



**KWAZULU-NATAL PROVINCE**

**EDUCATION**  
REPUBLIC OF SOUTH AFRICA



**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**ECONOMICS  
COMMON TEST  
APRIL 2021**

**MARKS: 100**

**TIME: 1½ hours**

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

## 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. Read the questions carefully and start EACH question on a new page.
4. Leave at least ONE line between subsections of each question.
5. Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
6. Answer ONLY the required number of questions. Answers in excess of the required number will NOT be marked.
7. Use ONLY blue or black ink.
8. Non-programmable pocket calculators may be used.
9. Write legibly and present your work neatly.

**SECTION A****QUESTION 1      COMPULSORY**

1.1 **Choose the correct answer from options given. Write only the letter next to the question number e.g. 1.1.6. B**

1.1.1 The study of money and the banking industry in the country is called ...

- A. International Economics
- B. Labour Economics
- C. Monetary Economics
- D. Development Economics

1.1.2 The withdrawal of money from the circular flow is referred to as....

- A. Leakages
- B. Equilibrium
- C. Injections
- D. Investments

1.1.3 Goods that are not scarce and have no price are called ...goods

- A. Capital
- B. Free
- C. Intermediate
- D. Economic

1.1.4 The method of production where businesses rely on lot of workers than machinery is called ...

- A. Labour intensive
- B. Capital intensive
- C. Specialisation
- D. Globalisation

1.1.5 A study of the application of statistical methods in economics is called ...

- A. Economic History
- B. Labour Economics
- C. Monetary Economic
- D. Econometrics

(5 x 2)      (10)

1.2 Match Column A with the description in column B. Write only the letter.

Column A	Column B
1.2.1 Opportunity cost	A. The indicator that is measured from peak to peak.
1.2.2 Economic goods	B. The value of best alternative that could have been chosen.
1.2.3 Money flow	C. Movement of cash in the circular flow.
1.2.4 Length	D. These are goods that are bought from other countries.
1.2.5 Relative scarcity	E. Goods and services that participants are prepared to pay the price.
1.2.6 Imports	F. The movement of goods and services in the circular flow.
	G. Occurs when goods and services are available but we do not have resources.

(6 x 1) (6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.4) in the ANSWER BOOK.

1.3.1 Goods and services individuals can do without.

1.3.2 The owners of the factors of production.

1.3.3 The market value of all goods and services produced within the country.

1.3.4 The indicators that change after the business cycles has changed.

(4 x 1) (4)

**TOTAL SECTION A: [20]**

**SECTION B**

Answer any ONE question in this section.

**QUESTION 2**

2.1 Answer the following questions.

2.1.1 Name TWO factors of production. (1 x 2) (2)

2.1.2 Why economics is regarded as a social science. (2 x 1) (2)

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

The increasing dependence on grants can be partially attributed to the change of power in 1994 and the fact that many South Africans would not necessarily have been given access to grants under Apartheid Government. In fact all citizens should be given social grants under democratic government.

