

# SMARTWIZ

## GRADE10 ECONOMICS EXAM

**MARKS: 100**

MARKS	

**TIME: 2 hours**

**SCHOOL** \_\_\_\_\_

**CLASS (e.g. 4A)** \_\_\_\_\_

**SURNAME** \_\_\_\_\_

**NAME** \_\_\_\_\_

### Instructions for Learners:

- Read all the instructions carefully before you begin the exam.
- Write your name and learner number clearly on the answer sheet/booklet.
- Answer all the questions unless otherwise instructed.
- Show all your work/calculations where applicable.
- Write neatly and legibly.
- Use only blue or black ink. *Do not use correction fluid or tape.*
- No electronic devices (calculators, phones, etc.) are allowed unless explicitly permitted.
- Raise your hand if you have any questions.
- Do not talk to other learners during the exam.
- Any form of cheating will lead to disqualification.

**This test consists of 6 pages including the cover page.**

## SECTION A: COMPULSORY (20 MARKS)

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### QUESTION 1: MULTIPLE CHOICE (10 × 1 = 10)

Choose the correct letter (A–D) and write it next to the question number.

1.1 Which of the following represents a leakage from the circular flow?

- A. Investment    B. Government spending    C. Imports    D. Exports

**Answer:** \_\_\_\_\_

1.2 A market economy relies mainly on:

- A. Government planning  
B. Price mechanism  
C. Community decision-making  
D. Labour unions

**Answer:** \_\_\_\_\_

1.3 An increase in demand causes:

- A. A fall in supply  
B. A rise in equilibrium price  
C. A decrease in GDP  
D. A budget surplus

**Answer:** \_\_\_\_\_

1.4 What is a key feature of perfect competition?

- A. One seller dominates  
B. No barriers to entry  
C. Brand loyalty  
D. Price setting by government

**Answer:** \_\_\_\_\_

1.5 A country's natural wealth is part of:

- A. Capital resources    B. Human resources  
C. Infrastructure    D. Land

**Answer:** \_\_\_\_\_

1.6 Productivity refers to:

- A. Income from exports  
B. Output per unit of input  
C. Number of employees  
D. Profit after tax

**Answer:** \_\_\_\_\_

1.7 Government expenditure on infrastructure is a form of:

- A. Private consumption  
B. Public investment

- C. Foreign aid
- D. Budget surplus

**Answer:** \_\_\_\_\_

1.8 The demand for petrol is considered inelastic because:

- A. It has many substitutes
- B. Consumers can store it
- C. It's a necessity
- D. Its price is stable

**Answer:** \_\_\_\_\_

1.9 Which one is not included in GDP?

- A. Wages
- B. Sales revenue
- C. Unpaid housework
- D. Investment

**Answer:** \_\_\_\_\_

1.10 The SARB is responsible for:

- A. Lending money to the public
- B. Setting tax rates
- C. Printing money and controlling inflation
- D. Importing gold

**Answer:** \_\_\_\_\_

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## QUESTION 2: MATCHING ITEMS (5 × 1 = 5)

Match Column A with Column B.

Column A	Column B
2.1 Production	A. Total output of a country in a year
2.2 Regressive tax	B. Making goods and services
2.3 Gross Domestic Product (GDP)	C. Poor pay higher percentage than rich
2.4 Entrepreneurship	D. Starting and running a business
2.5 Trade union	E. Represents workers' rights

**Write answers below:**

- 2.1 \_\_\_\_\_
  - 2.2 \_\_\_\_\_
  - 2.3 \_\_\_\_\_
  - 2.4 \_\_\_\_\_
  - 2.5 \_\_\_\_\_
- 

## QUESTION 3: TRUE / FALSE (5 × 1 = 5)

Write TRUE or FALSE. Correct the false statements.

3.1 The tertiary sector includes transport and banking.

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3.2 The consumer price index tracks the cost of production.

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3.3 Economic growth is always good for the environment.

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3.4 Indirect taxes include VAT.

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3.5 Perfect competition allows firms to influence prices.


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## SECTION B: SHORT QUESTIONS (40 MARKS)

### QUESTION 4: THE ECONOMIC CYCLE (10 MARKS)

4.1 Draw a labelled diagram of the *expanded circular flow* including households, firms, government, and the foreign sector. (5)

 Use the space below:

A large empty rectangular box with a black border, intended for drawing the expanded circular flow diagram.

4.2 Explain the role of each of the following in the economic cycle:

- 4.2.1 Government (2)
  - 4.2.2 Financial institutions (3)
- 

### QUESTION 5: DEMAND, SUPPLY & PRICES (10 MARKS)

5.1 What happens to equilibrium price when supply increases but demand remains unchanged? (2)

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5.2 Name and explain three factors that affect supply (excluding price). (6)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

5.3 Define elasticity of demand. (2)

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### **QUESTION 6: INFLATION & TAXATION (10 MARKS)**

6.1 Give a definition of inflation. (2)

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6.2 Identify two reasons inflation can be harmful. (2)

1. \_\_\_\_\_
2. \_\_\_\_\_

6.3 Differentiate between direct and indirect tax with one example each. (4)

Direct: \_\_\_\_\_

Indirect: \_\_\_\_\_

6.4 Name one way government can reduce inflation. (2)

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### **QUESTION 7: SECTORS & ECONOMIC INDICATORS (10 MARKS)**

7.1 Identify and briefly explain the role of each economic sector. (6)

- Primary: \_\_\_\_\_
- Secondary: \_\_\_\_\_
- Tertiary: \_\_\_\_\_

7.2 What is the purpose of economic indicators? (2)

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7.3 List two key indicators used by government to plan policies. (2)

1. \_\_\_\_\_
  2. \_\_\_\_\_
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## SECTION C: ESSAY (40 MARKS)

Answer ONE question in essay format. Include an introduction, body, and conclusion.

