



Education and Sport Development

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NORTH WEST PROVINCE

PROVINCIAL ASSESSMENT

GRADE 11

ECONOMICS P2

JUNE 2019

MARKS: 150

TIME: 2 hours

This question paper consists of 10 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. Answer in excess of the required number will NOT be marked.
3. Number the answers 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 the questions in full sentences and ensure that the format, content and context of your response comply with the cognitive requirements of the questions.
9. Use only black or blue ink.
10. You may use non-programmable calculator.
11. Write neat and legibly.

SECTION A (COMPULSORY)
QUESTION 1**30 MARKS - 20 MINUTES**

1.1. Various options are provided as possible answers the following questions. Choose the answers and write only the letter (A – D) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK for example 1.1.9. D.

1.1.1 The satisfaction derived from consuming a good or service is called:

- A opportunity cost
- B utility
- C monetary value
- D desire

1.1.2 If the cross elasticity of demand for two goods is + 1.8, the goods are said to be . . .

- A complements
- B substitutes
- C inferior
- D superior

1.1.3 ... is the ratio between the price of a product and the price of other products.

- A Market
- B Absolute
- C Basic
- D Relative

1.1.4 Which one of the following is a perfect competitor

- A Capitec, one of the few banks in South Africa
- B SABC's TV service
- C A tomato grower in Boschpoort
- D DeBeers, the provider of most of the rough diamonds in the world

1.1.5 A market situation dominated by few large businesses is known as ...

- A an oligopoly
- B monopoly
- C monopolistic competition
- D perfect market

1.1.6 A stage in the long run average cost curve (LRAC) where production neither increases or decreases is known as ...

- A constant returns to scale
- B economies of scale
- C diseconomies of scale
- D normal profit



1.1.7 The law that describes how utility begin to fall once ,marginal utility becomes negative called the law of ...

- A falling utility
- B decreasing utility
- C diminishing marginal utility
- D disutility

1.1.8 Average variable cost is calculated by ...

- A variable costs divided by number of units produced
- B fixed costs divided by units produced
- C fixed costs minus variable costs
- D total costs plus fixed costs

(8 x 2) (16)

1.2. Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A – I) next to the question number (1.2.1.to1.2.8) in the ANSWER BOOK.

Column A	Column B
1.2.1 Income elasticity of demand	A the total satisfaction gained by adding up all the utils
1.2.2 Monopolies	B To maximize profit
1.2.3 Perfectly elastic	C $TFV + TVC$
1.2.4 Long run	D Falling average costs as the costs are divided over more units of output
1.2.5 Business objective	E period of time in which a business can increase all its inputs
1.2.6 Total utility	F Only one supplier of a unique product
1.2.7 Total cost	G Does not react to price changes
1.2.8 Economies of scale	H Barriers to enter the market
	I Measures the responsiveness of demand to a change in income

(8 x 1) (8)

1.3 Give one term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Abbreviation and acronyms WILL NOT be accepted.

- 1.3.1 When something is in short supply and is not readily available
- 1.3.2 The period of time that the business is unable to increase at least one of its inputs.
- 1.3.3 A change in price that causes exactly the same change in quantity demanded
- 1.3.4 Measures the cost of producing each additional unit
- 1.3.5 A good that demanded in smaller quantities when income rises
- 1.3.6 The change in total revenue when an additional unit of a product is sold

(6 x 1) (6)

TOTAL SECTION A: 30



Section B

Answer TWO of the three questions in the ANSWER BOOK.

QUESTION 2**40 MARKS – 30 MINUTES**

2.1 Answer the following questions

2.1.1 Give TWO examples of substitute goods (2x1) (2)

2.1.2 What would encourage a producer to continue increasing its production (1x2) (2)

2.2 Study the picture below and answer the questions that follow



[Source : picgra.com 855843254]

- 2.2.1 Which worldwide company produces films (1)
- 2.2.2 What relationship do movies have with popcorns (1)
- 2.2.3 Briefly describe *complementary goods* (2)
- 2.2.4 What will happen to the demand of popcorns if the movie price decreases (2)
- 2.2.5 The movie price at Nu Metro is R75.00 and the price at Ster Kinekor is R62.00. Explain the relative price and what it would be if I choose to Watch the movie at Ster Kinekor? (2x2) (4)



2.3 Study the table below and answer the questions that follow

Number of Burgers	Total utility	Marginal utility
1	10	10
2	18	8
3	23	5
4	25	2
5	26	1
6	24	A

[Adapted from Focus Economics grade 11 page 97 figure 5.2]

- 2.3.1 What is the source of the table above? (1)
- 2.3.2 How much was marginal utility in unit 3 (1)
- 2.3.3 Briefly describe the term *Marginal utility* (2)
- 2.3.4 Calculate A in the above table (2)
- 2.3.5 Draw a marginal utility graph using the information above (4)
- 2.4 Briefly discuss the *ability to store product* and *the nature of the product* as factors affecting the elasticity of supply (8)
- 2.5 Why is it important for an entrepreneur to cover implicit and explicit cost (4x2) (8)

[40]

QUESTION 3

40 MARKS – 30 MINUTES

3.1 Answer the following questions

- 3.1.1 Name any TWO items that are traded in the factor market (2x1) (2)
- 3.1.2 Why will the answer always have a minus sign when calculating the price of elasticity of demand (2)

3.2 study the extract below and answer the questions that follow

Discovery Bank set to challenge Capitec on interest

Discovery Bank is hoping to shake up the local banking sector by offering a decent interest rate on transactional account balances.

