KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 10

ECONOMICS P1

PROVINCIAL STANDARDISED ASSESSMENT

JUNE 2026

MARKS: 100

TIME : 1½ HOURS

This question paper consists of 9 pages including this page.

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 and ensure that the format, content and context of your responses complies 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 **20 MARKS – 15 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Write down the question number (1.1.1 - 1.1.5) and write only letter (A - D) next to the question number in the ANSWER BOOK.

1.1.1. An approach that studies economic aggregates is called …economics.

A. international
B. micro
C. macro
D. labour

1.1.2 The type of goods that are scarce and have an exchange value are known as…

A. economic goods
B. community goods
C. free goods
D. public goods

1.1.3 An economic sector that extracts raw material from nature is called …

A. secondary
B. tertiary
C. informal
D. primary

1.1.4 The movement of goods and services in the circular flow is known as …flow.

A. economic
B. real
C. savings
D. money

1.1.5 The factors that originate outside of the business cycle are referred to as…

A. endogenous
B. production
C. internal
D. exogenous

(5x2) (10)

1.2 **Choose a description from COLUMN B that matches an item in COLUMN A. Write ONLY the letter (A - G) next to the question number (1.2.1 – 1.2.6) in the ANSWER BOOK.**

COLUMN A	COLUMN B
1.2.1 Labour economics	A. The mechanism that links the lenders and borrowers of money.
1.2.2 Productivity	B. The successive increase in the general prices of goods and services in the country.
1.2.3 Financial market	C. Money earned by the permanent residents of the country at a given period
1.2.4 Gross domestic expenditure	D. The branch of economics that deals with employers and employees in the economy
1.2.5 Residual item	E. The relationship between input and output over a stated period.
1.2.6 Inflation	F. Balancing item on the system of national account (SNA) that caters for errors and omissions.
	G. Money spent by participants inside the borders of the country.

(6 x 1) (6)

1.3 **Give ONE term each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.4) in the ANSWER BOOK. ABBREVIATION AND ACRONYMS MAY NOT BE ACCEPTED.**

1.3.1 The method of economics that is used to collect and analyse data.

1.3.2 Goods and services that individuals can live without.

1.3.3 The market value of final goods and services produced within the borders of the country for a specific period.

1.3.4 The price of one currency expressed in terms of another currency.

(4 x 1) (4)

TOTAL SECTION A: [20]

SECTION B

Answer any ONE question of the TWO from this section in the ANSWER BOOK.

QUESTION 2 **40 MARKS – 30 MINUTES**

2.1

2.1.1. Name any TWO elements of economics. (1x2) (2)

2.1.2. How can specialisation of labour benefit producers? (2x1) (2)

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

www.goggle images.com

2.2.1 Identify any One example of free good from the above picture. (1)

2.2.2 Name the market in which consumers can buy goods and services? (1)

2.2.3 Briefly describe the term *exchange*. (2)

2.2.4 Explain the role of the factor market in the circular flow. (2)

2.2.5 Why is development economics an important branch of the study in economics? (4)

(10)

2.3 **Study the information below answers the questions that follow**

LEAKAGES AND INJECTIONS

ITEMS	R/MILLIONS
Government spending	R95
Investment spending	R180
Taxes	R95
Imports	R40
Savings	R60
	Source: Google.com

2.3.1. Identify the compulsory payment made by participants to government from the above table. (1)

2.3.2 Name the injection that represent earnings from goods and services sold across the border (1)

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

2.3.4 Explain the effect of an increase in injections on national income. (2)

2.3.5 Calculate the value of leakages from the table above. (Show all calculations) (4)

(10)

2.4 Differentiate between positive and normative statements. (8)

2.5 Discuss the possible solutions for environmental problems in South Africa. (8)

[40]

