

# SMARTWIZ

## GRADE11 ECONOMICS EXAM

**MARKS: 100**

**TIME: 2 HOURS**

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

**CLASS (eg. 4A)** \_\_\_\_\_

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

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

MARKS	
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### Instructions for Learners:

- Read all instructions carefully before you begin the exam.
- Write your full name and student number clearly on the answer sheet/book.
- Answer all questions unless otherwise instructed.
- Show all your work/calculations where necessary.
- Write neatly and clearly.
- Use only a blue or black pen. Do not use correction fluid or tape.
- Electronic devices (calculators, cell phones, etc.) are not 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 result in immediate disqualification from the exam.

**This exam consists of six pages, including the cover page.**

## SECTION A: MULTIPLE CHOICE & SHORT QUESTIONS (30 marks)

### Question 1: Multiple Choice ( $5 \times 2 = 10$ marks)

1.1 Which of the following best describes "Gross Domestic Product (GDP)"?

- A) Total value of exports minus imports
- B) Total value of goods and services produced in a country in a year
- C) Government spending only
- D) Total income of all citizens

1.2 What is a direct tax?

- A) Tax on goods and services
- B) Tax paid directly on income or profits
- C) Tax on imports
- D) Tax on property sales

1.3 Which factor can cause an increase in demand?

- A) A fall in consumer income
- B) A rise in the price of substitutes
- C) An increase in price
- D) A decrease in population

1.4 Which sector is primarily involved in manufacturing and construction?

- A) Primary sector
- B) Secondary sector
- C) Tertiary sector
- D) Quaternary sector

1.5 Inflation is harmful because it:

- A) Makes goods cheaper
- B) Reduces the purchasing power of money
- C) Increases unemployment directly
- D) Has no effect on the economy

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### Question 2: Define the following ( $5 \times 2 = 10$ marks)

2.1 Unemployment

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2.2 Interest rate

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2.3 Opportunity cost

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2.4 Consumer Price Index (CPI)

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2.5 Monopoly

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**Question 3: Brief explanations ( $5 \times 2 = 10$  marks)**

3.1 Explain the difference between fixed costs and variable costs for a business.

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3.2 Describe two ways the government can reduce inflation.

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3.3 Why is competition important in the marketplace?

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3.4 What is meant by 'balance of payments'?

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3.5 Explain how a rise in interest rates affects consumer spending.

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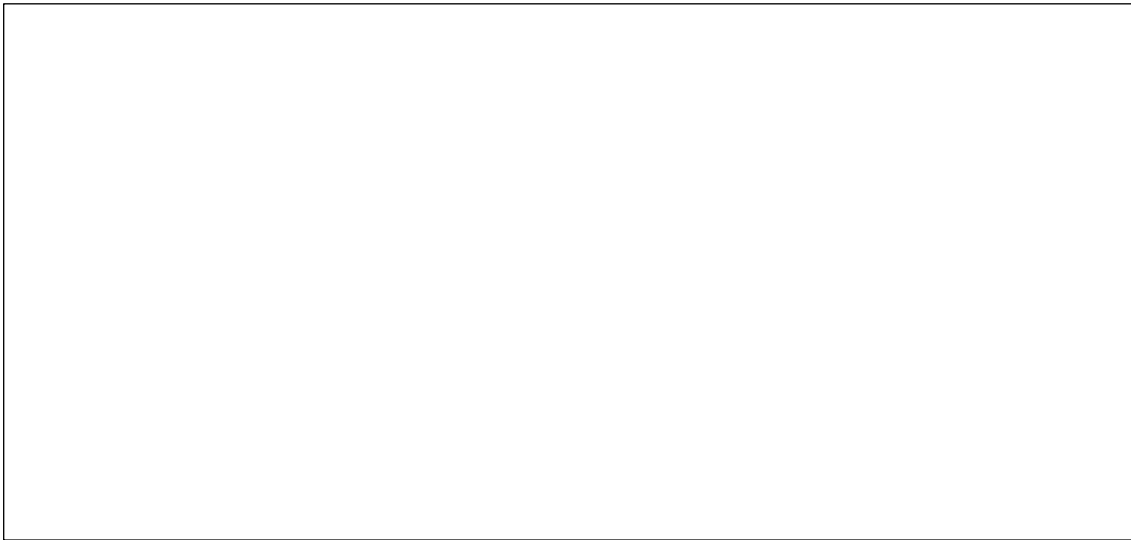
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**SECTION B: DATA RESPONSE & GRAPH INTERPRETATION  
(40 marks)**