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### QUESTION 8: CIRCULAR FLOW OF INCOME

Write an essay on the circular flow of income. Include:

- A definition and basic explanation
  - Key participants (households, businesses, government, foreign sector)
  - The role of injections and leakages
  - A conclusion on its importance in understanding the economy
- 

OR

### QUESTION 9: ECONOMIC SYSTEMS

Write an essay on the different types of economic systems. Include:

- Definitions of capitalism, socialism, and mixed economies
  - Characteristics and examples of each
  - Advantages and disadvantages of each system
  - A conclusion on which system works best and why
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**TOTAL: 100 MARKS**

**MEMO****✓ SECTION A: COMPULSORY (20 MARKS)****QUESTION 1: MULTIPLE CHOICE ( $10 \times 1 = 10$ )**

- 1.1 C
- 1.2 B
- 1.3 B
- 1.4 B
- 1.5 D
- 1.6 B
- 1.7 B
- 1.8 C
- 1.9 C
- 1.10 C

**✓ [10 marks]**

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**QUESTION 2: MATCHING ITEMS ( $5 \times 1 = 5$ )**

- 2.1 B
- 2.2 C
- 2.3 A
- 2.4 D
- 2.5 E

**✓ [5 marks]**

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**QUESTION 3: TRUE/FALSE ( $5 \times 1 = 5$ )**

- 3.1 TRUE
- 3.2 FALSE – The CPI tracks the cost of a typical consumer basket of goods.
- 3.3 FALSE – Growth can lead to environmental degradation.
- 3.4 TRUE
- 3.5 FALSE – In perfect competition, firms are price takers.

**✓ [5 marks]**

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**■ SECTION B: SHORT QUESTIONS (40 MARKS)**

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#### QUESTION 4: THE ECONOMIC CYCLE (10)

4.1 **Diagram** must include:

- Households
- Firms
- Government
- Foreign sector
- Arrows for income, expenditure, imports, exports, taxes, subsidies, etc. ✓ (5)

4.2

- 4.2.1 **Government:** Collects taxes and spends on public services, affecting injections/leakages. ✓ (2)
- 4.2.2 **Financial institutions:** Mobilise savings, provide loans (investment = injection). ✓ (3)

✓ [10 marks]

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#### QUESTION 5: DEMAND, SUPPLY & PRICES (10)

5.1 **Price decreases** due to increased supply and unchanged demand. ✓ (2)

5.2 Three supply factors:

- Cost of production ✓
  - Technology ✓
  - Number of suppliers ✓
- (Any other valid factors, 2 marks each) ✓ (6)

5.3 **Elasticity of demand:** Measures responsiveness of quantity demanded to price changes. ✓ (2)

✓ [10 marks]

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#### QUESTION 6: INFLATION & TAXATION (10)

6.1 Inflation is a **sustained increase** in the general price level of goods/services. ✓ (2)

6.2 Harmful effects:

1. Erodes purchasing power ✓



2. Increases cost of living or uncertainty ✓ (2)

6.3

- Direct tax: Income tax (paid directly to government) ✓
- Indirect tax: VAT (added to goods/services) ✓ (4)

6.4 **Government can reduce inflation** through monetary policy (e.g., increasing interest rates) or reducing public spending. ✓ (2)

✓ [10 marks]

## QUESTION 7: SECTORS & INDICATORS (10)

7.1

- Primary: Uses natural resources (e.g., farming, mining) ✓
- Secondary: Manufacturing/processing of raw materials ✓
- Tertiary: Provides services like banking and retail ✓ (6)

7.2 Economic indicators help **measure and track** economic performance. ✓ (2)

7.3 Any two indicators:

- GDP
- Inflation rate
- Unemployment rate
- Trade balance
- Interest rate ✓ (2)

✓ [10 marks]

## SECTION C: ESSAY (40 MARKS)

### MARKING GRID FOR ESSAYS:

Criteria	Marks
Introduction	3
Content (Main Body)	30
Conclusion	2
Structure and Relevance	5
<b>Total</b>	<b>40</b>

**QUESTION 8: CIRCULAR FLOW ESSAY – POINTS TO INCLUDE**

- Definition of circular flow of income
- Participants (households, businesses, government, foreign sector)
- Explanation of flows of goods, services, and income
- Injections (investment, government spending, exports)
- Leakages (savings, taxes, imports)
- Importance: shows how money and resources circulate

✓ [40 marks]

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**QUESTION 9: ECONOMIC SYSTEMS – POINTS TO INCLUDE**

- Definitions: capitalism, socialism, mixed economy
- Characteristics of each
- Examples: USA (capitalist), Cuba (socialist), South Africa (mixed)
- Pros/cons of each system
- Justified opinion on best system

✓ [40 marks]

**TOTAL : 100**