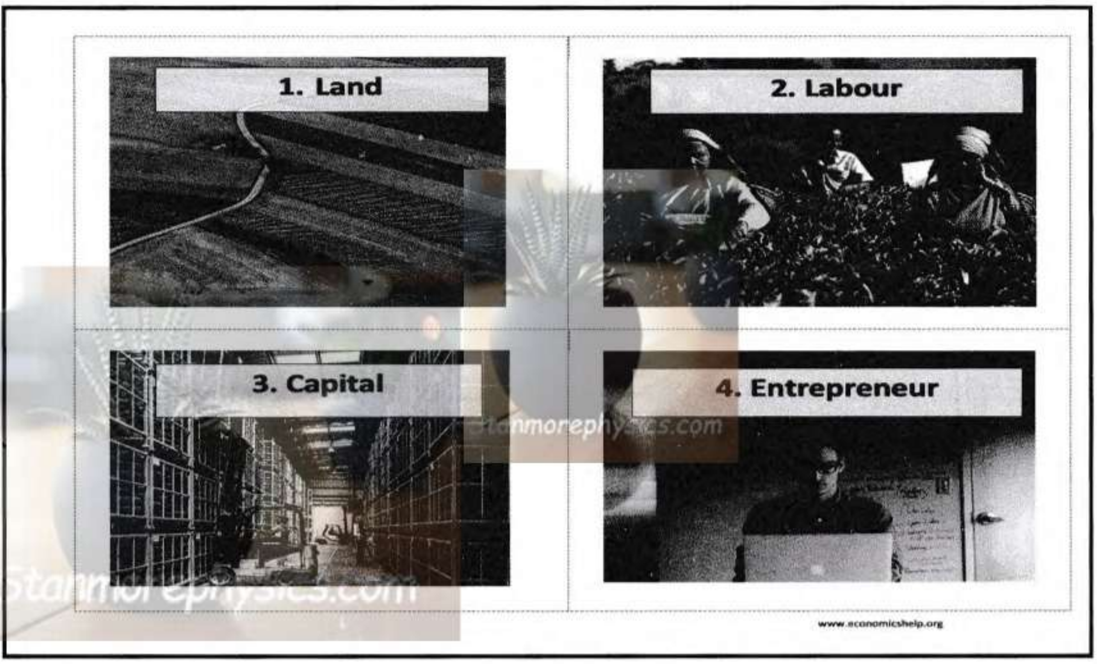
QUESTION 3

3.1 **Answer the following questions.**

3.1.1 Name any TWO types of indicators in the business cycle. (1x2) (2)

3.1.2 What is the effect of an increase in tax on the price of the product? (2x1) (2)

3.2 **Study the information below and answer the following questions.**



3.2.1 Identify the factor of production that represents human effort towards the production process. (1)

3.2.2 Name any ONE example of capital good that is used in the production process. (1)

3.2.3 Briefly describe the term *mass production*. (2)

3.2.4 Explain the importance of the entrepreneur in the production of goods and services. (2)

3.2.5 How can the capital-intensive method of production negatively affect the economy? (4)

(10)

3.3 **Study the following table and answer the questions that follow.**

> **Long-suffering Durban residents could wait years for end to water crisis.**
>
> Ngonyameni residents in Durban have been relying on eThekwini Municipality's water tankers for six years. Ethekwini is a metropolitan municipality in KwaZulu-Natal, serving as key local government entity.
>
> The Municipality had said that Mkhomazi Water Project, which includes the construction of a dam, is their long-term plan to address the water shortage. But it is only expected to be completed in 2032
>
> Source extracted from groundup.org.za

3.3.1 Identify the level of government discussed on the extract above. (1)

3.3.2 Name the type of scarcity that is discussed in the extract. (1)

3.3.3 Briefly describe the term *opportunity cost.* (2)

3.3.4 Explain the importance of secondary sector in the economy. (2)

3.3.5 How can scarcity of water negatively affect farming? (4)

(10)

3.4 Briefly discuss types of consumer goods (8)

3.5 How can endogenous factors positively affect the economy? (8)

TOTAL SECTION B: [40]

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below to obtain maximum marks:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower order-response • A good starting point would be to define the main concept related to the question topic. • Do not include any part of the question in your introduction. • Do not include any part of the introduction in your body. • Avoid saying 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.	Max. 26
Additional part: 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	Max. 10
Conclusion Any high-order conclusion should include: • A summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgment 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 5

- Discuss in detail the FOUR main economic participants in the circular flow of an open economy. (26)
- Analyse the importance of an open economy to South Africa. (10)

[40]

QUESTION 6

- With an aid of a fully labelled diagram, discuss in detail the features of the business cycle. (26)
- How can the upswing as a period of business cycles benefit economically Vulnerable people? (10)

[40]

TOTAL MARKS: [100]

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FINAL

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GRADE 10

ECONOMICS P1
MARKING GUIDELINES

JUNE 2026

MARKS: 100

This marking guidelines consists of 13 pages including this page.

