# 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.

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- 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.

B. Public investment

# **SECTION A: COMPULSORY (20 MARKS)**

# **QUESTION 1: MULTIPLE CHOICE** $(10 \times 1 = 10)$

Choose the correct letter (A–D) and write it next to the question number.
<ul><li>1.1 Which of the following represents a leakage from the circular flow?</li><li>A. Investment B. Government spending C. Imports D. Exports</li></ul>
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
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 Covernment expanditure on infrastructure is a form of
1.7 Government expenditure on infrastructure is a form of:  A Private consumption

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 $(5 \times 1 = 5)$

# 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 \times 1 = 5)**

Write TRUE or FALSE. Correct the false statements.

3.1 The tertiary sector includes transport and banking.

3.2 The consumer price index tracks the cost of production.
3.3 Economic growth is always good for the environment.
3.4 Indirect taxes include VAT.
3.5 Perfect competition allows firms to influence prices.
SECTION B: SHORT QUESTIONS (40 MARKS)  QUESTION 4: THE ECONOMIC CYCLE (10 MARKS)  4.1 Draw a labelled diagram of the <i>expanded circular flow</i> including households, firms, government, and the foreign sector. (5)  Use the space below:
<ul> <li>4.2 Explain the role of each of the following in the economic cycle:</li> <li>4.2.1 Government (2)</li> <li>4.2.2 Financial institutions (3)</li> </ul>

5.1 What happens to equilibrium price when supply increases but demand remains unchan	iged? (2)
5.2 Name and explain three factors that affect supply (excluding price). (6)	
1. ————————————————————————————————————	
3.	
5.3 Define elasticity of demand. (2)	
QUESTION 6: INFLATION & TAXATION (10 MARKS)	
6.1 Give a definition of inflation. (2)	
6.2 Identify two reasons inflation can be harmful. (2)	
1. MYST PATHWORKS	
5.3 Differentiate between direct and indirect tax with one example each. (4)  Direct:	
Indirect:  5.4 Name one way government can reduce inflation. (2)	
QUESTION 7: SECTORS & ECONOMIC INDICATORS (10 MARKS)	
7.1 Identify and briefly explain the role of each economic sector. (6)	
<ul><li>Primary:</li></ul>	
7.2 What is the purpose of economic indicators? (2)	

1	
2	
2.	



# **SECTION C: ESSAY (40 MARKS)**

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

### **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

**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]

### **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]** 

#### **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]**

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

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

4.1	Diagram	must	inc	lude:
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- 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).  $\checkmark$  (3)
- **[10 marks]**

## **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]**

#### **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.  $\checkmark$  (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 <a> (2)</a>
- **[10 marks]**

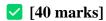
# **SECTION C: ESSAY (40 MARKS)**

#### MARKING GRID FOR ESSAYS:

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

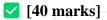
#### **QUESTION 8: CIRCULAR FLOW ESSAY - POINTS TO INCLUDE**

- 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



#### **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



TOTAL: 100