*(Adapted: Business Tech: January 2021)*

2.2.1 Name the type of economic statement depicted above. (1)

2.2.2 Mention ONE example of social grant. (1)

2.2.3 Briefly describe the term *economic efficiency* (2)

2.2.4 Why does economics involve scientific methods? (2)

2.2.5 How can models be used to explain economics? (4)

**[10]**

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



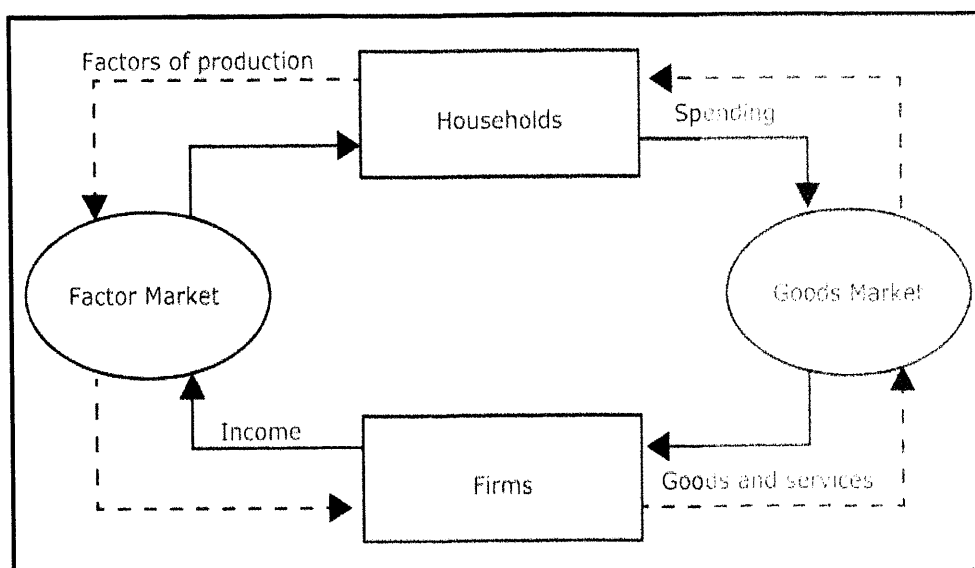
- 2.3.1 Name one other type of pollution. (1)
- 2.3.2 Which human right is violated in the above picture? (1)
- 2.3.3 Briefly describe the term *pollution*. (2)
- 2.3.4 Explain why does the right to fair labour practice is regarded as a human right. (2)
- 2.3.5 How can government solve the problem of pollution? (4)
- [10]**
- 2.4 Differentiate between Macroeconomics and Microeconomics. (8)
- 2.5 How can the scarcity of natural resources affect the production of goods and services in the economy? (8)
- [40]**

**QUESTION 3**

**3.1 Answer the following questions.**

- 3.1.1 Name TWO methods used to calculate GDP. (1 x 2) (2)
- 3.1.2 How can leading indicator be used in the economy? (2 x 1) (2)

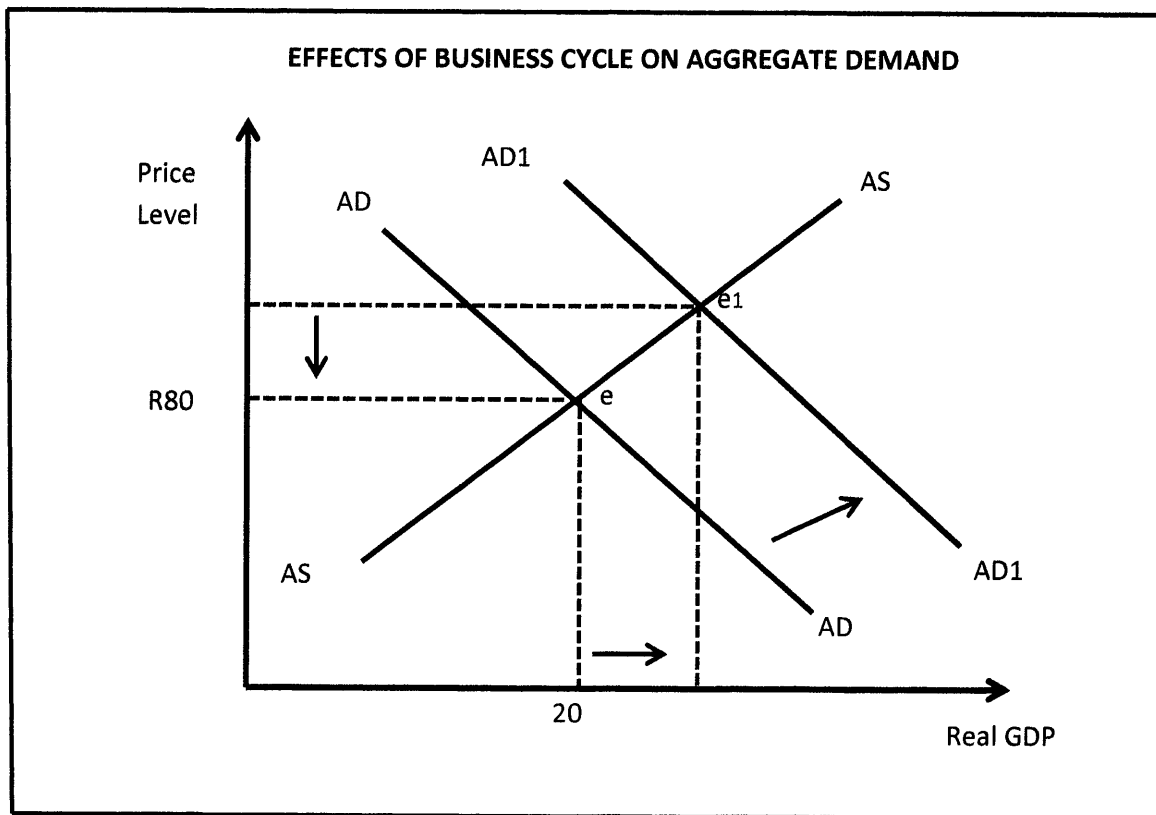
**3.2 Study the diagram below and answer the questions that follow:**