SECTION A

QUESTION 1

1.1 Multiple Choice

1.1.1. C. macro✓✓

1.1.2. A. economic goods✓✓

1.1.3 D. primary✓✓

1.1.4 B. real✓✓

1.1.5 D. exogenous✓✓ (5x2) (10)

1.2 Matching

1.2.1 D The branch of economics that deals with employers and employees in the economy.✓

1.2.2 E The relationship between input and output over a stated period. ✓

1.2.3 A The mechanism that link the lenders and borrowers of money. ✓

1.2.4 G Money spent by participants inside the borders of the country. ✓

1.2.5 F Balancing item on the system of national account (SNA) that caters for errors and omissions. ✓

1.2.6 B The successive increase in the general prices of goods and services in the country. ✓

(6 x 1) (6)

1.3 Give Concepts

1.3.1 Scientific method✓

1.3.2 Wants✓

1.3.3 Gross domestic product ✓

1.3.4 Exchange rate✓

(4 x 1) (4)

TOTAL SECTION A: [20]

SECTION B

QUESTION 2

2.1.1. Name any TWO elements of economics. **(1x2) (2)**

- Equity ✓
- Scarcity ✓
- Efficiency ✓
- Choice ✓

(Accept any other correct and relevant answer)

2.1.2. How can specialisation of labour benefit producers? **(2x1) (2)**

Specialisation of labour leads to more output per worker which will improve producers profit. ✓✓

(Accept any other correct and relevant answer)

2.2 Data Response

2.2.1 Identify any One example of free good from the above picture. **(1)**

- Air ✓
- Soil ✓
- Rain water ✓

2.2.2 Name the market in which consumers can buy goods and services? (1)

Goods market/ Product market ✓

2.2.3 Briefly describe the term *exchange.* **(2)**

Exchange is the process of trade (selling and buying) that takes place when goods and services are traded for money. ✓✓

(Accept any other correct and relevant answer)

2.2.4 Explain the role of the factor market in the circular flow. **(2)**

- The factor market provides a place where factors of production can be bought and sold. ✓✓
- Factor market supplies factors of production to firms for production to take place leading to an increase in economic growth. ✓✓

(Accept any other correct and relevant answer)

2.2.5 Why is development economics an important branch of the study in economics? **(4)**

- Development economics help economist to understand the importance of improving social welfare and bridge the gap between rich and poor societies. ✓✓
- Having studied development economics, politicians will understand the methods used to distribute income and wealth amongst the worlds. ✓✓

(Accept any other correct and relevant answer)

(10)

2.3 Data Response

2.3.1. Identify the compulsory payment made by participants to government from the table. **(1)**

Taxes✓

2.3.2 Name the injection that represent earnings from goods and services sold across the border **(1)**

Export✓

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

Subsidies refers to financial assistance that is given by the government to businesses to boost output and households to encourage consumption of specific goods or improve the standard of living. ✓✓
(Accept any other correct and relevant answer)

2.3.4 Explain the effect of an increase in injections on national Income. **(2)**

Injections will lead to an increase in aggregate demand, which can stimulate economic growth and reduce unemployment which results to a multiplier effect, where an injection results in a larger final increase in national income. ✓✓
(Accept any other correct and relevant answer)

2.3.5 Calculate the value of leakages from the table above. (Show all calculations) **(4)**

L=Taxes +Saving + Import

L= R95m✓ + R60m✓ + R40m✓

L= R195m✓

(10)

