



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

CAPRICORN SOUTH DISTRICT

GRADE 12

**ECONOMICS 2026
PROJECT
TASK 3
MICROECONOMICS**

DATE: 13 MAY 2026

MARKS: 50

TIME: 1H00

This question paper consists of 6 pages

Topic: Microeconomics

INSTRUCTIONS AND INFORMATION

1. Answer all the questions
2. Graphs should be clearly labelled and drawn according to scale.
3. Read the questions carefully.
4. Number your answers correctly according to the numbering system used in this question paper.
5. Answer in full sentences and round off answers to TWO decimal places in the case of calculations.
6. This is an INDIVIDUAL project. Each learner's work must be UNIQUE.
7. Learners will not be credited for information copied.
8. You may use a non-programmable calculator.
9. Write legibly and neatly using a BLUE/BLACK PEN.

**QUESTION 1 (PERFECT MARKET)****(25 MARKS)**

- 1.1. Name any TWO restrictive business practices as per the competition policy. (2)
- 1.2 How does product differentiation benefit consumers in the market? (2)
- 1.3 Study the table below and answer the questions that follow.

TR, AR, MR, P and Q				
Price	Quantity	TR	MR	AR
6	0	0		
5	1	5		
4	2	8		A
3	3	9		
2	4		B	
1	5	5		C

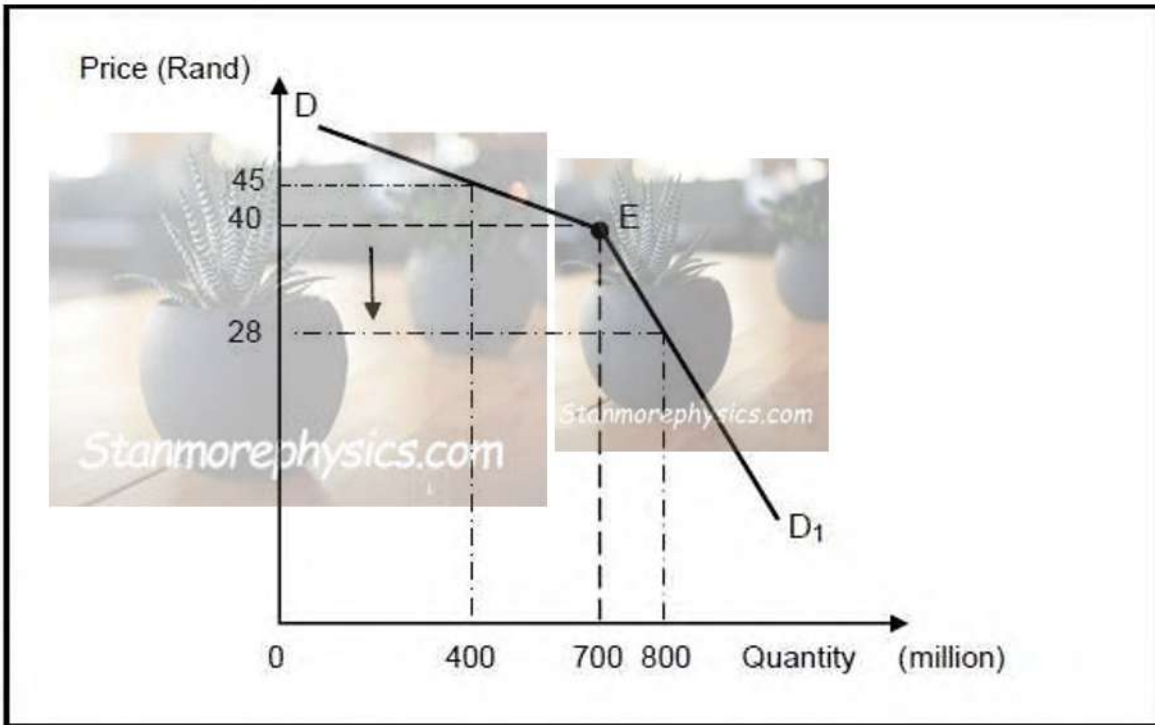
- 1.3.1 Give an example of fixed cost of a firm. (1)
- 1.3.2. Briefly describe the term *marginal revenue*. (2)
- 1.3.3. Why does the individual business take the price determined by the industry? (2)
- 1.3.4. Calculate the value of A. (2)
- 1.4. What effect does the entrance of new firms have on the perfect market? (4)
- 1.5 With the aid of a graph, explain the long run equilibrium position of the individual Producer in a perfect market. (10)



