



**BOHLABELA DISTRICT**

**GRADE 10**

**ECONOMICS**  
**CLASS TEST NO 2**  
**2026**

**MARKS: 100**  
**TIME: 1 HOUR**

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**This question paper consists of 7 pages including the cover page.**

## INSTRUCTIONS AND INFORMATION

- 1 This paper consists of **TWO** questions, answer them all.
- 2 Number the answers correctly according to the numbering system used in this question paper.
- 3 Write the question number above each question.
- 4 Read the questions carefully.
- 5 You may use a non-programmable pocket calculator.
- 6 Write neatly and legibly.



**SECTION A****QUESTION 1: CIRCULAR FLOW**

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 (1.1.1-1.1.5), e.g. 1.1.6 B

1.1.1 In a circular flow of income model, the ... is regarded as a leakage.

- A exports
- B investment
- C consumption
- D imports

1.1.2 The economy will grow if the injections are ... leakages.

- A greater than
- B less than
- C equal to
- D fewer than



1.1.3 The movement of goods and services from one country to another is called ... trade.

- A national
- B domestic
- C local
- D international

1.1.4 The role of the government in the circular is to ...

- A collect money in the form of taxes.
- B balance the cycle.
- C supply private goods and services.
- D demand goods and services from households.

1.1.5 Compensation of employees refers to the ...

- A wages and salaries paid to the workers.
- B depreciating value of fixed assets.
- C interest on capital.
- D profit to the entrepreneur.

(5 x 2) (10)

1.2 Choose the correct description from COLUMN B that matches an item in COLUMN A. Write only the letter (A-F) next to the question number (1.2.1 - 1.2.6), e.g. 1.2.6 G

COLUMN A	COLUMN B
1.2.1 Imports	A A payment by government to producers and consumers
1.2.2 Taxation	B The amount of money available to the household and/or firms to either spend or save
1.2.3 Public goods	C Levied on goods and services purchased by consumers
1.2.4 Disposable income	D Goods produced by the foreign countries and purchased by South Africans
1.2.5 Subsidy	E A compulsory payment to government by households and business.
	G These are goods and services which are provided by the government

(5 x 1) (5)

1.3 Give **ONE TERM** for each of the following descriptions. Write only the term next to the question number (1.3.1-1.3.2), e.g. 1.3.6. Needs. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The withdrawal of money from the circular flow

1.3.2 Those goods and services that people intend to use and not to resell

1.3.3 An increase in the production of goods and services in a country

1.3.4 Total expenditure on goods and services produced within the borders of the country

1.3.5 The income received by the factors of production used in the production process

(5 x 1) (5)

