



Province of the
EASTERN CAPE
EDUCATION

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Provinsie van die Oos Kaap: Departement van Onderwys
Porafensie Ya Kapa Botjahabela: Lefapha la Thuto

NATIONAL SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2025

ECONOMICS P1 MARKING GUIDELINE

MARKS: 150

This question paper consists of 22 pages.

SECTION A: (COMPULSORY)**QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

1.1.1 D – Economic goods ✓✓

1.1.2 A – Gross national product ✓✓

1.1.3 B – Price system ✓✓

1.1.4 C – Industries ✓✓

1.1.5 C – Gross Domestic Product ✓✓

1.1.6 D – Poverty line ✓✓

1.1.7 B – Productivity ✓✓

1.1.8 A – Debit card ✓✓

(8 x 2) (16)

1.2 MATCHING ITEMS

1.2.1 C – The acquisition or purchase of goods and services. ✓

1.2.2 E – Introduction of money into the circular flow. ✓

1.2.3 A – Programs and activities designed to improve the well-being and quality of life of individuals. ✓

1.2.4 G – Money that is used to make payments between countries. ✓

1.2.5 B – Accumulated assets for the creation of income. ✓

1.2.6 H – The number of years that people are expected to live. ✓

1.2.7 D – Exists when the country can produce enough food to feed all of its population. ✓

1.2.8 F – Money approved by law that must be accepted as payment. ✓

(8 x 1) (8)

1.3 GIVE THE TERM

- 1.3.1 Rent ✓
- 1.3.2 Intermediate goods ✓
- 1.3.3 Market failure ✓
- 1.3.4 Gini coefficient ✓
- 1.3.5 Indigenous knowledge system ✓
- 1.3.6 Bank failure ✓

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES****Answer any TWO of the three questions from this section in the ANSWER BOOK.**

2.1 Answer the following questions.

2.1.1 **Name any TWO methods used to calculate the Gross Domestic Product.**

- Income method ✓
- Production method ✓
- Expenditure method ✓

(2 x 1) (2)

2.1.2 **Why is self-interest regarded as a disadvantage in a market economy?**

- Companies may prioritise profits over workers' rights leading to exploitation. ✓✓
- Businesses want to make profits, while consumers want to maximize utility. ✓✓

(Accept any other correct relevant response)

(1 x 2) (2)

2.2 DATA RESPONSE2.2.1 **Identify the organisation that publishes national accounts data from the text above.**

Stats SA ✓

(1)

2.2.2 **Name the method used to calculate gross domestic product from the table above.**

Income method ✓

(1)

2.2.3 **Briefly describe the term *current prices*.**

Current prices are prices that make no adjustment to inflation. ✓✓

(Accept any other correct relevant response)

(2)

2.2.4 **Explain the impact of income on consumer spending.**

- When income increases, consumers tend to spend more on goods and services, as they have more disposable income available. ✓✓
- Conversely, when income decreases, consumers tend to reduce their spending, as they have less disposable income available. ✓✓

(Accept any other correct relevant response)

(1 x 2) (2)

- 2.2.5 Calculate the Gross value added at basic prices (B). Show ALL calculations.

$$3\,488\,407 \checkmark + 81\,531 \checkmark - 9\,380 \checkmark = 3\,560\,558 \checkmark \quad (4)$$

2.3 DATA RESPONSE

- 2.3.1 Identify an image that is related to Transnet from the above images

Image 2 ✓ (1)

- 2.3.2 Name the state-owned enterprise responsible for maintaining and upgrading national road networks.

SANRAL / South African National Road Agency Limited ✓ (1)

- 2.3.3 Briefly explain the term *infrastructure*.

It is basic facilities needed to run the economy and the country / fundamental systems and structures that support the functioning of society, economy or organisations. ✓✓
(Accept any other correct relevant response) (2)

- 2.3.4 Explain the benefits of investing more money in public transport.