Question 2 (IMPERFECT MARKETS)

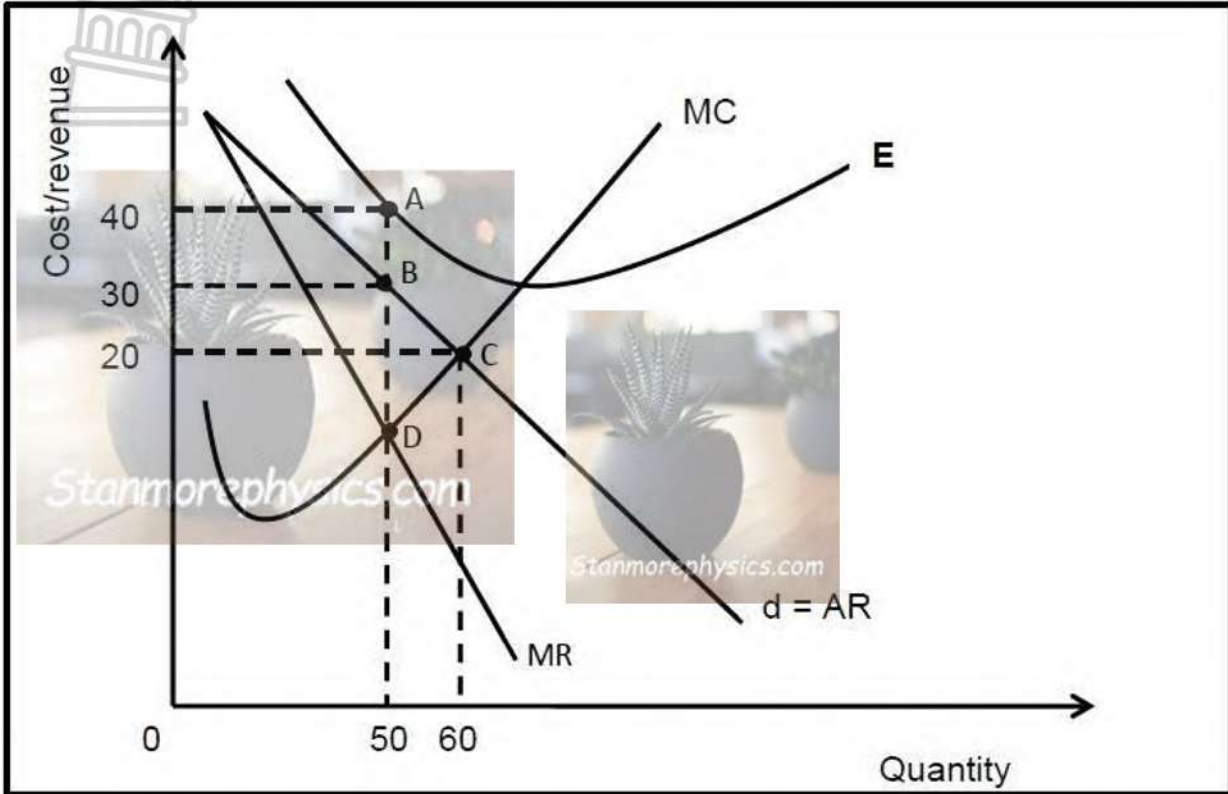
(25 MARKS)

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



- 2.1.1. Identify the inelastic segment of the demand curve. (1)
- 2.1.2. Name the demand curve above. (1)
- 2.1.3. Briefly describe the term oligopoly. (2)
- 2.1.4. How does the profit of an oligopoly differ from the profit of a monopolistic competitor in the long run? (2)
- 2.1.5. Why will the producer be reluctant to decrease the price from R40,00 to R28,00? Show ALL calculations. (2x2)= (4)