**TOTAL SECTION A: 20**

**SECTION B**

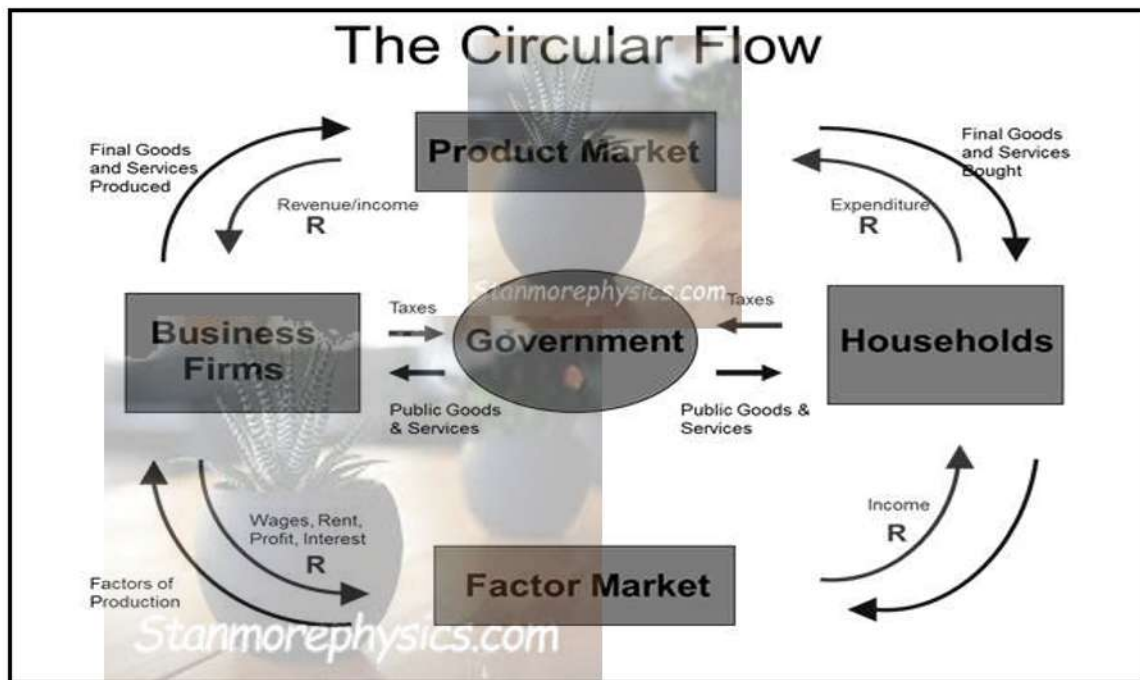
**QUESTION 2: CIRCULAR FLOW**

2.1 Answer the following questions.

2.1.1 Name any TWO the factors of production in a circular flow diagram. (1 x 2) (2)

2.1.2 Why are intermediate goods excluded when calculating gross domestic product? (1 x 2) (2)

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



[Source: Grade 10 Economics relap, Gauteng province]

2.2.1 Identify an example of a leakage from the diagram above. (1)

2.2.2 Name any ONE type of a flow in the circular flow. (1)

2.2.3 Briefly describe the term *open economy*. (2)

2.2.4 Why is investment regarded as an injection in the circular flow model? (2)

2.2.5 How would an increase in exports positively affect the South African economy? (2 x 2) (4)

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

PRODUCTION METHOD	R (millions)
Primary sector	120
Secondary sector	140
Tertiary sector	80
<b>GDP/GVA at basic price</b>	<b>340</b>
+ Taxes on products	80
- Subsidies on products	50
<b>GDP at market price</b>	<b>370</b>
+ Primary income from the rest of the world	30
- Primary income from the rest of the world	45
<b>GNI at market price</b>	<b>355</b>

- 2.3.1 Identify the economic sector under which agriculture is classified from the table above. (1)
- 2.3.2 Name any ONE example of taxes on products. (1)
- 2.3.3 Briefly describe the term *gross value added*. (2)
- 2.3.4 Why are the gross domestic product (GDP) figures usually lower than the gross national figures (GNI) in South Africa? (2)
- 2.3.5 Calculate the value of the secondary sector as a percentage of gross domestic product (GDP) at market price. Show ALL calculations (4)
- 2.4 Briefly explain the relationship between the *households* and businesses in the circular flow model. (4 x 2) (8)
- 2.5 Why are the national count aggregates important to the South African government? (4 x 2) (8)

**TOTAL SECTION B: 40**

**SECTION C**

Answer the following questions

STRUCTUTURE OF ESSAY	MARK ALLOCATION
<p><b>Introduction</b> 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> <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> 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: CIRCULAR FLOW**

- Discuss in detail the role of the FOUR markets in a circular flow of an open economy. (26 marks)
- Analyse the benefits (importance) of the circular flow model of an open economy. (10 marks) **[40]**

**TOTAL SECTION C: 40**

**GRAND TOTAL: 100**



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**ECONOMICS**

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**MARKING GUDELENES**

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**MARKS: 100**

**These MARKING GUDELENES consist of 8 pages including the cover page.**

**SECTION A**

**QUESTION 1: CIRCULAR FLOW**

**1.1 MULTIPLE CHOICE**

- 1.1.1 D Imports ✓✓
- 1.1.2 A greater than ✓✓
- 1.1.3 D International ✓✓
- 1.1.4 A collect money in the form of taxes. ✓✓
- 1.1.5 A wages and salaries paid to the workers. ✓✓

(5 x 2) (10)

**1.2 MATCH ITEM**

- 1.3.1 D ✓
- 1.3.2 E ✓
- 1.3.3 G ✓
- 1.3.4 B ✓
- 1.3.5 A ✓



(5 x 1) (5)