2.4 Differentiate between positive and normative statements. (8)

Normative statement

- Normative statements are subjective statements that involve opinion, value judgements or statements about what should be or ought to be. ✓✓
- They are based on personal beliefs, preferences, or ethical considerations. ✓✓
- They express subjective viewpoint or arguments about what is desirable or morally right/wrong in the economy. ✓✓
- Normative statements cannot be proven or disproven purely through empirical evidence because they involve judgements and opinions. ✓✓
- Example: 'A higher minimum wage was necessary for ensuring a living wage for workers.' ✓

Positive Statement

- Positive statements are descriptive statements based on facts, data, and empirical evidence. ✓✓
- They are objective statements that can be tested or verified using observation, measurements, or scientific analysis. ✓✓
- They are aimed to describe how the economy works, what is currently happening, or what has happened in the past. ✓✓
- They are free from personal opinions, value judgements, or beliefs. ✓✓
- Positive statements are based on verified data and can be confirmed or refuted through empirical evidence. ✓✓
- Example: "The unemployment rate in the country is 35%"✓

(Accept any other correct and relevant answer)

2.5 Discuss the possible solutions for environmental problems in South Africa. (8)

- The government can charge green tax on the production of goods and services which pollute the environment ✓✓e.g. tyres ✓
- Educate people so that they can understand the importance and value of our natural resources. ✓✓
- Government can encourage society to take care of the environment by rewarding individuals and businesses who voluntarily join local environment efforts, campaigns and programmes like beach clean-up and tree planting. ✓✓
- Government officials' regulations and laws to reduce pollution. ✓✓
- Government must give subsidies to companies that use environmentally friendly methods. ✓✓
- Both the public and private sector can use measures and initiatives that are preferred around the world to reduce pollution. ✓✓
- All stakeholders can develop cleaner and safer technology which has fewer waste products. ✓✓

(Accept any correct and relevant response) **[40]**

QUESTION 3

3.1 Answer the following questions.

3.1.1 Name any TWO types of indicators in the business cycle. (1x2) (2)

- Leading indicators✓
- Coincident indicators✓
- Lagging indicators✓
- Composite indicators✓

3.1.2 What is the effect of an increase in tax on the price of the product? (2x1) (2)

An increase in tax will lead to an increase in the price of the product. ✓✓

(Accept any other correct and relevant answer)

3.2 Data Response

3.2.1 Identify the factor of production that represents human effort towards the production process (1)

Labour✓

3.2.2 Name any ONE example of capital good that is used in the production process. (1)

Machinery✓
- Tools✓

(Accept any correct and relevant answer)

3.2.3 Briefly describe the term *mass production*. (2)

Mass production refers to the production of goods in larger quantities using assembly lines that may result in lower cost per unit. ✓✓

(Accept any other correct and relevant answer)

3.2.4 Explain the importance of the entrepreneur in the production of goods and services. (2)

Entrepreneurs identified the needs of individuals and combine other factors of production to be used in the production of goods and services that will satisfy needs and wants. ✓✓

(Accept any other correct and relevant answer)

3.2.5 How can the capital-intensive method of production negatively affect the economy? **(4)**

- Using more machines than labour, will cause more unemployment in the economy. ✓✓
- During load shedding there will be less production which will decrease real GDP✓✓
- Import of capital goods causes dependency on foreign markets and will increase local prices.✓✓

(Accept any other correct and relevant answer)

(10)

3.3 Data Response

3.3.1 Identify the level of government discussed on the extract above. **(1)**

Local Government/Munucipality✓

3.3.2 Name the type of scarcity that is discussed in the extract. **(1)**

Absolute scarcity✓

3.3.3 Briefly describe the term *opportunity cost.* **(2)**

- Opportunity cost refers to the value of the next best alternative not chosen. ✓✓
- The sacrifice people make by choosing one option over the other. ✓✓

(Accept any other correct and relevant answer)

3.3.4 Explain the importance of secondary sector in the economy. **(2)**

- To process natural resources extracted by primary sector into final product. ✓✓
- To provide job opportunities to unemployed so as to improve the standard of living. ✓✓
- Government will levy taxes from these industries which broaden the tax base. ✓✓

(Accept any other correct and relevant answer)