- Reduces the number of cars on the road, leading to less traffic congestion. ✓✓
- Encouraging the use of buses and trains over personal vehicles lowers carbon emissions, contributing to a cleaner environment. ✓✓
- Improves access to jobs and services, boosting local economies. ✓✓
- Public transport provides affordable and accessible transport options, enhancing mobility for low-income individuals. ✓✓
- Increasing funding for public transport enhances and fosters economic growth, environmental sustainability, and improved quality of life for all citizens. ✓✓

(Accept any other correct relevant response) (1 x 2) (2)

2.3.5 Examine the significance of a reliable energy supply for the South African economy.

- A stable energy supply is essential for manufacturing, service delivery and technological advancement. ✓✓
- It enables businesses to operate efficiently and reduces operational costs. ✓✓
- A reliable energy supply helps South African businesses to compete effectively in the global market, reducing the risk of power outages and disruptions. ✓✓
- Reliable energy supply helps to attract investment, create jobs and stimulate economic growth. ✓✓
- Consistent energy access allows households to enjoy basic services like heating, lighting and cooking, which are crucial for well-being and productivity. ✓✓

(Accept any other correct relevant response)

(2 x 2) (4)

2.4 Discuss the classification of gross fixed capital formation.

- There are three ways in which capital formation (investments) can be classified, namely by kind of economic sector, type of organisation and type of asset. ✓✓
- Kind of economic sector shows money invested in primary, secondary and tertiary industries. ✓✓
- Classification by economic sector helps identify investment trends and patterns in different sectors. ✓✓
- Type of organisation shows investments made by general government (government departments), public corporations and private businesses and non-profit organisations. ✓✓
- Type of organisation classification provides valuable insights into the structure and performance of the economy. ✓✓
- Type of asset shows the money invested in different types of assets e.g buildings, transport, equipment, machinery, infrastructure. ✓✓
- Type of asset classification provides valuable insights into the structure and performance of the economy. ✓✓

(Accept any other correct relevant response)

(4 x 2) (8)

2.5 Analyse South Africa's current position in social service delivery.

- Approximately 94,4% of South Africa's population has access to basic drinking water services which includes improved water sources like piped water, boreholes and protected springs. ✓✓
- Access to clean water varies significantly between rural and urban areas, with rural areas often facing more challenges due to a lack of infrastructure ✓✓
- The country is still experiencing a sizeable amount of households without proper sanitation facilities. ✓✓
- Social services such as grants, healthcare, and education, are widely available covering a significant portion of the population. ✓✓
- Lack of maintenance and repairs by municipalities reduces the availability of functional services. ✓✓
- Previously disadvantaged people have been uplifted by providing social services (such as housing, education, medical services, basic services like water and electricity) to the poor. ✓✓
- Increase in education and training to increase literacy and improve adult literacy, e.g. building of schools, colleges, universities and technikons. ✓✓
- Health care now includes free health care services for all which include the NHI bill recently signed by the President. ✓✓
- The National Health Insurance program (NHI) is an essential step towards ensuring that all citizens have access to quality health, regardless of their income or social status. ✓✓
- Transfer payments are made in order for the marginalised to be able to afford their basic needs and wants ✓✓
- The country is seriously experiencing inadequate infrastructure that hinders effective service delivery. ✓✓
- Significant disparities exist in service delivery between urban and rural areas, with rural areas often receiving inadequate services. ✓✓
- The state is falling short of its targets with regards to state pensions, disability grants, etc. due to insufficient funding or budget allocations. ✓✓
- The state is currently facing the reality of too many claimants and too few taxpayers, which puts financial strain on the government and increases the tax burden on existing taxpayers. ✓✓
- SA has lower levels of literacy in rural areas, which causes lower employment levels ✓✓
- Some rural communities are still lacking running water, basic sanitation and infrastructure. ✓✓
- There are hospitals that have a problem with water supply, and this is an indication of poor service delivery to the public. ✓✓

(Accept any other correct relevant response)

(4 x 2)

(8)
[40]

QUESTION 3: ECONOMIC PURSUITS**40 MARKS – 30 MINUTES****3.1 Answer the following questions.****3.1.1 Name any TWO sources of wealth.**

- Savings ✓
- Inheritance ✓
- Gifts ✓
- Luck ✓

(2 x 1) (2)

3.1.2 Why do developing countries often struggle to achieve significant economic growth?

- Developing countries often lack a skilled, productive workforce that prevents output from increasing. ✓✓
- Developing countries often have a lack of capital investment causing less production of high-quality goods for export. ✓✓
- A lack of infrastructure can prevent direct foreign investment. ✓✓

(Accept any other correct relevant response) (1 x 2) (2)

3.2 DATA RESPONSE**3.2.1 Identify any ONE redress method from the extract above, used to redistribute wealth.**

- Social grants ✓
- Progress tax system ✓
- Affirmative action ✓
- Broad-Based Black Economic Empowerment ✓

