



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

ECONOMICS P1

MAY-JUNE 2025

MARKS: 150

TIME: 2 HOURS

This question paper consists of 13 pages

INSTRUCTIONS AND INFORMATION

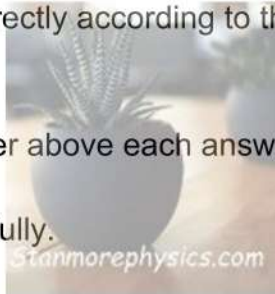
1. Answer FOUR questions as follows in the ANSWER BOOK

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 question 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 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

1.1 Various possible options are provided answers to the following questions. Choose the answer and write only letters (A-D) of the correct answer next to the question numbers (1.1.1-1.1.5) e.g 1.1.6 A.

1.1.1 Resources are called in the production process.

- A inputs
- B output
- C intermediate goods
- D final

1.1.2 The combines all other factors of production to produce goods and services to satisfy the needs of the consumers.

- A labourer
- B government
- C minister
- D entrepreneur

1.1.3 The method of adding final value of all goods and services calculated as gross value added is called....

- A income
- B expenditure
- C production
- D domestic

1.1.4 Taxes on products must be added to convert basic prices to

- A market price
- B factor cost
- C nominal prices
- D real prices

1.1.5 An economic system where individuals are free to perform activities according to their abilities is known as a

- A mixed economic system
- B centrally planned economic system
- C market economy
- D socialist system



1.1.6 The rules and procedures that are followed by government officials that cause delays in service delivery.....

- A regulation
- B accountability
- C hierarchy
- D bureaucracy

1.1.7 In South Africa, mining is the responsibility of the Department of

- A Environmental Affairs
- B Mineral Resources
- C Public Works
- D Energy



1.1.8 SANRAL is responsible for maintaining

- A harbours
- B national roads
- C airports
- D railway networks

(8×2) (16)

- 1.2 Choose a description in COLUMN B that matches the item in COLUMN A. Write only the letters (A-I) next to the question numbers (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Capital deepening	A. Resources that are scarce which people are willing to pay for.
1.2.2 Non-renewable	B. Occurs when the capital stock is increased to accommodate an increasing labour force.
1.2.3 Money flow	C. Financial assistance provided by the South African government to alleviate poverty.
1.2.4 Economic goods	D. Regulates the energy industry in accordance with government laws, policies, standards and international best practices in support of sustainable development.
1.2.5 Economic systems	E. Involved in the extraction of raw materials from nature.
1.2.6 Social grants	F. The flow of income and expenditure between the participants in the economy.
1.2.7 NERSA	G. Refers to those inputs/resources that help in the production to produce output.
1.2.8 Primary sector	H. Mineral resources and fossil fuels that are exhausted when they are mined.
	I. Methods used by different countries to allocate resources.

(8×1) (8)

Stanmorephysics.com

1.3 Give one term/word for each of the following descriptions. Write only the term/word next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will not be accepted.

1.3.1 The amount that a worker receives each day, week or at the end of the month.

1.3.2 The total value of all final goods and services produced within the borders of a country over a specific period of time.

1.3.3 Compulsory payment made by private individuals or businesses to the government sector with no direct benefit.

1.3.4 Motivation or reward offered for improved productivity.

1.3.5 Facilities and systems that make economic activities possible.

1.3.6 The sector that contributes the most to the GDP of South Africa and creates many jobs. (6×1) (6)

TOTAL SECTION A: [30]

SECTION B

Answer any **TWO** of the three questions in this section in your answer book.

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

2.1 Answer the following questions

2.1.1 Name TWO types of transport modes found in South Africa. (2×1) (2)

2.1.2 Why is the spending of households on final goods and services important? (1×2) (2)

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

National Income Accounts as at Q2 2022	
Items	R Millions
Compensation of employees	2 861 309
Net operating surplus	1 795 000
Consumption of fixed capital	797 230
Gross Value Added at (A)	5 453 539
Other taxes on production	131 563
Less: other subsidies on production	12 494
Gross Value Added at basic prices	(B)

Source: SARB quarterly bulletin

2.2.1 Identify the concept that refers to wages and salaries from the table above. (1)

2.2.2 Provide the missing term labeled A in the table above. (1)

2.2.3 Briefly describe the term *gross national income*. (2)

2.2.4 Why are other subsidies on production subtracted when calculating national accounts? (2)

2.2.5 Use the information in the table above to calculate Gross Value Added at basic prices (B). Show all calculations. (4)

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

CHALLENGES FACED BY ESKOM

Eskom's media statement on the 17th of April 2024, indicates that load shedding remains suspended to stable power system, however ongoing planned maintenance continues at high levels, and there has been a 3.3% year-on-year reduction in unplanned outage, Eskom also highlights on ongoing threats of theft and vandalism to its infrastructure.