- 3.2.1 Mention the economic phenomena shown above. (1)
- 3.2.2 What type of the economy is shown above? (1)
- 3.2.3 Briefly describe the concept of product market. (2)
- 3.2.4 Why are household regarded as major participant? (2)
- 3.2.5 How can the government intervene to help economy during Covid 19 pandemic? (4)

**[10]**

3.3 Study the diagram below and answer the questions that follow:



3.3.1 Identify the original equilibrium point from the graph above. (1)

3.3.2 Mention the new price shown by expansion. (1)

3.3.3 Briefly describe the concept *economic growth*. (2)

3.3.4 Why is the trend line regarded as an indicator of the business cycle? (2)

3.3.5 How will the increase in price negatively affect low-income earners? (4)

**[10]**

3.4 Discuss endogenous and exogenous factors as used to explain the business cycle. (8)

3.5 How can injections increase economic growth? (8)

**[40]**



**SECTION C**

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

STRUCTURE OF ESSAY	MARK ALLOCATION
<b>Introduction</b>	Max. 2
<b>Body:</b>	
<b>Main part:</b> Discuss in detail/In-depth discussion/Examine/ Critically discuss/ Analyse/Compare/ Evaluate/Distinguish/ Differentiate/Explain/Assess/Debate	Max. 26
<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	Max. 10
<b>Conclusion:</b>	Max. 2
Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>● A brief summary of what has been discussed without repeating facts already mentioned in the body</li> <li>● Any opinion or valued judgement 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>	
<b>TOTAL</b>	<b>40</b>

**QUESTION 4**

- Discuss consumption and production as an economic processes (26)
- How can the market through exchange promote consumption? (10)

**QUESTION 5**

- With an aid of a diagram, discuss the four phases of the business cycle. (26)
- How can economic indicators be used for prediction of the business cycle? (10)

**[40]**

**TOTAL SECTION C: [40]**



**KWAZULU-NATAL PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA



**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 10**

**ECONOMICS  
CONTROLLED TEST  
APRIL 2021  
MARKING GUIDELINES**

**MARKS: 100**

**TIME: 1½ hours**

**This marking guideline consists of 12 pages.**

**SECTION A**

**QUESTION 1 COMPULSORY**

1.1 **Choose the correct answer from options given. Write only the letter next to the question number e.g. 1.1.6. B**

- 1.1.1 C. Monetary Economics. ✓✓
- 1.1.2 A. Leakages. ✓✓
- 1.1.3 B. Free. ✓✓
- 1.1.4 A. Labour intensive. ✓✓
- 1.1.5 D. Econometrics. ✓✓

(5 x 2) (10)

1.2 **Match Column A with the description in column B. Write only the letter.**

- 1.2.1 B. The value of best alternative that could have been chosen. ✓
- 1.2.2 E. Goods and services that participants are prepared to pay the price. ✓
- 1.2.3 C. Movement of cash in the circular flow. ✓
- 1.2.4 A. The indicator that is measured from peak to peak. ✓
- 1.2.5 G. Occurs when goods and services are available but we do not have resources. ✓
- 1.2.6 D. These are goods that are bought from other countries. ✓