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



2.2.1. Identify the loss minimising point from the above graph. (1)

2.2.2. Provide a label for curve represented by the letter E. (1)

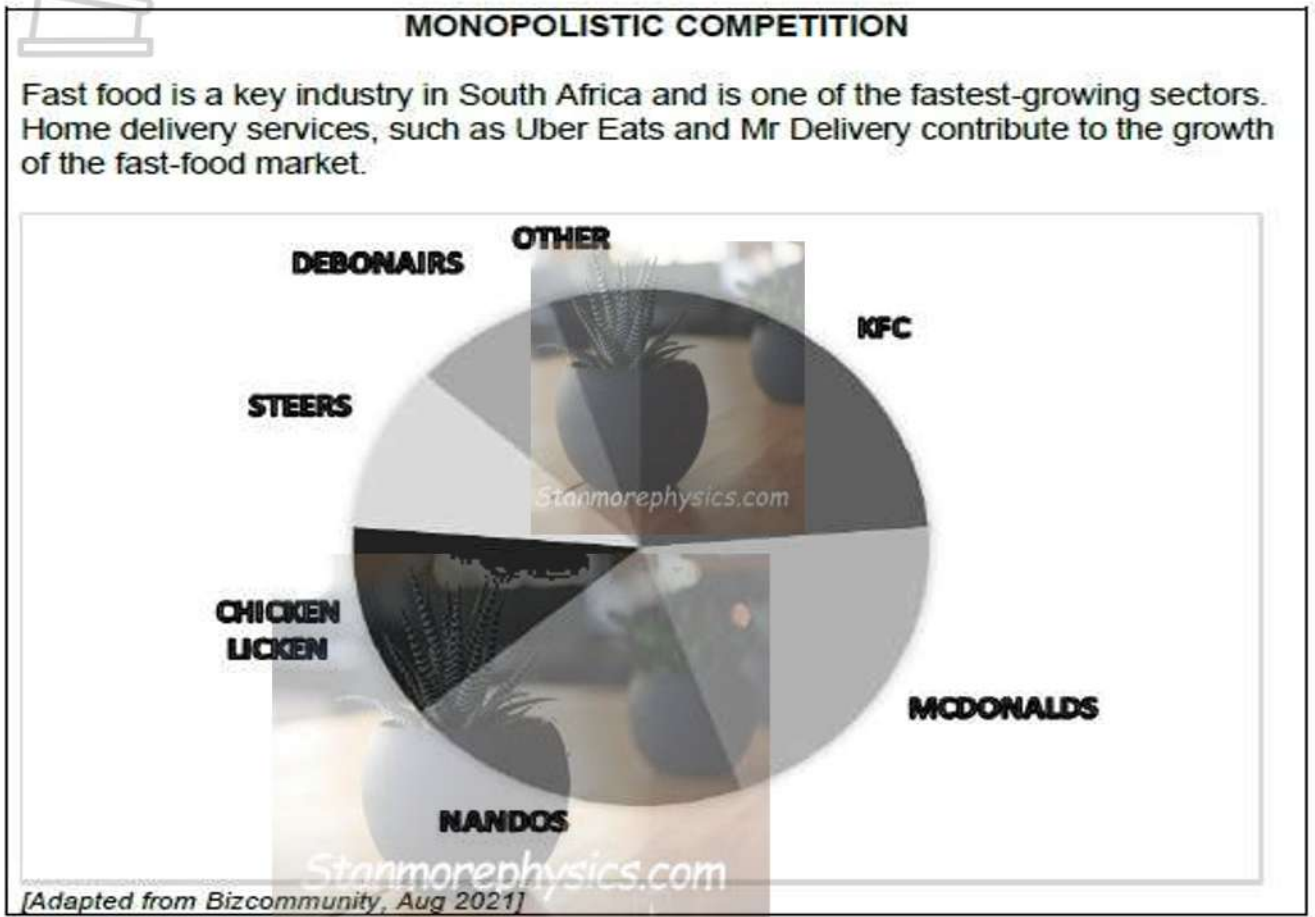
2.2.3. Briefly describe the term normal profit. (2)