(Accept any other correct relevant response) (1)

3.2.2 Name ONE example of benefits in kind.

- Healthcare ✓
- Education ✓
- School nutrition/meals ✓
- Protection ✓

(1)

3.2.3 Briefly describe the term *economic inequality*.

Refers to the unequal distribution of income and wealth within a society or between different groups. ✓✓

(Accept any other correct relevant response) (2)

3.2.4 Differentiate between land *redistribution* and land *restitution*.

Land redistribution focuses on land for residential and production farm for previously disadvantaged groups ✓, while land restitution is the return of land to those that have lost it due to discriminatory laws in the past ✓.

(1 x 2) (2)

3.2.5 **Examine the challenges associated with implementing Broad-Based Black Economic Empowerment (B-BBEE).**

- Many people/businesses do not fully understand the goals and requirements of BBBEE initiative. ✓✓
- Some companies falsely claim to meet BBBEE requirements, undermining the policy's intent. ✓✓
- Limited access to funding for black-owned businesses. ✓✓
- Many black-owned businesses lack the necessary skills and capacity to compete effectively. ✓✓

(Accept any other correct relevant response)

(2 x 2) (4)

3.3 DATA RESPONSE

3.3.1 Identify an economic challenge of developing nations from the information above.

- low standard of living ✓
- high poverty rates ✓
- unsafe environments ✓

(1)

3.3.2 Name the international organization that uses the HDI to measure economic development.

United Nations ✓

(1)

3.3.3 Briefly describe the term *economic development*.

Economic development is the improvement in the material quality of life so that people have more goods and services to consume / refers to improving the standard of living for the country's population. ✓✓
(Accept any other correct relevant response)

(2)

3.3.4 What does the Human Development Index score close to one indicate?

The approach of the HDI to one indicates significant progress and well-being within a nation. ✓✓

(Accept any other correct relevant response)

(1 x 2) (2)

3.3.5 Why do developed countries have high supply of skilled workers?

- The developed nations invest significantly in education and vocational training, fostering a workforce equipped with advanced skills and expertise. ✓✓
- Access to quality education from early childhood ensures a strong foundation for skills development. ✓✓
- Developed countries have a strong research and development sector, which provide ongoing opportunities for professional growth and innovation. ✓✓
- Established industries in developed nations attract skilled individuals, as businesses seek them to boost productivity and economic growth. ✓✓
- Some developed nations have friendly immigration policies that allow skilled workers from around the world to come in. ✓✓

(Accept any other correct relevant response)

(2 x 2) (4)

3.4 Briefly explain high levels of unemployment and deficient infrastructure as characteristics of developing countries.

High levels of unemployment

- Unemployment levels in developing countries are high as economies cannot provide jobs for all the people, especially those who are unskilled. ✓✓
- In some developing countries, the literacy rates are much lower than those in more advanced countries and many people drop out of school before they complete Grade 12. ✓✓
- Many developing countries have failed to produce workers with the skills to fill the jobs that are available in a technological economy. ✓✓

(Accept any other correct relevant response)

Max. 4

Deficient infrastructure

- A major problem in most developing countries is that infrastructure such as roads, power generation facilities and communication systems are often lacking or are poorly maintained. ✓✓
- This lack of infrastructure results in poor access to markets. ✓✓
- Poor infrastructure constrains economic growth. ✓✓

(Accept any other correct relevant response)

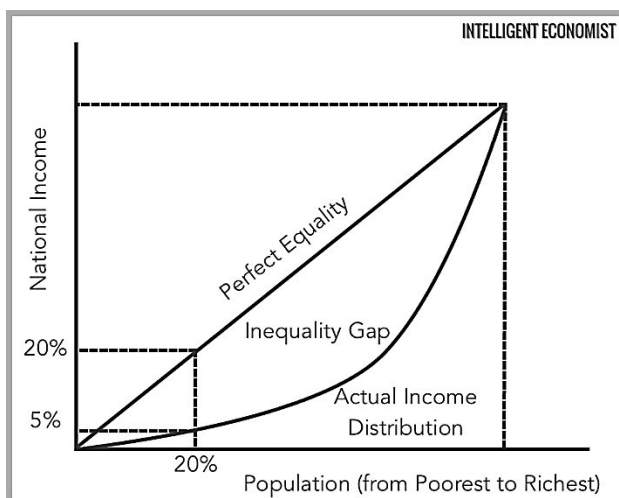
Max. 4

3.5 With the aid of a well labelled Lorenz curve, explain the income distribution in a country with high levels of income inequality.

