higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

# NATIONAL CERTIFICATE (VOCATIONAL)

## ECONOMIC ENVIRONMENT
### NQF LEVEL 2

(3011022)

**15 November 2022 (Y-paper)**
**13:00–15:30**

**This question paper consists of 7 pages.**

307Q1N2215

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**TIME: 2 ½ HOURS**
**MARKS: 150**

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**INSTRUCTIONS AND INFORMATION**

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each section on a new page.
5. Use only a blue or black pen.
6. Write neatly and legibly.

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## SECTION A

## QUESTION 1

1.1 Choose a term from COLUMN B that matches a description in COLUMN A. Write only the letter (A–L) next to the question number (1.1.1–1.1.10) in the ANSWER BOOK.

| COLUMN A | | COLUMN B | |
|---|---|---|---|
| 1.1.1 | Occurs when a country exports more than it imports | A | macro environment |
| 1.1.2 | Consists of factors that the business cannot control | B | current account |
| 1.1.3 | Are used by people and businesses to perform banking transactions | C | export subsidies |
| 1.1.4 | It records a country's involvement in international trade | D | infrastructure |
| 1.1.5 | The state in which market supply and demand are in balance with each other, and as a result prices become more stable | E | inflation |
| 1.1.6 | Government policy that encourages the export of goods and services, and discourages the sale of goods in domestic markets through relief for exports | F | international trade |
| 1.1.7 | A general increase in the price of goods and services | G | commercial banks |
| 1.1.8 | The exchange of goods and services across international borders | H | physical environment |
| 1.1.9 | The basic structures a society needs for the consumption and production of goods and services | I | trade surplus |
| 1.1.10 | Exists if people need or want goods or services, and are able to pay for them | J | equilibrium position |
| | | K | micro economy |
| | | L | borrower |

(10 × 1) (10)

1.2 Complete the following sentences by writing only the missing word or words next to the question number (1.2.1–1.2.10) in the ANSWER BOOK.

1.2.1 … are businesses that are registered and therefore pay tax.

1.2.2 Unemployment caused by structural changes in the economy is called …

1.2.3 … represents the habits, beliefs, and lifestyles of a group of people.

1.2.4 The process of combining inputs and transforming them into goods and services is …

1.2.5 The … interest rate is the interest rate a bank charges its best customers.

1.2.6 A/An … rate is the price at which one currency can be exchanged for another currency.

1.2.7 … is an attempt to protect domestic producers against foreign competition.

1.2.8 The price of … is influenced by production and the exchange rate.

1.2.9 Corporate social responsibility programmes create a … image for a business and helps the community.

1.2.10 In the … system, the market forces of supply and demand control price and income.

(10 × 1) (10)

1.3 Indicate whether the following statements are TRUE or FALSE by writing only 'True' or 'False' next to the question number (1.3.1–1.3.10) in the ANSWER BOOK.

1.3.1 Human needs and wants are unlimited, but the resources required to satisfy them are scarce.

1.3.2 The R350.00 social grant is given to government employees who earn less than R3 500.00.

1.3.3 The looting and destruction of property that took place in Gauteng and KwaZulu-Natal was caused by poverty and unemployment.

1.3.4 The economic activities of a business increase during the contraction phase.

1.3.5 Globalisation means a business is operating in an international market.

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1.3.6 A decrease in the rate of taxation will result in more disposable income.

1.3.7 Absolute advantage is when a country is better at producing certain goods and services than other countries.

1.3.8 Inflation increases the purchasing power of the money in our pockets.

1.3.9 South African currency is used in all neighbouring countries.

1.3.10 The supply of goods and services declined during the Coronavirus pandemic.

(10 × 1) (10)
**[30]**

**TOTAL SECTION A: 30**

## SECTION B

## QUESTION 2

Study the information below and answer the questions.

**THE INSURRECTION IN SOUTH AFRICA**

For years many have predicted that South Africa, the most unequal country on the planet, would be hit by mass unrest – our 'Tunisia Day'. The majority of people live in poverty, with the country having more than 30 percent unemployment. Basic service delivery has collapsed in parts of the country, and the government is inefficient and corrupt.

[Source: *www.aljazeera.com*]

2.1 Define the term *poverty*. (2)

2.2 Explain FIVE effects of poverty in South Africa. (5 × 2) (10)

2.3 Most of the South African youth is faced with the challenge of unemployment.

List any FOUR types of unemployment. (4)

2.4 Explain FOUR advantages of globalisation. (4)

2.5 Name any TWO examples of complementary goods. (2)

2.6 Tabulate the differences between *capitalism* and *communism.*

(4 × 2) (8)
**[30]**

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## QUESTION 3

Study the information below and answer the questions.

**South Africa's economy narrowly avoids recession**

South Africa's economy grew by 0,7% in the third quarter of 2015, according to preliminary estimates of real gross domestic product (GDP) released by Stats SA.

After experiencing a 1,3% contraction in the second quarter, the marginal GDP growth in the third quarter staved off a technical recession. A recession is usually said to occur if a country experiences two consecutive quarters of GDP decline.

[Source: *www.statssa.gov.za*]

3.1 What does GDP stand for? (1)

3.2 Draw a business cycle and label it. (8)
All drawings should be neat and clearly labelled

3.3 Explain FOUR differences between the *expansion phase* and *contraction phase* of the business cycle using a table. (4 × 2) (8)

3.4 Explain the term *fiscal policy*. (2)

3.5 What are the FOUR objectives of fiscal policy? (4)

3.6 Explain the effects of an increase in the repo rate. (4)

3.7 List THREE Acts that businesses must comply with when dealing with employees in a business. (3)

**[30]**

## QUESTION 4

4.1 Explain any FIVE characteristics of needs. (5)

4.2 Name any THREE elements that are part of the infrastructure of a business. (3 × 2) (6)

4.3 Explain TWO benefits of exporting goods and services to other countries. (2)

4.4 Name THREE sub-accounts of balance of payments. (3)

4.5 South Africa is one of the countries that is experiencing a high rate of HIV/ AIDS.

4.5.1 Explain the effects of HIV/AIDS on the economy. (4 × 2) (8)

4.5.2 Explain how the government can reduce the spread of HIV/AIDS. (2)

4.6 Explain FOUR factors that influence the supply of goods and services. (4)

**[30]**

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**QUESTION 5**

| | | | |
|---|---|---|---|
| 5.1 | Explain FOUR negative effects of a decrease in economic growth. | | (4) |
| 5.2 | Explain FOUR functions of money. | | (4) |
| 5.3 | Explain the benefits of international trade. | (2 × 2) | (4) |
| 5.4 | Explain the impact of natural disasters on the economy. | (3 × 2) | (6) |
| 5.5 | Briefly discuss the negative impact that technology has on the economy. | | (4) |
| 5.6 | List FOUR factors of production. | | (4) |
| 5.7 | List the problems that South Africa could encounter when exporting goods to other countries. | | (4) |
| | | | **[30]** |

**TOTAL SECTION B: 120**
**GRAND TOTAL: 150**

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