Source: <http://www.eskom.co.za>

- 2.3.1 Identify the supplier of energy in the extract from. (1)
- 2.3.2 Name the type of infrastructure that is provided by Eskom. (1)
- 2.3.3 Briefly describe the term *secondary sector*. (2)
- 2.3.4 Explain why it is important for Eskom to have a competition. (2)
- 2.3.5 How does shortage of energy in South Africa affect the economy?
(2×2) (4)
- 2.4 Briefly discuss the economic importance of the primary sector. (4×2) (8)
- 2.5 How will an increase in investment spending influence the economy? (4×2) (8)

[40]

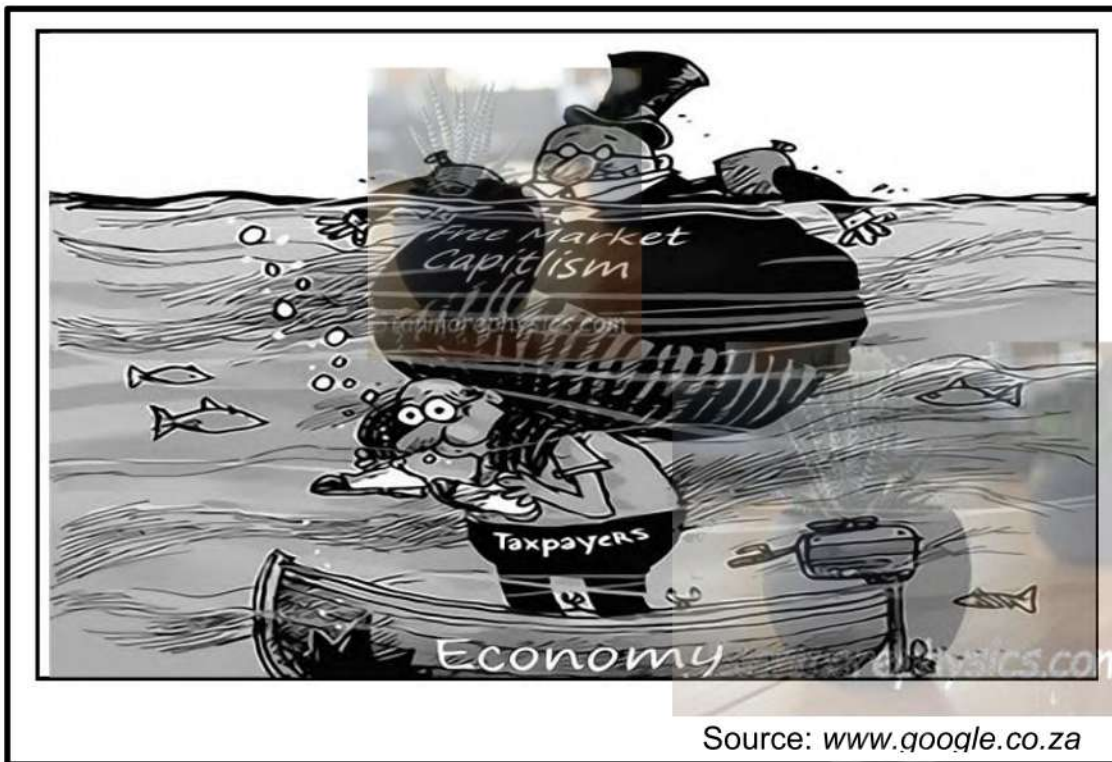
QUESTION 3: MACROECONOMICS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Mention any TWO levels of government. (2×1) (2)

3.1.2 Why is the supply of land fixed? (1×2) (2)

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



3.2.1 Identify the group responsible for supporting the weight of the economic system in the cartoon above (1)

3.2.2 Name any participant that allocates resources in the above economic system. (1)

3.2.3 Briefly describe the term *free market economy*. (2)

3.2.4 Why would you not recommend capitalism as economic system? (2)

3.2.5 How does the market economy benefit the society? (2×2) (4)

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

ECONOMIC CONTRACTION

Real gross domestic product (GDP) measured by production, decreased by 0.1% in the first quarter of 2024, following an increase of 0.3% in the fourth quarter of 2023. South Africa's economy is projected to experience a growth of around 1.7% in 2025. This indicates a slow but positive recovery.