Allocation of marks:

- Labelling of the axis = 1 Mark
- Correct drawing and labelling of line of equality = 1 Mark
- Indication of large inequality gap/area of inequality = 1 Mark
- Correct drawing of the actual Lorenz curve

(Max 4)



- The gap between the line of equality and Lorenz curve represents the area of inequality. ✓✓
 - The Lorenz curve (bottom curve) represents the actual distribution of income, which is unequal in this case. ✓✓
 - The largest/widest gap between the perfect line of equality and the Lorenz curve highlights significant income inequality. ✓✓
 - This disparity reflects the extent to which wealth and resources are concentrated in the hands of a small portion of the country's population. ✓✓
- (Accept any other correct relevant response)

(8)

QUESTION 4: MACROECONOMICS & ECONOMIC PURSUITS**40 MARKS – 30 MINUTES****4.1 Answer the following questions.****4.1.1 Name any TWO forms of transport infrastructure.**

- Air transport ✓✓
- Water transport ✓✓
- Road transport ✓✓

(Accept any other correct relevant response)

(2 x 1) (2)

4.1.2 How is income per capita used to measure economic development?

- Income per capita is used by measuring the average income each person earns. ✓✓
- It helps to assess the overall economic health of a country by showing how wealth/income is distributed among its people. ✓✓
- Higher income per capita often suggests improved living standards, better access to education and healthcare. ✓✓
- Lower income per capita indicates economic challenges and a low standard of living. ✓✓

(Accept any other correct relevant response)

(1 x 2) (2)

4.2 DATA RESPONSE**4.2.1 Identify the name linked to a centrally planned economy from the cartoon provided above.**

Socialism ✓

(1)

4.2.2 Name ONE government responsibility in a mixed economy, as mentioned in the extract above?

To promote fairness and equity / to reduce income inequality. ✓

(1)

4.2.3 Briefly describe the term *economic system*.

An economic system is a framework that governs the production, distribution, and exchange of goods and services in a country / It determines how resources are allocated and how economic decisions are made. ✓✓

(Accept any other correct relevant response)

(2)

4.2.4 Explain competition as one of the advantages of a market economy.

- Competition leads to new ideas, which makes businesses work better and more efficiently. ✓✓
- Competition pushes businesses to evolve and innovate, ultimately resulting in improved options for consumers. ✓✓
- The more producers there are in an industry, the more choice there will be for consumers. ✓✓
- Competition helps lower prices for consumers because many businesses are trying to win customers in the market. ✓✓

(Accept any other relevant response.)

(1 x 2) (2)

4.2.5 How can service delivery be improved in South Africa?

Service delivery can be improved in South Africa by:

- establishing clear accountability mechanisms for public officials and service providers. ✓✓
- involving communities in decision-making to gather feedback and tailor services to local needs. ✓✓
- investing in training for public service employees to enhance their skills and improve service delivery. ✓✓
- prioritizing areas of greatest need for balanced development. ✓✓
- monitoring service delivery outcomes and evaluating programs for improvement using data-driven insights. ✓✓
- using technology to streamline processes and enhance service access because online platforms simplify how citizens request and receive services. ✓✓

(Accept any other relevant response.)

(2 x 2) (4)

4.3 DATA RESPONSE

- 4.3.1 **Identify any ONE main factor for slow growth from the extract above.**
Declining fixed investment ✓ (1)
- 4.3.1 **Name the most important indicator used to measure economic growth of a country.**
Real GDP /GDP ✓
- 4.3.3 **Briefly describe the term *economic growth*.**
Economic growth is the increase in the productive capacity of the economy over a certain period of time. ✓✓
(Accept any other correct relevant response) (2)
- 4.3.4 **How can wealth be generated through savings?**
- Saving money helps people build capital that they can invest to earn returns. ✓✓
 - Savings provide the means to invest in assets that appreciate in value or generate income. ✓✓
 - Savings can earn interest which can be invested to generate more wealth. ✓✓
 - Regularly saving a portion of income helps build financial security and creates opportunities for wealth growth, like funding education or buying a home. ✓✓
- (Accept any other correct relevant response) (1 x 2) (2)
- 4.3.5 **Why is economic growth essential (important) for reducing poverty?**
- When the economy is growing, businesses usually expand production and new businesses start up, leading to job creation. ✓✓
 - Economic growth increases people's income, boosting the demand for goods and services, thereby reducing poverty. ✓✓
 - Economic growth generates tax revenue, which can be used to fund social programs and services that benefit the poor. ✓✓
 - Economic growth can lead to increased investment in education, healthcare, enhancing productivity and employability. ✓✓
- (Accept any other relevant response) (2 x 2) (4)