(6 x 1) (6)

1.3 **Give the correct concept for the following statements. Write only the correct answer.**

- 1.3.1 Wants. ✓
- 1.3.2 Household. ✓
- 1.3.3 Gross domestic product. ✓
- 1.3.4 Lagging indicator. ✓

(4 x 1) (4)

**TOTAL SECTION A: [20]**

**SECTION B**

**QUESTION 2**

2.1

2.1.1 **Name TWO factors of production.** (2 x 1)

- Natural resources ✓
- Labour ✓
- Capital ✓
- Entrepreneur ✓

2.1.2 **Why economics is regarded as a social science.** (2)

- It is regarded as a social science because it studies human behavior. ✓✓

**2.2 Data Response questions**

2.2.1 **Name the type of economic statement depicted above.** (1)

- Normative statement ✓

2.2.2 **Mention ONE example of social grant**

- Child support grants ✓
  - Disability grants ✓
  - Pension ✓
  - Foster care grants ✓
- (Accept any other relevant answer) (1)

2.2.3 **Briefly describe the term Economic efficiency** (2)

- Economic efficiency occurs when we make the best Use of our resources to produce goods and services. ✓✓
- (Accept any other relevant answer)

2.2.4 **Why does economics involve scientific method?**

- Economists like scientist do collect data that will help them to predict the future. ✓✓
  - They create explanation by interpreting data from the past events and experiences rather theory. ✓✓
  - To formulate hypothesis they use a set of information that was collected in the past. ✓✓
- (Accept any other relevant answer) (2)

2.2.5 **How can models be used to explain economics?** (4)

- Models can be used to explain what is happening in economics and predict what is going to happen next. ✓✓
- It is something to base policies and decisions by economists. ✓✓
- A graph that illustrate and explain a particular theory. (Accept any other relevant answer)

**2.3 Data Response questions**

2.3.1 **Name one other type of pollution.**

- Water pollution ✓
- Air pollution ✓ (1)

2.3.2 **Which human right is violated in the above picture?**

- Right to clean environment. ✓ (1)

2.3.3 **Briefly describe the term pollution.** (2)

- It is when people put harmful substances into the environment ✓✓

2.3.4 **Explain why does the right to fair labour practice is regarded as a human right.**

- To protect workers against poor working conditions. ✓✓
  - To protect workers against unfair discrimination in the workplace. ✓✓ (2)
- (Accept any other relevant answer)

2.3.5 **How can the government solve the problem of pollution?**

- Imposing green tax on the production of goods which causes pollution. ✓✓
  - Developing cleaner and safer technology that put less waste to the environment. ✓✓
  - Taking action that encourage people to participate in programs that teach people about environmental awareness. ✓✓
- (accept any correct relevant answer) (2 x 2) (4)

2.4 **Differentiate between Macroeconomics and Microeconomics.** (8)

MACRO-ECONOMICS	MICRO-ECONOMICS
Looks at the behaviour of the economy as a whole. ✓✓	Deals with small section of the economy. ✓✓
Is the study of the aggregate production, income and expenditure. ✓✓	Individual consumers and businesses make small-scale decisions. ✓✓
The focus is on country-wide problems and aggregate spending. ✓✓	The focus is on individual consumer behaviour and how to increase profits. ✓✓

2.5 How can the scarcity of natural resources affect economy by: (8)

Natural resources will negatively affect economy by:

- If natural resources are scarce, less goods and services will be produced. ✓✓
  - People may not be able to satisfy their needs and wants.
  - This would also lead to less employment opportunities, thereby increasing poverty. ✓✓
  - Less opportunities for international trade. ✓✓
  - The country will rely on imports of intermediate goods which will cause outflow of money ✓✓
- (Accept any relevant answer)

[40]



QUESTION 3

3.1 Data Response questions

3.1.1 Name TWO methods used to calculate GDP. (1 x 2) (2)

- GDP (P) Production method ✓
- GDP (I) Income method ✓
- GDP (E) Expenditure method ✓