It's a departure from the traditional set-up, which has seen Absa, First National Bank, Nedbank and Standard Bank offer minimal interest rates on transactional bank account balances – largely because these four dominant banks have been an oligopoly for years. [Source: city-press.news24.com/Business2019 March 25]

- 3.2.1 Which are TWO banks mentioned in the extract above (2)
- 3.2.2 List TWO features of an oligopoly (2x1) (2)
- 3.2.3 Briefly describe the term *oligopoly* (2)
- 3.2.4 How does branding assist a company operating in an oligopoly market structure? (2x2) (4)



3.3 Study the cartoon below and answer the questions that follow



[sources <https://www.economiccartoons.com> 2018]

- 3.3.1 Identify natural monopoly from the cartoon above (1)
- 3.3.2 Which word indicates that the price of electricity has increased? (1)
- 3.3.3 Briefly explain one characteristic of a monopoly in relation to price (2)
- 3.3.4 Briefly describe the term *natural monopoly* (2)
- 3.3.5 How are competitors prevented from entering this type of market (4)
- 3.4 Briefly discuss the SMART principle in designing the objectives of business (4x2) (8)
- 3.5 How can oligopolies increase their market share? (8)

[40]

QUESTION 4

40 MARKS – 30 MINUTES

4.1 Answer the following questions

- 4.1.1 List TWO examples of fixed costs (2x1) (2)
- 4.1.2 What impact will an increase in the prize of maize have on the supply of maize (2)



4.2 Study the table below and answer the questions that follow

Price	Quantity	Total revenue	Marginal revenue	Total cost	Profit / Loss
15	1	15		20	
15	2	30	A	25	
15	3	45		28	
15	4	60		30	B
15	5	75		35	

4.2.1 Identify the market structure which is represented in the table above (1)

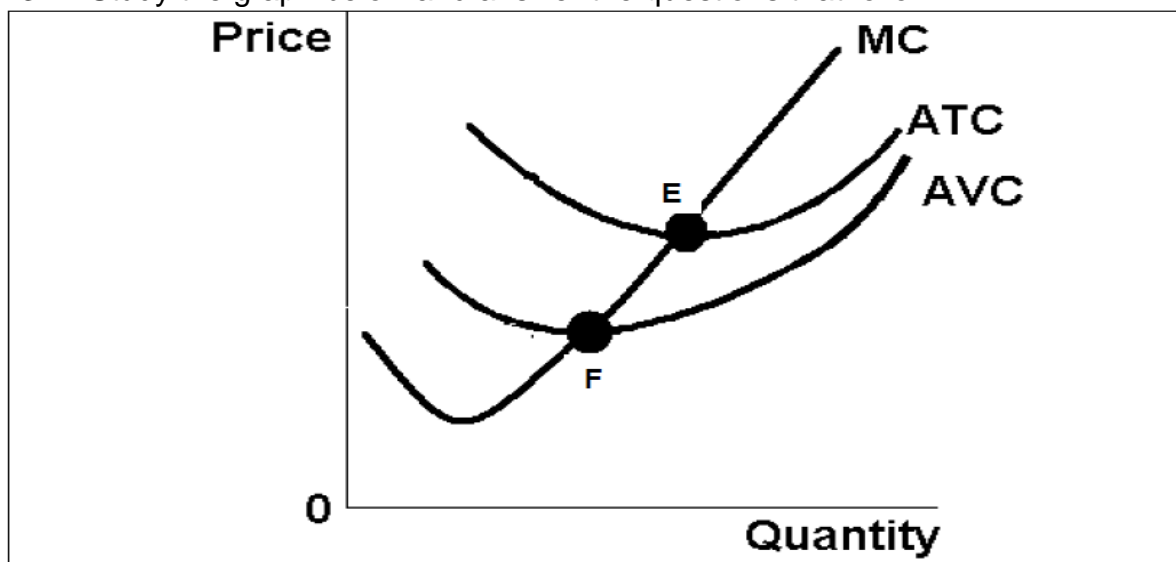
4.2.2 What is the formula used to calculate profit/loss (1)

4.2.3 Briefly describe the term *marginal cost* (2)

4.2.4 Why is the value of the average revenue R15? (2)

4.2.5 Calculate the values of **A** and **B**. Show all calculations. (2x2) (4)

4.3 Study the graph below and answer the questions that follow



4.3.1 What are the full names for MC and AVC (2)

4.3.2 What is indicated by point F on the graph? (2)

4.3.3 Why is the AVC always below the ATC? (2)

4.3.4 Explain the shapes of the ATC, AVC and MC. (4)

4.4 Briefly discuss the relationship between the product and factor market (8)

4.5 With the aid of a diagram, explain the relationship between average and marginal revenue when price is constant at all levels of output (8)

[40]**TOTAL SECTION B: 80**

Section C

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
<p>Introduction The introduction is the lower – order response.</p> <ul style="list-style-type: none"> • 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 the introduction. • Do not repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in the body. 	Max. 2
<p>Body Main part: Discuss in detail/In – depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain Additional part: Give own opinion/ Critically discuss/Discuss/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Compare the given graph/Calculate/Deduce/Compare/Explain/Distinguish/Interpret/Briefly debate/How/Suggest</p>	Max. 26 Max. 10
<p>Conclusion Any higher – order conclusion should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgement on the facts discussed. • Additional support information to strengthen the discussion/analysis • A contradictory view point with motivation, if required. • Recommendations. 	Max 2
TOTAL	40

QUESTION 5: MICROECONOMICS**40 MARKS – 40 MINUTES**

- Compare in detail the features of a monopoly with those of perfect market (26)
- Why would government support of license monopolies? (10)

[40]**QUESTION 6: MICROECONOMICS****40 MARKS – 40 MINUTES**

- Fully explain the factors affecting price elasticity of demand (26)
- In addition, mention the different types of price elasticity of demand (10)

[40]**TOTAL SECTION C: 40****GRAND TOTAL: 150**