4.4 Briefly explain the economic importance of the tertiary sector.

- The tertiary sector is the major contributor to the GDP, at more than 65% of the value of the GDP. ✓✓
- Many small businesses in South Africa are in the tertiary sector, and this indicates that the sector's contribution comes from all levels. ✓✓
- The tertiary sector is the major employer among all the sectors of the economy. ✓✓
- All kinds of labour namely, skilled, semi-skilled, and unskilled are employed in this sector. ✓✓
- A large number of services is exported by the tertiary sector e.g. insurance, freight, communication, etc. ✓✓
- These services make products available to consumers, e.g retail services. ✓✓
- Firms in the tertiary sector contribute to government revenue as they pay tax. ✓✓

(Accept any other correct relevant response)

(4 x 2) (8)

4.5 Analyse RDP and JIPSA as South Africa's endeavours (development strategies) to improve economic development.

- The Reconstruction and Development Programme (RDP) has reduced poverty providing basic services such as housing, water, electricity etc. ✓✓
- The RDP attempted to combine measures to boost the economy, such as contained fiscal spending, lowered taxes and reduction of government debt. ✓✓
- The RDP was designed to provide affordable housing to low-income families, offering security and basic infrastructure. ✓✓
- About 3 million low cost houses have been built and allocated to poor households. ✓✓
- Joint Initiative on Priority Skills Acquisition (JIPSA) was launched in 2006 to address skills shortages and promote economic development. ✓✓
- JIPSA aimed to identify and address critical skills shortages in key sectors such as engineering, information technology and artisans. ✓✓
- JIPSA increased training opportunities for South Africans. ✓✓

(Accept any other correct relevant response)

(4 x 2) (8)

[40]

TOTAL SECTION B: 80

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

- Discuss in detail entrepreneurial skills as a factor of production (26 marks)
- Examine the positive effects of capital deepening. (10 marks)

INTRODUCTION

Entrepreneurship is the process of bringing together natural resources, capital and labour and using them to produce or sell products or services. ✓✓

(Accept any other correct relevant introduction) (Max. 2)

BODY: MAIN PART**Demonstrate initiative ✓**

- Entrepreneurs take the initiative to start and expand the businesses. ✓✓
- They come up with business ideas to make a profit in the market. ✓✓
- No entrepreneur should start a business unless they have done plenty of research to find out if the business idea will be successful. ✓✓

Take risks ✓

- In a market economy, the entrepreneur is the person who takes the risks. ✓✓
- The entrepreneur is responsible for all the losses if the business idea fails, or if the business goes bankrupt. ✓✓

Ensure production takes place ✓

- By combining all other factors of production, they ensure that goods that are used to satisfy human wants and needs are produced. ✓✓

Create employment ✓

- Big and small businesses create jobs for labour, which is an important factor of production. ✓✓
- Very small enterprises often employ only the owner, therefore entrepreneurship can be a source of self-employment. ✓✓
- This takes away the reliance on someone to create jobs. ✓✓

Ensure productivity is achieved ✓

- Entrepreneurs ensure that factors of production are used efficiently in producing goods and services. If they do not ensure efficiency they will suffer losses. ✓✓
- Efficiency in production can lead to economic growth. ✓✓

Capital formation ✓

- Entrepreneurs often make profits, part of which they often save. ✓✓
- These savings are made available as loans to firms for buying capital goods. ✓✓

Make decisions ✓

- Entrepreneurs make decisions on what to produce, where to set up the business and who to produce for. ✓✓

Economic growth ✓

- Successful entrepreneurs encourage economic growth because they stimulate creation of even more new businesses/enterprises. ✓✓

(Allocate a maximum of 8 marks for headings/sub-headings/examples) (Max 26)

ADDITIONAL PART

Capital deepening has the following positive effects:

- Capital deepening can lead to increased productivity, as workers have access to better tools and technology. ✓✓
- As productivity increases, businesses may be able to pay higher wages, leading to improved living standards. ✓✓
- Capital deepening can improve efficiency, subsequently leading to improved quality of goods and services. ✓✓
- Businesses that invest in capital deepening can take advantage of economies of scale. ✓✓
- More capital can produce more goods and services leading to economic growth.
- With capital deepening businesses can become more competitive in the market. ✓✓

(A maximum of 2 marks may be allocated for mere listing of facts/examples)

(Max. 10)

CONCLUSION

By fostering entrepreneurship, governments and policymakers can promote economic development, create opportunities and improve living standards. ✓✓

(Accept any other relevant higher order conclusion.)