**1.3 CONCEPTS**

- 1.3.1 Leakage ✓
- 1.3.2 Those goods and services that people intend to use and not to resell ✓
- 1.3.3 Economic growth ✓
- 1.3.4 Gross national expenditure ✓
- 1.3.5 Gross domestic expenditure ✓

(5 x 1) (5)

**TOTAL SECTION A: 20**

## SECTION B

## QUESTION 2: CIRCULAR FLOW

## 2.1 Answer the following questions.

## 2.1.1 Name any TWO the factors of production in a circular flow diagram.

- Natural resources ✓
  - Labour ✓
  - Capital ✓
  - Entrepreneurship ✓
- (1 x 2) (2)

## 2.1.2 Why are intermediate goods excluded when calculating gross domestic product?

If intermediate goods can be added there will be double counting of the value of some products. ✓✓

(Accept any other correct relevant responses) (1 x 2) (2)

## 2.2 DATA RESPONSE

## 2.2.1 Identify an example of a leakage from the diagram above.

Taxes ✓ (1)

## 2.2.2 Name any ONE type of a flow in the circular flow.

- Real flow ✓
  - Money flow ✓
- (1)

2.2.3 Briefly describe the term *open economy*.

An economy that involves three economic participants and excludes the foreign sector. ✓✓

(Accept any other correct relevant responses) (2)

## 2.2.4 Why is investment regarded as an injection in the circular flow model?

As firms buy machinery, tool and equipment and other production inputs that they need in their businesses, they add (inject) money into the economy. ✓✓

(Accept any other correct relevant responses) (2)

### 2.2.5 How would an increase in exports positively affect the South African economy?



- It increases the sales of goods to foreign countries and thereby increase the GDP of the country. ✓✓
- Selling more goods to other countries require increased production which will drive employment and reduce unemployment rate. ✓✓
- An increase in exports leads to an improvement on the balance of payments thereby increasing the value of the currency (rand). ✓✓
- It encourages businesses to invest more capital leading to increased innovation and efficiency. ✓✓

(Accept any other correct relevant responses) (2 x 2) (4)

## 2.3 DATA RESPONSE

### 2.3.1 Identify the economic sector under which agriculture is classified from the table above.

Primary sector ✓

(1)

### 2.3.2 Name any ONE example of taxes on products.

- Value Added Tax (VAT) ✓
- Excise duty/Sin tax ✓
- Fuel levy ✓
- Import duties/tariffs ✓
- Sugar tax/Health tax ✓

(Accept any other correct relevant responses)

(1)

### 2.3.3 Briefly describe the term *gross value added*.

When the value that is added at each stages of production by each production sector is added together. ✓✓

(Accept any other correct relevant responses)

(2)

### 2.3.4 Why are the gross domestic product (GDP) figures usually lower than the gross national figures (GNI) in South Africa?

The primary income from the rest of the world into the South African economy is usually less than the primary income to the rest of the world. ✓✓

(Accept any other correct relevant responses)

(2)

### 2.3.5 Calculate the value of the secondary sector as a percentage of gross domestic product (GDP) at market price. Show ALL calculations

$$140 \checkmark / 370 \checkmark \times 100 \checkmark = 37.83\% \text{ or } 38\% \checkmark$$

(4)

2.4 Briefly explain the relationship between the *households* and *businesses* in the circular flow model.

- Households sell their factors of production to businesses sector through the factor/resource market. ✓✓
- They receive as remuneration (wages and salaries) for their factors of production. ✓✓
- Businesses sell goods and services to household through the product/goods market. ✓✓
- Businesses receive income (profit) from the sales of goods and services to the households. ✓✓

(Accept any other correct relevant responses)

**(Allocate a maximum of 4 marks for a mere listing of facts)** (4 x 2) (8)

2.5 Why are the national count aggregates important to the South African government?

- They help in measuring economic growth of a country from one year to the next. ✓✓
- Gross national income (GNI) measures the standard of living in a country as represented by the income earned. ✓✓
- They show the potential for the creation of jobs because high GDP means high production. ✓✓
- Used in comparing the prosperity or level of development between levels countries across the world. ✓✓
- Provide valuable insights for businesses, helping them make informed decisions. ✓✓
- Serve as benchmarks to assess the effectiveness of economic policies, such as fiscal stimulus packages or monetary policy decisions. ✓✓