3.1.2 How can leading indicator be used in the economy? (2 x 1) (2)

- By predicting the future performance of the economy. ✓✓
  - By informing government what is going to happen in future so that good/rational decisions may be taken regarding resources. ✓✓
- (Accept any correct relevant answer)

3.2 Data Response questions

3.2.1 Mention the economic phenomena shown above. (1)

- Circular flow ✓

3.2.2 What type of the economy is shown above? (1)

- Closed economy. ✓

3.2.3 Briefly describe the concept of Product market. (2)

- Product market is the market where goods and services are sold. ✓✓

3.2.4 Why are household regarded as major participant? (2)

- Households are the basis for all economic activities ✓✓
  - Households are directly and indirectly involved in all sectors of economy. ✓✓
- (Accept any other correct relevant answer)

3.2.5 How can the government intervene to help economy during Covid 19 pandemic.

The government can intervene by:

- Subsidising small and medium firms that suffer losses during the lockdown. ✓✓
  - Giving tax relief to businesses that are no longer making profit because of lower demand for goods. ✓✓
  - Supporting businesses that can no longer market their product by ensuring lower prices for data. ✓✓
  - Household may be given social grants to reduce poverty levels. ✓✓
  - Government can increase expenditure on vaccination so that the economy will be opened. ✓✓
- (Accept any correct relevant answer)

(2x 2) (4)

3.3 Data Response questions

3.3.1 Identify original equilibrium point from the graph above. (1)

- e ✓

3.3.2 Mention the new price shown by expansion. (1)

- R100 ✓

3.3.3 Briefly describe the concept Economic Growth. (2)

- Economic growth is the improvement in the production capacity of the country. ✓✓
- (Accept any correct relevant answer)

3.3.4 Briefly explain the trend line as an indicator of the business cycle. (2)

- It shows the growth potential of a particular country. ✓✓
- It will determine the general direction of the economy. ✓✓

3.3.5 How will the increase in prices negatively affect low-income learners? (4)

- they cannot afford their basic need. ✓✓
  - their standard of living will decrease. ✓✓
  - increase in government dependency. ✓✓
  - increase in tax burden. ✓✓
- (Accept any correct relevant answer)



**MAIN PART**

**CONSUMPTION**

- This is the act of using goods and services. ✓✓
- Consumer expenditure can be classified as follows:
- Durable goods✓: goods that can be used over and over again e.g. furniture. ✓✓
- Semi-durable goods✓: goods that need to be replaced after a while, e.g. clothing. ✓✓
- Non-durable goods✓: They are used up or destroyed and are only used once in the production process. ✓✓
- Services✓: Services are those activities that we need and for which we are prepared to pay✓✓ e.g. hairdressers, doctors. ✓

**Types of consumption**

Immediate consumption✓

- It is when a service or product is used up or destroyed when an individual uses it. ✓✓ E.g. eating a hotdog. ✓

Deferred consumption✓

- When a consumer buys a product that will be used over and over again without damaging it. ✓✓ E.g. clothes and cars. ✓

**PRODUCTION**

The are two kinds of production that take place in the economy

Direct production✓

The producer the consumer are the same✓✓

Indirect production✓

The producer and consumer are different✓✓, this type of production is seen in the industry and can be categorized as follows

- Primary production✓
- The extraction of raw materials from nature, e.g. fishing, farming. ✓✓
- The primary sector is the smallest of the 3 sectors in South Africa. ✓✓
- Secondary production✓
- These are manufacturing industries which process raw materials from the primary sector into final products, e.g. turning gold into jewellery. ✓✓
- Tertiary production✓
- This sector is involved in the distribution of goods and the provision of services, e.g. transport, wholesalers and retailers. ✓✓

**METHODS OF PRODUCTION**

Capital intensive✓

- Capital intensive takes place when businesses uses more machinery, equipment and tools more than workers ✓✓
- Labour intensive✓
- Labour intensive takes place when business rely a lot on workers than machinery. ✓✓ (Max 26)