(Max. 2)

[40]

QUESTION 6: ECONOMIC PURSUITS**40 MARKS – 40 MINUTES**

- **Discuss in detail the functions of the South Africa's Reserve Bank as a central bank** (26 marks)
- **How will the governor of the Reserve Bank use monetary policy to influence the quantity of money of the country?** (10 marks)

INTRODUCTION

The South African banking system is well-developed and effectively regulated, comprising a central bank, several large financial institutions, and investment institutions.

(Accept any other correct relevant introduction) ✓✓ (Max. 2)

BODY: MAIN PART**Bank of issue ✓**

- The central bank has the authority to issue and regulate the country's currency. ✓✓
- It ensures the proper supply of currency notes and coins in the economy, maintaining their integrity, security, and quality. ✓✓
- The central bank manages the circulation, distribution, and withdrawal of the currency, ensuring that there is enough currency to meet the demand of the economy. ✓✓

Acts as banker to the government ✓

- The central bank acts as a banker to the government by providing various banking services. ✓✓
- It manages the government's accounts, processes payments and receipts on behalf of the government, and conducts transactions related to government debt issuance and management. ✓✓
- The central bank often acts as a fiscal agent for the government, helping it to raise funds through the sale of treasury bills, bonds, or other government securities. ✓✓

Custodian of Foreign Reserves ✓

- Central banks are responsible for managing a country's foreign exchange reserves. ✓✓
- These reserves typically consist of foreign currencies and other internationally accepted assets. ✓✓
- The central bank acts as the custodian of these reserves, ensuring their safety and liquidity. ✓✓
- It manages the buying and selling of foreign currencies to maintain exchange rate stability, support international trade and manage balance of payment fluctuations. ✓✓

Act as bankers' bank ✓

- The central bank also functions as the bankers' bank or the lender of last resort. ✓✓
- It provides essential services to commercial banks and other financial institutions. ✓✓
- Banks maintain accounts with the central bank, which acts as a clearinghouse for interbank transactions. ✓✓
- It sets and implements monetary policy, regulates and supervises banks ✓✓ and provides emergency liquidity assistance to banks facing liquidity shortages or crises. ✓✓
- The central bank also acts as a repository for banks' reserves, sets reserve requirements, and implements open market operations to manage money supply and interest rates. ✓✓

(Accept any other correct relevant response)

(Allocate a maximum of 8 marks for headings/subheadings/examples)

(Max. 26)

ADDITIONAL PART:

How will the governor of the Reserve Bank use the monetary policy to influence the quantity of money of the country?

The SARB can influence the quantity of money of the country by:

- increasing or decreasing the repo rate to influence borrowing costs and money supply. ✓✓
- lowering interest rates which can increase borrowing and money supply. ✓✓
- Increasing interest rates which can reduce borrowing and money supply. ✓✓
- buying government securities to inject money into the financial system. ✓✓
- selling government securities to absorb money from the financial system. ✓✓
- adjusting reserve requirements for commercial banks to influence the amount of money they can lend. ✓✓
- lowering reserve requirements which can lead to more lending by commercial banks. ✓✓
- increasing reserve requirements which can reduce lending and money supply. ✓✓
- decreasing the supply of money by withdrawing money from the economy. ✓✓
- cooling down the economy by reducing the supply of money during inflation. ✓✓
- convincing banks to be more careful when granting loans to their clients. ✓✓

(Accept any other correct relevant response)

(A maximum of 2 marks may be allocated for mere listing of facts/examples)

(Max. 10)

CONCLUSION

The SARB plays a vital role in maintaining economic stability, promoting growth, and ensuring the soundness of the financial systems in South Africa. ✓✓

(Accept any other correct relevant conclusion)

(Max.2)

TOTAL SECTION C: 40

GRAND TOTAL: 150