Source: www.statssa.gov.za

- 3.3.1 Identify the institution responsible for publishing the above information. (1)
- 3.3.2 Name other institution responsible for publishing GDP data. (1)
- 3.3.3 Briefly describe the concept *gross domestic product*. (2)
- 3.3.4 Explain the role of the main aggregates. (2)
- 3.3.5 How can an increase in taxes on products affect the economy? (4)
- 3.4 Differentiate between renewable and non-renewable resources. (2×4) (8)
- 3.5 How important is transport infrastructure in the economy? (4×2) (8)

[40]

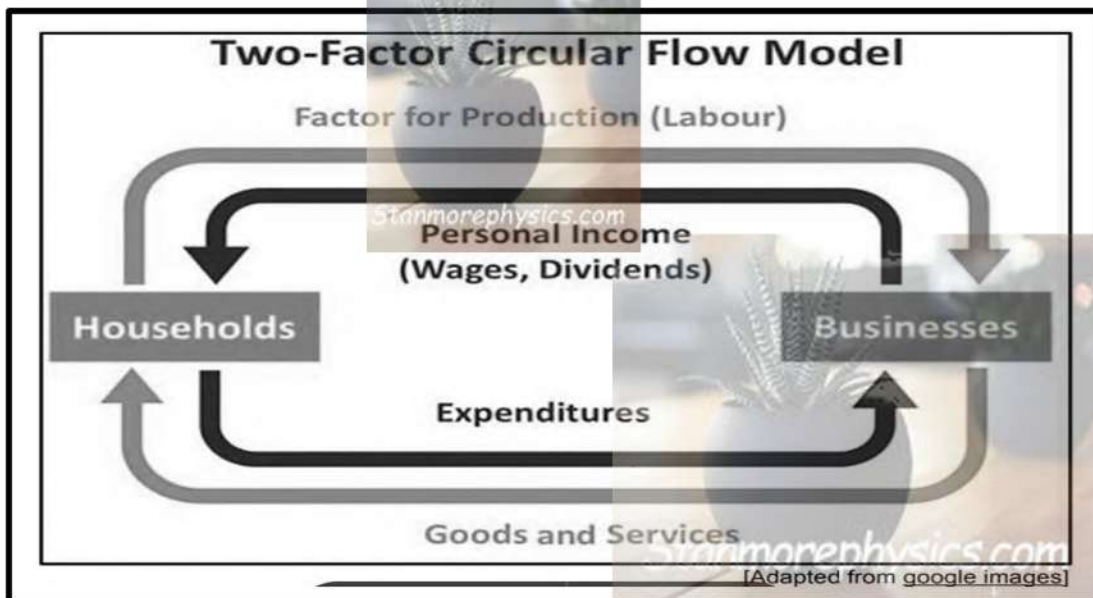
QUESTION 4: MACROECONOMICS**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO activities in the primary sector. (2×1) (2)

4.1.2 How would poor infrastructure at sea ports affect the South African economy? (1×2) (2)

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



4.2.1 Identify the participant that produces goods and services. (1)

4.2.2 Name the flow that is represented by goods and services. (1)

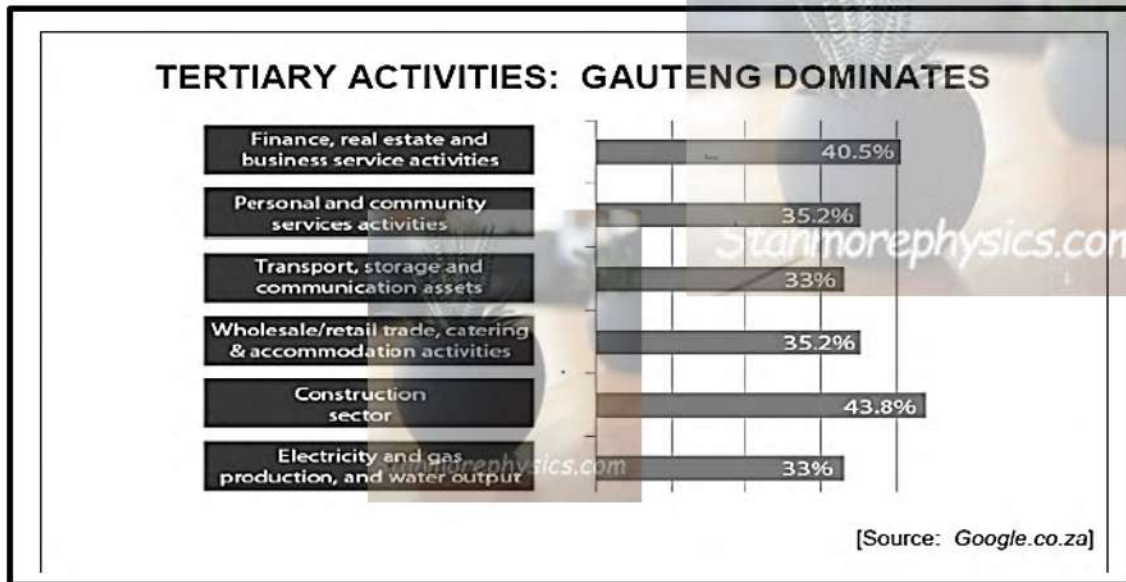
4.2.3 Briefly describe the term *circular flow*. (2)