3.3.5 How can scarcity of water negatively affect farming? **(4)**

- Agricultural products will not grow which will in turn increase the price of fruits and vegetables. ✓✓
- Farmers will incur increasing cost of production since they must improve their facilities ✓✓e.g. digging boreholes that provide water to their farms. ✓
- Shortage of water will lead to death of livestock which may increase the price of meat. ✓✓

(Accept any other correct and relevant answer)

(10)

3.4 Briefly discuss types of consumer goods **(8)**

- **Durable consumer goods**✓ they last for a long period of time✓✓ e.g. furniture✓
- **Semi-durable consumer goods**✓ they last for some time but not long as durable goods✓✓ e.g. clothing. ✓
- **Non-durable consumer goods**✓ they are consumed in the process of being used which means they are used only once✓✓ e.g. food✓
  (Accept and correct and relevant answer)

(Maximum of 4 marks for mere listing and examples)

3.5 How can endogenous factors positively affect the economy? **(8)**

- Many job opportunities can be created in an economy when government spending increases. ✓✓
- An increase in consumption of goods and services through tax reduction and other method like social grants a country can improve economic growth. ✓✓
- Export subsidies create more demand for labour in the local economy while increasing employment. ✓✓
- Decreasing interest rates will encourage local investment in capital goods that can improve production of goods and services. ✓✓
- Increasing interest rates may also encourage foreign investors that will boost economic growth of a country. ✓✓
  (Accept any correct and relevant answer)

TOTAL SECTION B: [40]

SECTION C

QUESTION 5

Discuss in detail the FOUR main economic participants in the circular flow of an open economy. **(26)**

Introduction

The model that shows the flow of income, production and expenditure in an economy. ✓✓ **(2)**

(Accept any correct and relevant introduction)

BODY: MAIN PART

Households/consumers. ✓
- Households are the owners of the factors of production of which they sell to businesses as labour. ✓✓
- Households earn income as wages or salaries in return for their factors of production from firms. ✓✓
- Households also have needs which are satisfied through the consumption of goods and services from businesses. ✓✓

Business enterprise/Firms. ✓
- Business enterprises purchase the factors of production from households in the factor market. ✓✓
- They use the factors of production to produce goods and services which are sold to households in the goods market. ✓✓
- Businesses export and import goods and services to foreign sector. ✓✓
- Firms are the link between all participants of the closed economy and the foreign sector. ✓✓

The public sector/Government. ✓
- They comprise of local, provincial and national government which provide services to all participants in an open economy. ✓✓
- The government participates in the economy by purchasing factors of production from households in the factor market and by purchasing goods and services from firms in the goods market. ✓✓
- The State also provides households and business enterprise with public goods and services. ✓✓ E.g. health care, education, safety and defence and law and order. ✓
- Government receives revenue from businesses and households in the form of taxes. ✓✓
- Government also formulates the macroeconomic policies that are carried out by other participants so that the main objectives of the country are achieved. ✓✓

The foreign sector. ✓

- The foreign sector represents all the other countries of the world. ✓✓
- Trade between the foreign sector and households and firms takes place in the foreign market in the form of imports and exports. ✓✓
- Businesses make products that can be sold overseas, these goods are then exported to other countries and the businesses receive money for the products that they have exported. ✓✓

(Max of 8 marks for subheading and examples)

(26)

(Accept any correct and relevant answer)

ADDITIONAL PART

Analyse the importance of an open economy to South Africa. **(10)**

- Being an open economy allows South Africa to engage in international trade, both importing and exporting goods and services. This provides access to a broader market for South African products. ✓✓
- International trade can stimulate economic growth by increasing market size and demand for South African products. ✓✓
- Export-led growth can lead to increased production, job creation, and income generation. ✓✓
- An open market attracts foreign direct investment (FDI) which brings capital, technology, and expertise, which can boost economic development. ✓✓
- South Africa can access resources that are not readily available domestically like crude oil through international trade. ✓✓
- Export earnings can be used to pay for imports, services and foreign debt, and build foreign reserves. ✓✓
- Openness to international trade promotes cultural exchange and cross-cultural understanding and promotes tolerance and diversity. ✓✓