**Additional part.**

**How can the exchange through the market promote consumption?** (10)

**The market promote consumption by:**

- Providing factors of production to the economy to which they are used for the production of other goods. ✓✓
- Selling manufactured goods and fresh produce to retailers e.g. Makro✓✓
- Providing services like education ,medical needs and other similar services to consumers in need ✓✓.
- Trading local and foreign goods in international markets which gives the consumers a wider choice and quality products. ✓✓
- Selling finished goods and services direct to the customers e.g. Pick n Pay, Spar etc . ✓✓ (Accept any relevant correct answer)

**CONCLUSION**

In a market there must be those who are willing to provide the product at a certain price and those willing and able to buy the product.  
Without the market, goods that have been produced will never reach the consumers.  
(Accept any other relevant answer)✓✓ (2)



**QUESTION 5**

- With an aid of a diagram, discuss the four phases of the business cycle (26)

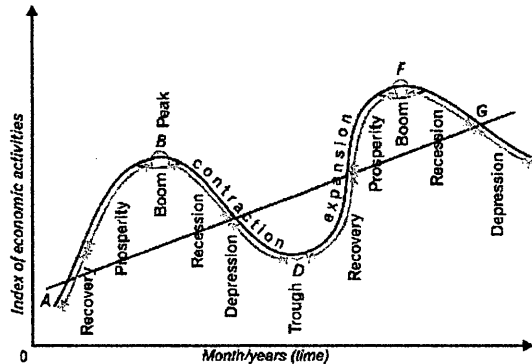
**INTRODUCTION**

Business cycle refers to ups and downs of economic activity in an economy. ✓✓

(Accept any other relevant definition.) (Max. 2) (2)

**BODY**

**MAIN PART**



Marks allocation for graph:  
 • Labelling of axis 1marks  
 • Shape of the graph 1marks  
 • Labelling of phases and turning points 4 marks  
**TOTAL MARK: 6 MARKS**

**1. PERIOD OF RECESSION ✓**

- During a recession, unemployment increases due to the fact that businesses have to lay off workers. ✓✓
- There is a decline in economic activity, and the economy slows down. ✓✓
- Consumer spending decreases, especially on durable goods. ✓✓

**2. PERIOD OF DEPRESSION ✓**

- During a depression, money is in short supply, leading to a further decline in spending. ✓✓
- There is a negative impact on investment spending. ✓✓
- When economic activity is at its lowest, a trough is reached. ✓✓
- There is competition for jobs and the cost of production decreases. ✓✓
- This encourages foreign trade and leads to a recovery. ✓✓

**3. PERIOD OF RECOVERY ✓**

- During a recovery period, production increases and more jobs are created. ✓✓
- Consumers start buying durable goods again. ✓✓
- Business confidence rises and there is increased spending by firms. ✓✓
- There is increased economic activity and the country enters into period of prosperity. ✓✓

**4. PERIOD OF EXPANSION ✓**

- During a period of expansion there is a great degree of optimism ✓✓
- Employment levels rise, salaries and wages rise and spending increases ✓✓
- A peak is reached. ✓✓
- A larger amount of money is in circulation and this leads to an inflationary situation. ✓✓

(Accept any other relevant answer) (Max. 26)

**ADDITIONAL PART**

How can economic indicators be used for prediction of business cycles?

Economic indicators can be used for:

- Showing the performance of the economy how the economy behaves e.g. if retail sales increase, expansion of economy is suggested and vice versa. ✓✓
- By using the leading indicator, the future performance of the economy will be predicted. ✓✓
- The leading indicators arrive at the turning point earlier than others which will tell the economists what is likely to happen in future. ✓✓
- By using coincident indicators, the current state of the economy will be known. ✓✓
- They arrive at the turning point at the same time as economy which indicates the real GDP at that particular time. ✓✓
- By using lagging indicators, they arrive at the turning point after the business cycle. ✓✓
- The number of new cars sold will tell us if the economy was in expansion. ✓✓

(Accept any other relevant answer) (10)

**CONCLUSION**

Fluctuations in business cycles should be managed so that they affect a country's economy positively. ✓✓

(2)  
[40]

**TOTAL SECTION C: [40]**