**Question 4: Study the table showing the price and quantity demanded of oranges per week:**

Price (R)	Quantity Demanded (kg)
5	100
10	80
15	60
20	40

4.1 Draw a demand curve on the grid provided. Label axes.



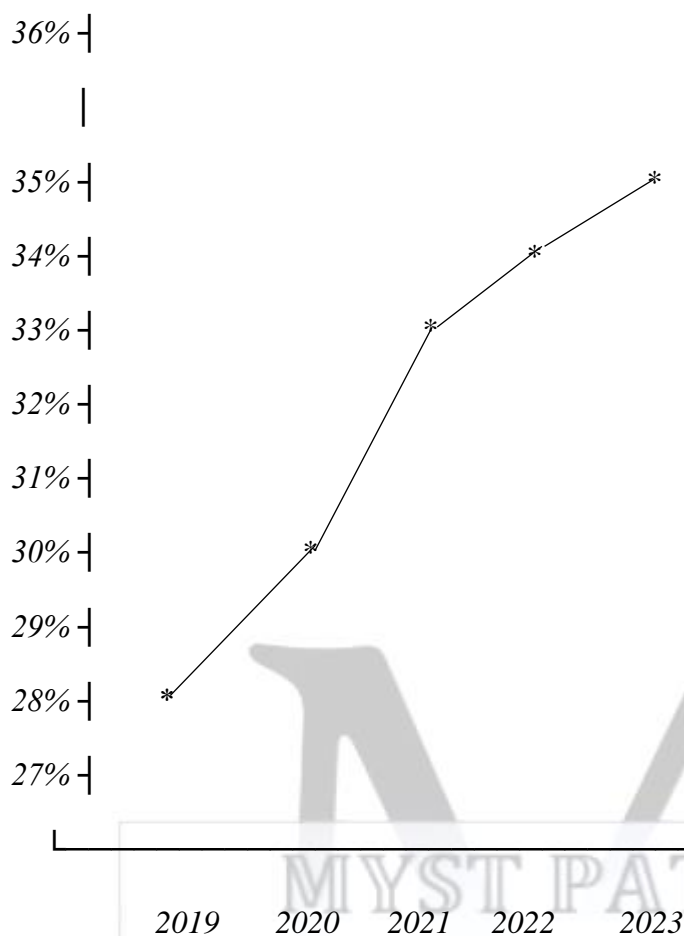
4.2 What happens to the quantity demanded when price increases from R5 to R15?

4.3 Calculate the percentage decrease in quantity demanded when price changes from R5 to R15.

4.4 If the price is R20, what is the total revenue earned from selling oranges?

**Question 5: Analyze the line graph below showing unemployment rates in South Africa (%):**

*Unemployment Rate (%) Over Years*



5.1 Describe the trend of unemployment from 2019 to 2023.

5.2 Suggest two reasons why unemployment might have increased between 2019 and 2022.

5.3 What could explain the decrease in unemployment in 2023?

## SECTION C: ESSAY (30 marks)

**Question 6: Discuss the role of the South African Reserve Bank in managing the economy. Your essay should include:**

- Functions of the Reserve Bank

- How monetary policy is used to control inflation and economic growth
- Impact of interest rate changes on households and businesses

*Write approximately 200–250 words.*

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**● END OF EXAM**  
**TOTAL: 100 MARKS**



## MEMO

### SECTION A: MULTIPLE CHOICE & SHORT QUESTIONS (30 marks)

#### Question 1: Multiple Choice ( $5 \times 2 = 10$ marks)

- 1.1 B) Total value of goods and services produced in a country in a year
  - 1.2 B) Tax paid directly on income or profits
  - 1.3 B) A rise in the price of substitutes
  - 1.4 B) Secondary sector
  - 1.5 B) Reduces the purchasing power of money
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#### Question 2: Definitions ( $5 \times 2 = 10$ marks)

- 2.1 **Unemployment:** The state of being without a job despite actively seeking work.
  - 2.2 **Interest rate:** The percentage charged on borrowed money or earned on savings.
  - 2.3 **Opportunity cost:** The value of the next best alternative foregone when making a choice.
  - 2.4 **Consumer Price Index (CPI):** An index measuring the average price change of goods and services purchased by households, used to measure inflation.
  - 2.5 **Monopoly:** A market structure where a single firm dominates the supply of a product or service.
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#### Question 3: Brief explanations ( $5 \times 2 = 10$ marks)

- 3.1 **Fixed costs** are expenses that do not change with production levels (e.g., rent), while **variable costs** change depending on production volume (e.g., raw materials).
  - 3.2 Governments can reduce inflation by increasing interest rates to reduce spending and borrowing or by reducing government spending.
  - 3.3 Competition encourages efficiency, lower prices, innovation, and better quality products for consumers.
  - 3.4 **Balance of payments** records all economic transactions between residents of a country and the rest of the world, including trade, investment, and financial transfers.
  - 3.5 Higher interest rates increase borrowing costs, reducing consumer spending and saving incentives.
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### SECTION B: DATA RESPONSE & GRAPH INTERPRETATION (40 marks)

#### Question 4: Demand for Oranges

4.1 Demand curve should slope downward from left to right, showing inverse relationship between price and quantity demanded.

4.2 Quantity demanded decreases from 100 kg to 60 kg when price increases from R5 to R15.

4.3

- Percentage decrease =  $((100 - 60) / 100) \times 100 = 40\%$  decrease

4.4

- Total revenue = Price  $\times$  Quantity = R20  $\times$  40 = R800

## Question 5: Unemployment Rate Graph

5.1 Unemployment increased steadily from 28% in 2019 to a peak of 35% in 2022, then slightly decreased to 33% in 2023.

5.2 Possible reasons for the increase:

- Economic downturn due to COVID-19 pandemic impact
- Slow economic growth and business closures

5.3 Possible reasons for the decrease in 2023:

- Economic recovery and job creation initiatives
- Government stimulus programs or private sector hiring

## SECTION C: ESSAY (30 marks)

### Question 6: Role of the South African Reserve Bank

Marking guide for essay:

- **Functions:**
  - Control inflation through monetary policy
  - Regulate money supply and interest rates
  - Act as the government's banker and debt manager
  - Issue currency and manage financial stability
- **Monetary policy:**
  - Using interest rate changes to control inflation
  - Raising rates to reduce inflation and borrowing
  - Lowering rates to stimulate growth and investment
- **Impact of interest rates:**
  - Higher rates increase loan costs for households and businesses, reducing spending
  - Lower rates encourage borrowing and investment, stimulating economic activity

Award marks for clear explanations, relevant examples, structure, and coherence.

**TOTAL : 100**