(Maximum 2 marks for mere listing of facts)
(Accept any other correct and relevant answer)

Conclusion:

The circular flow will be in equilibrium when leakages are equal to injections and all participants play their functional roles effectively. ✓✓ (Max 2)
(Accept any other correct and relevant conclusion)

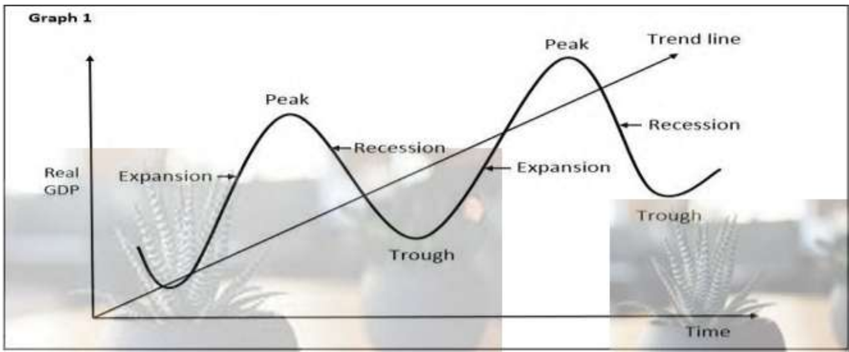
[40]

QUESTION 6

- **With an aid of a fully labelled diagram, discuss in detail the features of the business cycle.** **(26)**

INTRODUCTION
Business cycle refers to the successive ups and downs movement of economic activities in an economy. ✓✓ (Accept any other correct and relevant introduction) **(Max. 2)**

BODY MAIN PART



Mark allocation
Labelling of axis = 1 mark
Trend line = 1 mark
Labelling of phases/turning points graph = 1 mark
Shape = 1 mark
TOTAL = 4 Marks

1. Length✓
- This is the time that it takes for a business cycle to move through one complete cycle. ✓✓
- It is measured from peak to peak/ trough to trough. ✓✓
- It is useful to know the length because the length tends to remain relatively constant over time. ✓✓
- If business cycles have longer length, we consider the economy to be strong. ✓✓

2.**Trendline**✓
- A trend line shows the general direction of the economy. ✓✓
- It usually has a positive slope because the production capacity of the economy increases over time. ✓✓
- Trends are useful because they indicate the general direction in which the economy is headed. ✓✓
- It indicates the rate of increase or decreases in the level of output. ✓✓

PHASES OF THE BUSINESS CYCLES

1. RECESSION ✓
- During a recession, money is in short supply unemployment increases because 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. ✓✓
- The level of inflation will decrease as people have less disposable income. ✓✓

2. 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. 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 a period of prosperity. ✓✓

4. EXPANSION✓

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

POINTS OF BUSINESS CYCLES

Peak✓

- The peak is the upper turning point of the business cycle. ✓✓
- At the peak there is a higher rate of inflation which is problematic for economy. ✓✓

Trough✓

- The trough is the lower turning point of the business cycle. ✓✓
- Unemployment is at its highest because of the lowest economic activity✓✓

(Max of 8 marks for subheading and examples)

(Accept any other correct and relevant answer)

(Max. 26)

ADDITIONAL PART

- **How can the upswing as a period of business cycles benefit economically vulnerable people? (10)**

- During the upswing the standard of living of economically vulnerable people will improve since they will get employment. ✓✓
- Their income will increase leading them to an increase in their affordability of goods and services. ✓✓
- Businesses improve their production which will lead to more goods available to maximise their choice. ✓✓
- Increase in government spending during the upswing will lead to more services rendered to them. ✓✓
- Private sector may invest by improving their skills as they get more profit. ✓✓
- Price increase during upswing will offset wage increase which may decrease their disposable income. ✓✓

(Accept any other and relevant answer)
(Maximum 2 marks for mere listing of facts/examples)

Conclusion:

It remains clear that business cycles must be closely monitored through the indicators available and policy makers must act to prevent economic instability. ✓✓
(Max 2)

(Accept any other correct and relevant conclusion)

[40]

TOTAL MARKS: [100]