4.2.4 Explain the interaction between households and firms. (2)

4.2.5 How can the business sector contribute more positively to the economy? (2×2) (4)



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



- 4.3.1 Identify the tertiary activity in Gauteng that contributes the most to South Africa's economy. (1)
- 4.3.2 Give an example of personal service. (1)
- 4.3.3 Briefly describe the term *tertiary economic activities*. (2)
- 4.3.4 Why is tertiary sector becoming more important than primary and secondary sectors? (2)
- 4.3.5 How will a better infrastructure benefit the community of South Africa? (2×2) (4)
- 4.4 Tabulate the differences between capital (intermediate) and consumer goods. (4×2) (8)
- 4.5 What has caused the ongoing energy crisis in South Africa since 2008? (4×2) (8)

[40]

TOTAL SECTION B: [80]



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GRADE 11

**ECONOMICS P1
MARKING GUIDELINE**
Stanmorephysics.com
MAY-JUNE 2025

TOTAL MARKS: 150

This marking guideline consists of 18 pages

SECTION A: (COMPULSORY)**QUESTION 1****1.1 MULTIPLE CHOICE**

- 1.1.1 A ✓✓ (Inputs)
- 1.1.2 D ✓✓ (Entrepreneur)
- 1.1.3 C ✓✓ (production)
- 1.1.4 A ✓✓ (Market price)
- 1.1.5 C ✓✓ (Market economy)
- 1.1.6 D ✓✓ (Bureaucracy)
- 1.1.7 B ✓✓ (Mineral resources)
- 1.1.8 B ✓✓ (National roads)

(16)

1.2 MATCHING

- 1.2.1 B ✓ (Occurs when the capital stock is increased to accommodate an increasing labour force)
- 1.2.2 H ✓ (Mineral resources and fossil fuels that are exhausted exhausted when they are mined)
- 1.2.3 F ✓ (The flow of income and expenditure between the participants in the in the economy)
- 1.2.4 A ✓ (Resources that are scarce which people are willing to pay for)
- 1.2.5 I ✓ (Methods used by different countries to allocate resources)
- 1.2.6 C ✓ (Financial assistance provided by the South African government to alleviate poverty)
- 1.2.7 D ✓ (Regulates the energy industry in accordance with government laws, policies, standards and international best practices in support of sustainable development)
- 1.2.8 E ✓ (involved in the extraction of raw materials from nature)

(8)

1.3 CONCEPTS/TERMS

- 1.3.1 Wage, salaries ✓
- 1.3.2 Gross Domestic Product ✓
- 1.3.3 Taxes/tax ✓
- 1.3.4 Incentive ✓
- 1.3.5 Infrastructure ✓
- 1.3.6 Tertiary ✓

(6)

TOTAL SECTION A [30]

SECTION B

QUESTION 2

2.1

2.1 Answer the following questions

2.1.1 List TWO types of transport modes found in South Africa.

- Road✓
- Rail✓
- Air✓
- Water✓
- Extraordinary mode of transport (e.g. hot air balloon, donkey carts, bicycles) ✓ (2)

2.1.2 Why is the spending of households on final goods and services important?

- The higher the consumption spending by households, the needs and wants are being satisfied and the higher the economic welfare of the households. ✓✓
- The higher the consumption spending by households the higher the demand for goods and services and more will be produced. ✓✓
(Accept any other correct relevant response) (2)

2.2 DATA RESPONSE

2.2.1 Identify the concept that refers to wages and salaries from the table above.

- Compensation of employees✓ (1)

2.2.2 Provide the missing term labeled A in the table above.

- Basic prices✓ (1)

2.2.3 Briefly describe the term *gross national income*.

- Gross national income is the total amount of money earned by the residents and businesses of a country, both inside and outside the borders of a country. ✓✓
(Accept any other correct relevant response) (2)

2.2.4 Why are other subsidies on production subtracted when calculating national accounts?



- Other subsidies on production are subtracted because they lower the market price and the factor cost. ✓✓
(Accept any other correct relevant response) (2)

2.2.5 Use the information in the table above to calculate Gross Value Added at basic prices (B). Show all calculations.

$$\begin{array}{r}
 5\ 453\ 539\checkmark \\
 +\ 131\ 563\checkmark \\
 -\ 12\ 494\checkmark \\
 =\ 5\ 572\ 608\checkmark
 \end{array}
 \quad (4)$$

