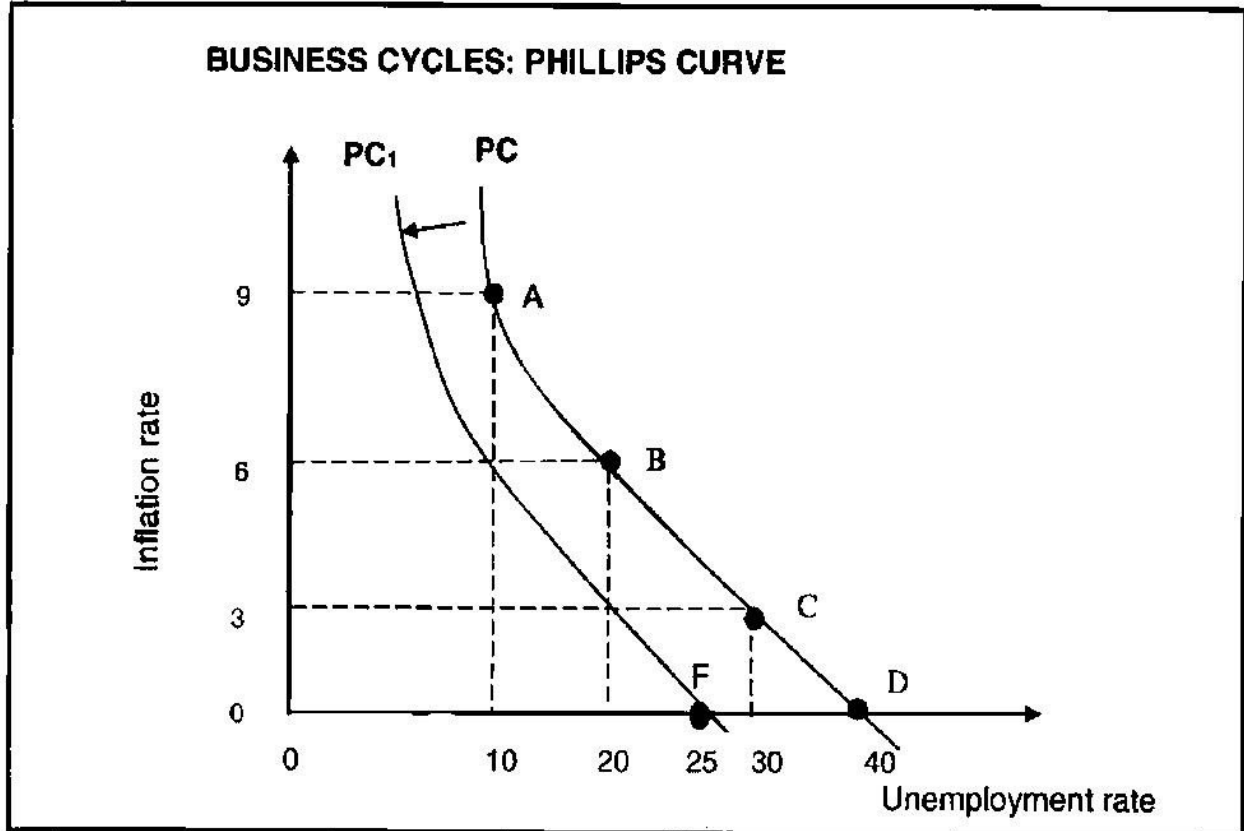


3.2.3. Briefly describe the term progressive tax. (2)

3.2.4. Explain the effect of a regressive tax system on income distribution. (2)

3.2.5. Why will tax revenue decrease if the government imposes very high tax rates? 2 x 2)(4)

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



3.3.1. Identify any ONE point in the graph that shows the initial natural rate of unemployment (1)

3.3.2. Name the business cycle turning point during which inflation is often the highest. (1)

3.3.3. Briefly describe the term new economic paradigm. (2)

3.3.4. Explain the relationship between unemployment and inflation in the graph. (2)

3.3.5. Explain a reason for the curve to move to PC1. (4)

3.4. Briefly explain free floating and the fixed exchange rate systems. (4X2) (8)

3.5. With the aid of a correctly labelled graph, explain the effects of demand-side policies in stimulating economic activity during a recession. (8)



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: <ul style="list-style-type: none"> • A good starting point will 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/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: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or valued 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 4: MACROECONOMICS**40 MARKS – 30 MINUTES**

- Discuss in detail the features underpinning forecasting of business cycles. (26 marks)
- How can an increase in economic activity may impact on businesses? (10 marks)





QUESTION 5: MACROECONOMICS

40 MARKS – 30 MINUTES

- Discuss in detail the objectives of the public sector. (26 marks)
- How will public sector failure negatively influence economic stability in South Africa ? (10 marks)

[40]

TOTAL SECTION C: 40

TEST TOTAL: 100