2.2.4. Why does a monopoly make profit both in the short- and long-run? (2)

2.2.5. Calculate the profit/loss that is made by the firm.

Show ALL calculations (4)

2.3 Study the information below and answer questions that follow.



- 2.3.1. Identify a form of non-price competition from the information above. (1)
- 2.3.2. What type of profit is made by the fast-food industry in the long run? (1)
- 2.3.3. What is the nature of the product produced by the monopolistic competition? (1)
- 2.3.4. Briefly describe the term hybrid structure. (2)

Total Marks : 50



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Stanmorephysics.com

**ECONOMICS 2026
PROJECT**

TASK 3

MARKING GUIDELINE

MICROECONOMICS

MARKS: 50

QUESTION 1 (PERFECT MARKET)

1.1 Name any TWO restrictive business practices as per the competition



(2)

- Collusion ✓
 - Price fixing ✓
 - Price discrimination ✓
- (Accept any other relevant response)

1.2. How does product differentiation benefit consumers in the market?

- Product differentiation widens consumer choice. ✓✓
 - It enables them to make proper decisions. ✓✓
 - It is time saving. ✓✓
 - Saves consumer time during shopping hours because they know their brands. ✓✓
 - Builds or increases loyalty of the brand to the consumers. ✓✓
- (Accept any other relevant response)

(1x2) (2)

1.3. Study the table below and answer the questions that follow;

1.3.1 Give an example of fixed cost of a firm.

(1)

- Rent expense ✓
 - Insurance costs ✓
 - Salaries of top management. ✓
- (Accept any other relevant response)

1.3.2 Briefly describe the term marginal revenue

(2)

The additional income (earning) received by the firm after selling an extra unit. ✓✓

1.3.3 Why does the individual business take the price determined by the industry?

(2)

- Supply of an individual firm is very small in relation to the industry and has no influence over the market price. ✓✓
 - If an individual firm tries charge higher prices, they may either loose customers or market share. ✓✓
 - When firm charges lower prices, they can incur losses. ✓✓
- (Accept any correct answer)

1.3.4 Calculate the value of A.

(2)

$$AR = TR/Q = 8/2 = \underline{4} \checkmark \checkmark$$

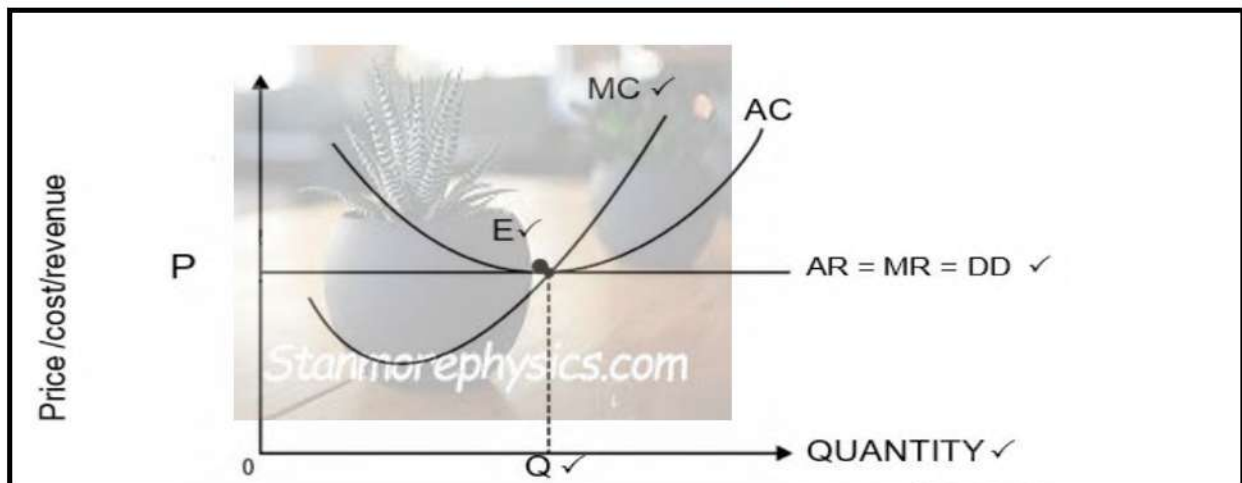
1.4. What effect does the entrance of new firms have on the perfect market?