2.3 DATA RESPONSE

2.3.1 Identify the supplier of energy in the extract from.

- Eskom ✓ (1)

2.3.2 Name the type of infrastructure that is provided by Eskom.

- Energy infrastructure ✓ (1)

2.3.3 Briefly describe the term *secondary sector*.

- The secondary sector of the economy involves industries that transform raw materials into finished goods through manufacturing and construction processes. It includes activities such as producing machinery, vehicles, textiles, and building infrastructure. ✓✓ (2)

2.3.4 Explain why it is important for Eskom to have a competition.

- Competition for Eskom is crucial because it can drive efficiency and innovation, leading to improved service quality and lower costs for consumers. ✓✓
- It helps to prevent monopolistic practices, ensuring fair pricing and better resource management. ✓✓
- Competition encourages investment in renewable energy sources, contributing to a more sustainable energy sector. ✓✓
- It can also enhance energy security by diversifying power generating sources, reducing the risk of supply disruptions. ✓✓ (2)

2.3.5 How does shortage of energy in South Africa affect the economy?

- The shortage of energy in South Africa disrupts industrial production, leading to reduced output and economic growth. ✓✓
- It increases operational costs for businesses that must invest in alternative power sources, thereby reducing profitability and competitiveness. ✓✓
- Frequent power outages and load shedding negatively impact consumer confidence and spending, slowing overall economic activity. ✓✓
- Furthermore, energy shortages deter foreign investment as reliable infrastructure is a key factor for businesses considering entering the market. ✓✓

(Accept any other correct relevant response)

(4)

2.4 Briefly discuss the economic importance of the primary sector.

- Farming produces a wide range of crops and animal products; it is the basis of the food needed in the country. ✓✓
- Many of the secondary industries use raw materials that are produced by the primary sector. ✓✓
- This sector creates employment and provides training. ✓✓
- South Africa is the earner of foreign exchange due to exportation of minerals and agricultural products. ✓✓
- It stimulates economic growth and contributes to GDP. ✓✓

(Accept any other correct relevant response)

(Maximum of 4 marks for mere listing of facts)

(8)

2.5 How will an increase in investment spending influence the economy?

- It will lead to the expansion of infrastructure development. ✓✓
- There will be increased employment and unemployment will decrease. ✓✓
- It will improve the standard of living of many people in the country. ✓✓
- Increased economic growth which will positively impact on the economy. ✓✓

(Accept any other correct relevant response)

(8)

[40]

QUESTION 3

3.1



3.1.1 Mention any TWO levels of government.

- National/central ✓
- Provincial/regional ✓
- Local/municipalities ✓
- State Owned Enterprises (SOEs) ✓ (2)

3.1.2 Why is the supply of land fixed?

- Land is a natural resource, these resources are not man-made. ✓✓
 - These resources are scarce in relation to their demand. ✓✓
 - The availability of non-renewable resources cannot be increased if more resources are required. ✓✓
- (Accept any other correct relevant response) (2)

3.2 **DATA RESPONSE**

3.2.1 Identify the group responsible for supporting the weight of the economic system in the cartoon above

- Taxpayer, ✓ they pay high tax under capitalism/taxpayers carry the capitalist system.
- (Accept any other correct relevant response) (1)

3.2.2 Name any participant that allocates resources in the above market system?

- Businesses ✓
- households. ✓ (1)

3.2.3 Briefly describe the term *free market economy*.

- Free market economy is an economy with no government intervention or control. ✓✓
- (Accept any other correct relevant response) (2)

3.2.4 Why would you not recommend capitalism as economic system?

- There is tendency of market failure, inequality and instability because of competition. ✓✓



- Businesses are interested in making profits than preserving the environment. ✓✓
- Imbalances of income and wealth exists/uneven distribution of income exist. ✓✓
- Negative externalities may occur, such as pollution. ✓✓
- Business cycles lead to fluctuations which can result in high inflation and unemployment. ✓✓ (2)

3.2.5 How does the market economy benefit the society?

- Resources are allocated automatically without government intervention. ✓✓
- Economic growth will be stimulated by businesses striving to make profits. ✓✓
- Increased freedom of choice due to competition. ✓✓
- Consumers get exactly what they want to purchase. ✓✓
- (Accept any other correct relevant response) (2×2)(4)

3.3 DATA RESPONSE

3.3.1 Identify the institution responsible for publishing the above information.

- StatsSA/Statistics South Africa ✓ (1)

3.3.2 Name other institution responsible for publishing GDP data.

- South African Reserve Bank ✓ (1)

3.3.3 Briefly describe the concept *gross domestic product*.

- Gross domestic product refers to the total value of all final goods and services produced within the borders of a country over a specific period of time. ✓✓
- (Accept any other correct relevant response) (2)