(Accept any other correct relevant response)

**(Allocate a maximum of 2 marks for a mere listing of facts)** (4 x 2) (8)

**TOTAL SECTION B: 40**

**SECTION C****QUESTION 4: CIRCULAR FLOW**

- Discuss in detail the role of the FOUR markets in a circular flow of an open economy. (26 marks)
- Analyse the benefits (importance) of the circular flow model of an open economy. (10 marks)

**INTRODUCTION**

Markets coordinate economic activities and determine prices for goods and services / The circular flow model is a simplified representation of the interaction between the participants of the economy. ✓✓

(Accept any other relevant introduction)

(Max 2)

**BODY****MAIN PART:****Goods/Product/Output markets ✓**

These are markets for consumer goods and services. ✓✓

- In economics a distinction is made between goods and services:  
Goods are defined as any tangible items such as food, clothing and cars that satisfy some human wants or need. ✓✓
- Buying and selling of goods that are produced in markets, include:
  - Capital goods market for trading of buildings and machinery. ✓✓
  - Consumer goods market for trading of durable consumer goods, semi-durable consumer goods and non-durable consumer goods. ✓✓
- Services are defined as non-tangible actions and includes wholesale and retail, transport and financial markets. ✓✓  
Flows of private and public goods and services are real flows and they are accompanied by counter flows of expenditures and taxes on the product market. ✓✓

**Factors/Resources/Input markets ✓**

Factors of production are bought and sold in the factor market. ✓✓

The factor market includes the labour, property and financial markets. ✓✓

Factor services are real flows and they are accompanied by counter flows of income on the factor market. ✓✓

**Financial markets ✓**

They are not directly involved in production of goods and services, but act as a link between households, the business sector and other participants with surplus funds. ✓✓

Banks, insurance companies and pension funds form part of the financial market. ✓✓

**Money markets ✓**

- In the money market, short-term loans and very short-term funds (less than 3 years) are saved and borrowed by consumers and business enterprises. ✓✓
- Products sold in this market are bank debentures, treasury bills and government bonds. ✓✓
- The SARB is the key institution in the money market. ✓✓

**Capital markets ✓**

- In the capital market long-term funds (3 years or longer) are borrowed and saved by consumers and business enterprises. ✓✓
- Products sold in this market are mortgage bonds and shares. ✓✓
- The Johannesburg Security Exchange is a key institution in the capital market. ✓✓

**Foreign exchange markets ✓**

- On the foreign exchange market businesses buy/sell foreign currencies to pay for imported goods and services. ✓✓
- These transactions occur in banks and consists of an electronic money transfer from one account to another. ✓✓
- The most important foreign exchange markets are in London/New York/Tokyo. ✓✓
- The SA rand is traded freely in these markets when a person buys travellers' cheques to travel abroad. ✓✓
- Imports and exports are real flows and they are accompanied by counter flows of expenditure and revenue on the foreign exchange market. ✓✓

(Accept any other correct relevant response)

(Max 26)

**ADDITIONAL PART:**

- It allows countries to export goods and services to other nations resulting in an inflow of foreign currency into the economy. ✓✓
- A country can import goods and services that it lacks domestically thereby helping it to meet demand. ✓✓
- Open economies attract foreign investment, which can stimulate economic growth and development. ✓✓
- Consumers may purchase goods and services at lower prices due to increased level of competition among firms. ✓✓
- Open economies allow local people to have access to a wider range of goods, services, and resources. ✓✓
- More goods and services may be sold to foreign countries leading to an increase in production and greater economic growth. ✓✓
- The level of employment may increase as local production increase to meet local and international demand. ✓✓
- Exports may increase leading to an improvement in the balance of payments of the country and improved the value of the currency (rand). ✓✓
- It can encourage businesses to invest more on capital goods leading to increased innovation and efficiency. ✓✓

Accept any other correct relevant response)

(Allocate a maximum of 2 marks for a mere listing of facts)

(Max 10)

**CONCLUSION**

Markets are critically important institutions in our economic system, because they regulate the market, to safeguard price stability and general business confidence. ✓✓

(Accept any other correct relevant response)

(Max. 2)

**[40]**



**TOTAL SECTION C:**

**40**

**GRAND TOTAL: 100**