(2 x 2) (4)

- As new firms enter, the quantity supplied increases and shift the supply curve to the right. $\checkmark \checkmark$
- Prices of goods fall as well as profits. $\checkmark \checkmark$
- As firms continue to enter the industry economic profits fall to zero and only normal profits will be experienced by producers. $\checkmark \checkmark$
- Some firms in the industry will experience economic losses and will leave the industry. $\checkmark \checkmark$
- Then the supply curve shifts to the left, increasing price and reducing losses. $\checkmark \checkmark$ (Accept any other relevant response)

1.5. With the aid of a graph, explain the long run equilibrium position of the individual producer in a perfect market.

(10)



(GRAPH MAX 4)

- In the long run, a perfectly competitive firm make a normal profit. $\checkmark \checkmark$
- It is the minimum earning required by the entrepreneur to remain in the production process. $\checkmark \checkmark$
- A market situation where the firm's average revenue is equal to average cost. $AR = AC \checkmark \checkmark$
- The minimum point of the long run average cost curve lies on the average revenue. $\checkmark \checkmark$
- Point 'e' is the breakeven point of the firm where $AR = AC \checkmark \checkmark$
(Accept any other relevant response)

MAX 6

QUESTION 2 (IMPERFECT MARKETS)

2.1 DATA RESPONSE.

2.1.1 Identify the inelastic segment of the demand curve.

ED1 / below the kink / second segment. ✓ (1)

2.1.2 Name the demand curve above.

Kinked demand curve. ✓ (1)

2.1.3 Briefly describe the term Oligopoly?

A market that is dominated by few sellers. ✓✓ (2)

(Accept any other relevant response)

2.1.4. How does the profit of an oligopoly differ from the profit of a monopolistic competitor in the long run?

The oligopoly will make economic profit over the long run compared to a monopolistic competitor making a normal profit only. ✓✓ (2)

2.1.5. Why will the producer be reluctant to decrease the price from R40, 00 to R28, 00? Show ALL calculations.

The producer's revenue will decrease. ✓✓ At a price of R40,00 the producer will earn R28 000(40x700) ✓✓ compared to an income of R 22 400(28x800) at a price of R28 ✓✓

At R40, 00 the revenue would be R28 000 ✓✓ compared to R22 400 at a price of R28, 00. ✓✓ Therefore the producer's revenue will decrease. (2x2)=(4)

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

2.2.1 Identify the loss minimizing point from the above graph.

D ✓ (1)

2.2.2 Provide a label for curve represented by the letter E.

Average costs (AC)/Average total cost (ATC) ✓ (1)

2.2.3 Briefly describe the term normal profit.

It is the profit that the firm earns when the firm's costs are equal to its revenue / It is the minimum payment required to prevent the entrepreneur from leaving the industry and use his/her factors of production elsewhere. ✓✓ (2)

(Accept any other correct relevant response)

2.2.4 Why does a monopoly make profit both in the short- and long-run?

This is because there are barriers that restrict new firms from entering a monopolist market. ✓✓ (2)

2.1.5 Calculate the profit/loss that is made by the firm. Show ALL calculations.

$$\text{Profit/Loss} = \text{TR} - \text{TC}$$

$$(30 \times 50) \checkmark - (40 \times 50) \checkmark$$

$$1500 - 2000 \checkmark$$

$$-500 \checkmark$$

(4)

2.3. DATA RESPONSE

2.3.1 Identify a form of non-price competition from the information Above

Home delivery services. ✓ (1)

2.3.2 What type of profit is made by the fast-food industry in the long run?

Normal profit. ✓ (1)

2.3.3. What is the nature of the product produced by the monopolistic competition?

Differentiated ✓ (1)

2.3.4 Briefly describe the term hybrid structure.

A Hybrid structure describes the monopolistic competition that comprised of characteristics of both the perfect competition and monopoly. ✓✓ (2)

(Accept any other correct relevant response)

TOTAL: 50 MARKS