3.3.4 Explain the role of the main aggregates.

- To determine the value of economic activity ✓✓
- (Accept any other correct relevant response) (2)

3.3.5 How can an increase in taxes on products affect the economy?

- It will lead to an increase in the prices of goods and



- services making them to be expensive. ✓✓
- The poor will not be able to satisfy the basic needs. ✓✓
 - It will lead to a decrease in consumption which can combat demand-pull inflation. ✓✓
 - Spending will be reduced and the multiplier will be smaller. ✓✓
 - Decrease in spending will lower business profits and can lead to job losses. ✓✓
 - It will increase government revenue. ✓✓
 - (Accept any other correct relevant response) (4)

3.4 Differentiate between renewable and non-renewable resources.

- Renewable resources are natural resources that can be replenished or regenerated over a relatively short period of time, such as sunlight, wind, and biomass. ✓✓
- They are sustainable because their use does not deplete the resource, making them suitable for long term use. ✓✓
- Non-renewable resources are finite and cannot be easily replaced within a human lifespan, such as fossil fuels (coal, oil, natural gas) and minerals. ✓✓
- These resources are formed over millions of years and once depleted they are gone forever, making their use unsustainable in the long term. ✓✓
(Accept any other correct relevant response) (8)

3.5 How important is the transport infrastructure in the economy?

- Transport infrastructure allows goods produced in one area to be processed in another area and sold all over the country. ✓✓
- Goods can be exported and imported between countries. ✓✓
- The country can be part of the globalized world. ✓✓
- It allows the growth of the tourism sector. ✓✓
- It provides employment and contributes to the GDP of a country. ✓✓
(Accept any other correct relevant response) (8)

[40]

QUESTION 4

4.1 Answer the following questions.

4.1.1 Name any TWO activities in the primary sector.

- Agriculture/farming ✓
 - Forestry ✓
 - Mining ✓
 - Fishing ✓
 - Quarrying ✓
- (2)

4.1.2 How would poor infrastructure at sea ports affect the South African economy?

- The South African economy would be affected negatively because the country's exports are conveyed by sea and with poor infrastructure, trade will be negatively affected. ✓✓
(Accept any other correct relevant response)
- (2)

4.2 DATA RESPONSE

4.2.1 Identify the participant that produces goods and services.

- Businesses ✓
- (1)

4.2.2 Name the flow that is represented by goods and services.

- Real flow ✓
- (1)

4.2.3 Briefly describe the term *circular flow*.

- The circular flow of income and expenditure illustrates the continuous movement of money and goods/services between households and businesses within an economy. ✓✓
 - It demonstrates how households supply factors of production to businesses in exchange for income, which is then spent on goods and services produced by businesses, completing the cycle of economic activities. ✓✓
(Accept any other correct relevant response)
- (2)

4.2.4 Explain the interaction between households and firms.

- Households and firms interact in the economy through the exchange of goods, services, and factors of production. ✓✓
- Households provide labour, capital, land and entrepreneurship to firms in exchange for income in the form of wages, interests, rent, and profits. ✓✓
- Firms in turn, produce goods and services that households consume or invest in, creating a reciprocal relationship that drives economic activity and growth. ✓✓

(Accept any other correct relevant response) (2)

4.2.5 How can the business sector contribute more positively to the economy?

- The business sector can contribute more positively to the economy by investing in research and development to foster innovation and technological advancement. ✓✓
- This can lead to the creation of new products and services, increased productivity, and economic growth. ✓✓
- Businesses can enhance job creation and skills development through training programs and apprenticeships, thereby reducing unemployment and improving human capital. ✓✓
- By maintaining ethical business practices, promoting environmental sustainability and engaging in corporate social responsibility ✓✓
- initiatives which can in turn enhance the overall well-being of communities and contribute to sustainable economic development. ✓✓

(Accept any other correct relevant response) (4)

4.3 DATA RESPONSE

4.3.1 Identify the tertiary activity in Gauteng that contributes the most to South Africa's economy.

- Construction ✓ (1)

4.3.2 Give an example of personal service.

- Education ✓
- Health/medical treatment ✓
- Legal advice ✓

(Accept any other correct relevant response) (1)

4.3.3 Briefly describe the term *tertiary economic activities*.

- Tertiary economic activities consist of all service occupations, transport, communication, trade, health, education and administration. ✓✓

(Accept any other correct relevant response) (2)

4.3.4 Why is tertiary sector becoming more important than primary and secondary sectors?

- Tertiary sector provides support service to primary and secondary sectors. ✓✓

(Accept any other correct relevant response) (2)

4.3.5 How will a better infrastructure benefit the community of South Africa?

- By increasing the productivity of businesses. ✓✓
- It will attract more investors which will lead to an increase in employment. ✓✓

(Accept any other correct relevant response) (4)

4.4 Tabulate the differences between capital (intermediate) and consumer goods.

Capital (intermediate) goods	Consumer goods
Includes all goods and services that are not directly consumed by final consumers. ✓✓	Includes all manufactured goods and services that are able to satisfy the consumer's needs and wants. ✓✓
They are used to manufacture other goods. ✓✓	They have reached the final stage in the production process. ✓✓
These includes machines, and tools that are used by producers in the production process. ✓✓	They are ready to be consumed ✓✓
They are usually bought by manufacturers. ✓✓	
(Accept any other correct relevant response)	
Max (4)	Max (4)

(8)

4.5 What has caused the ongoing energy crisis in South Africa since 2008?



- Eskom is the only provider of electricity in South Africa, ✓✓ because the state has been very reluctant to allow privately owned companies to enter the power generation field. ✓✓
 - Eskom has not invested enough in new power sources. ✓✓
 - The price of electrical power has been too low to provide the needed capital to create new power stations. ✓✓
 - It is very costly to build new power stations. ✓✓
 - Illegal power connections by households who do not pay for power usage, corruption, poor management and misuse of resources. ✓✓
 - The use of renewable sources of power, especially solar power, has not been emphasized. ✓✓
 - Large power users have been given low rates by Eskom. ✓✓
- (Accept any other correct relevant response) (8)

[40]

TOTAL SECTION B [80]



SECTION C

QUESTION 5: MACROECONOMICS

- **Discuss in detail entrepreneurial skills as a factor of production. (26)**
- **Critically discuss how capital as a factor of production has contributed to increased economic growth. (10)**

INTRODUCTION

Entrepreneur is a person who has the ambition and ability to open and successfully run a business enterprise. ✓✓

(Accept any other correct relevant introduction) (2)

BODY

MAIN PART

Entrepreneurs have good decision making skills ✓

- They make decisions about what to produce and how much to produce and for whom to produce. ✓✓
- This means they must analyse their market to ensure that the product produced is what the consumers want. ✓✓

Entrepreneur is an organiser ✓

- They organize and coordinate the three other factors of production to ensure efficient production takes place. ✓✓

Driving force behind production ✓

- They take the initiative to exploit new ideas which can improve the products or create new ones. ✓✓

They are risk takers ✓

- They take a risk by investing their money in a business without guarantee that it will be successful. ✓✓
- They can cope with the uncertainty and stress that comes with taking risks. ✓✓

Others

- Ability to set their own standards ✓
- High level of perseverance ✓
- Good communication skills ✓
- High level of adaptability ✓
- Good people skills ✓
- High initiative and willingness to accept responsibility ✓
- High level of creativity and innovation ✓
- A strong desire to be in control. ✓

Importance of entrepreneur

- Entrepreneur is found in small and large enterprises. ✓✓
- Because there are so many more small enterprises, however, the contribution from entrepreneurs in the smaller enterprises is significant. ✓✓
- Throughout the world, smaller business enterprises seem to form the natural habitat for entrepreneurs. ✓✓
- Smaller businesses allow them more freedom to implement their innovations. ✓✓
- In South Africa many entrepreneurs in the informal sector start their own micro-businesses to create their own employment. ✓✓
- Many of these entrepreneurs in the informal sector are unemployed poor people who venture into the world of business purely to survive, often without the means, skills and knowledge to make a success of their businesses. ✓✓

Their contributions are the following:

- They satisfy the needs and wants of consumers in a community by providing the goods and services that the community require. ✓✓
- They provide employment for the citizens of a community in doing so. ✓✓
- They place income in the hands of workers or consumers and help to raise the standard of living of working people. ✓✓
- They often help to reduce unemployment ✓✓
- They serve as a market for natural resources or raw materials of the community, so they provide income to the owners of these resources. ✓✓
- Responsible entrepreneurs show leadership in the responsible use of scarce resources. ✓✓
- Because of their high level of achievement and motivation as well as their drive to make good profits, entrepreneurs make production a reality. ✓✓

- As they strive to carry out their tasks more efficiently, they help to increase productivity. ✓✓
- Through all these activities, entrepreneurs make a positive contribution to the economic growth of the community in which they operate and to the economic growth of the country. ✓✓

Accept any other correct relevant response)

Max (26)

(Allocate a maximum of 8 marks for listing of facts, headings, subheadings, and examples)

ADDITIONAL PART

Contribution of capital to increased economic growth.

- By completing other factors of production. ✓✓
- Allowing the quality of labour to produce more capital goods. ✓✓
- Allowing better quality of labour to develop and become more complex. ✓✓
- Promoting high quality labour to transfer skills from one worker to another. ✓✓
- Allowing workers to earn more and higher level of employment. ✓✓
- Improving decision making that lead to improved productivity. ✓✓
- (Accept any other correct relevant response)

Max (10)

CONCLUSION

Entrepreneurs are necessary for the economic growth of a country. Governments appreciate and acknowledge their importance. ✓✓

(Accept any other correct relevant conclusion of high order)

(2)

[40]

QUESTION 6

- **Compare and contrast the South African mixed economy and centrally planned economic system. (26)**
- **Evaluate the government's efficiency in delivering social services. (10)**

INTRODUCTION

Mixed economic system is an economic system that combines the advantages of both free market and centrally planned system. Since 1994, South Africa has adopted or chose a mixed economic system. ✓✓

(Accept any other correct relevant introduction)

(2)

BODY**MAIN PART**

Criteria	Mixed economic system	Centrally planned economic system
Description✓	<ul style="list-style-type: none"> • This is the economy where economic activities are governed by the free play market forces but are regulated by the government. ✓✓ 	<ul style="list-style-type: none"> • This is the economy where economic activities are firmly controlled by government or centrally planned authority. ✓✓
Ownership✓	<ul style="list-style-type: none"> • Consumers, producers and organisations own most of the factors of production. ✓✓ • The state may own a significant proportion. ✓✓ 	<ul style="list-style-type: none"> • Factors of production except labour are owned by the government. ✓✓ • There is no private ownership of property, land or business. ✓✓
Motivation✓	<ul style="list-style-type: none"> • In the private sector of the mixed economy, consumers and producers are assumed to be motivated by self interest. ✓✓ 	<ul style="list-style-type: none"> • Consumers, businesses and government are all assumed to be selfless, cooperating together to benefit the economy. ✓✓
Goods and services✓	<ul style="list-style-type: none"> • Consumers are sovereign, however public distribution system ensure the supply of essential goods and services. ✓✓ 	<ul style="list-style-type: none"> • Consumers are sovereign, the central authority decides what goods are to be produced for the people. ✓✓
Price determination✓	<ul style="list-style-type: none"> • Prices are determined by markets, but the government regulates/control the prices of essential goods. ✓✓ 	<ul style="list-style-type: none"> • Government decides at what price the goods are to be sold in the market. ✓✓

Output quantity ✓	<ul style="list-style-type: none"> The market demand chooses the amount of output. ✓✓ 	<ul style="list-style-type: none"> The public authority chooses the number of results. ✓✓
Economic decision making ✓	<ul style="list-style-type: none"> Economic decisions are driven the motive of both profit maximization and social welfare. ✓✓ 	<ul style="list-style-type: none"> Economic decision is driven by the motive of social welfare. ✓✓
Division of labour ✓	<ul style="list-style-type: none"> Markets depend on the division of labour. ✓✓ 	<ul style="list-style-type: none"> No division of labour is involved. ✓✓
Role of government ✓	<ul style="list-style-type: none"> Public authority has little impact on monetary exercises. ✓✓ 	<ul style="list-style-type: none"> Public authority has full command over every financial and economic activity. ✓✓
Distribution of goods and services ✓	<ul style="list-style-type: none"> Dissemination of goods and services is chosen by firms themselves, so there is unequal distribution of income. ✓✓ 	<ul style="list-style-type: none"> Appropriation of goods and services are chosen by the public authority, so they are equivalent or fair distribution of income practice. ✓✓

(Allocate a maximum of 8 marks for mere listing of facts, headings, sub-headings and examples)

Max (26)

ADDITIONAL PART

Government's efficiency in delivering social services.

- The state tries to uplift previously disadvantaged communities by providing social services (such as housing, education, medical services, basic services like water and electricity) to the poor. ✓✓
- Increase in education and training to increase literacy and improve adult literacy, e.g. building of schools, colleges, universities and Technikons. ✓✓
- Security provision is challenging as violent crime is on the increase. ✓✓
- Provision of housing for the needy ✓✓ state is falling short of its targets with regards to state pensions, disability grants, etc. the state is currently facing the reality of too many claimants and too few taxpayers. ✓✓
- Increased provision of basic health services to communities. Health care now includes free health care services to women and children under 6. ✓✓
- Government spending on HIV/AIDS has increased over the years. ✓✓
- (Accept any other correct relevant response)

Max (10)

CONCLUSION

A mixed economy is a preferred economic system in most countries because government intervention is necessary when the market fails. However, the governments face many challenges in the delivery of goods and services through corruption and inefficiency. In addition the tax base in many mixed economies is small hence less money to function efficiently. ✓✓

(Accept any other correct relevant conclusion of high order)

(2)

[40]

TOTAL SECTION C [40]

GRAND TOTAL [150]

