higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

# MARKING GUIDELINE

## NATIONAL CERTIFICATE

## JUNE EXAMINATION

## ECONOMICS N4

## 6 JUNE 2016

**This marking guideline consists of 8 pages.**

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## SECTION A (COMPULSORY)

## QUESTION 1

| | | | | |
|---|---|---|---|---|
| 1.1 | 1.1.1 | A | | |
| | 1.1.2 | A | | |
| | 1.1.3 | D | | |
| | 1.1.4 | C | | |
| | 1.1.5 | B | | |
| | 1.1.6 | C | | |
| | 1.1.7 | D | | |
| | 1.1.8 | C | | |
| | 1.1.9 | B | | |
| | 1.1.10 | D | | |
| | 1.1.11 | D | | |
| | 1.1.12 | A | | |
| | 1.1.13 | A | | |
| | 1.1.14 | C | | |
| | 1.1.15 | C | | |
| | 1.1.16 | B | | |
| | 1.1.17 | D | | |
| | 1.1.18 | B | | |
| | 1.1.19 | C | | |
| | 1.1.20 | A | | |
| | | | (20 × 2) | (40) |
| 1.2 | 1.2.1 | False | | |
| | 1.2.2 | False | | |
| | 1.2.3 | False | | |
| | 1.2.4 | True | | |
| | 1.2.5 | True | | |
| | | | (5 × 2) | (10) |
| | | | | **[50]** |

**TOTAL SECTION A: 50**

## SECTION B

## QUESTION 2

2.1 2.1.1 R16 per unit (2)

2.1.2 MR = 3 units × price per unit
= 3 units × R16
= R48,00 (2 × 2) (4)

2.1.3 If three units were sold at R16 per unit, then MR = 3 × R16 = R48 (4)

2.1.4 Total loss in revenue = R48,00 – R42,00
= R6,00 (4)

2.2 2.2.1 The same/equal/constant

2.2.2 Increases

2.2.3 Increase

2.2.4 Decreases

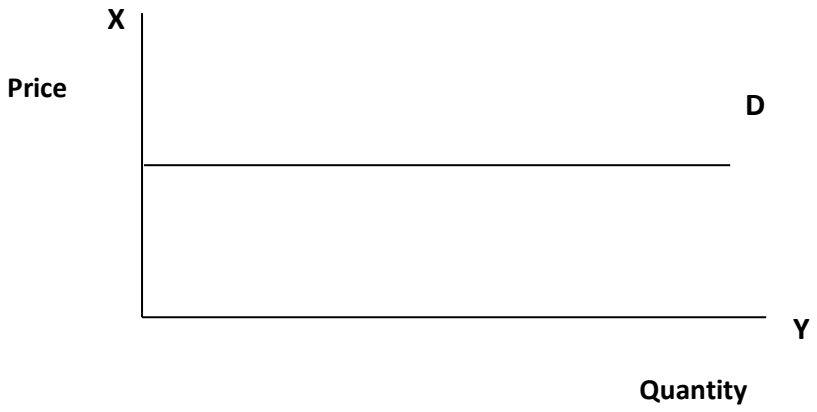
2.2.5 Decrease

2.2.6 Positive

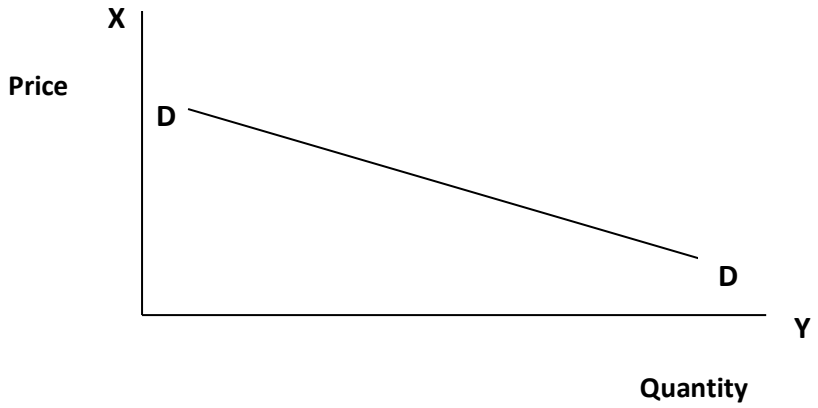
(6 × 2) (12)

2.3
- Size of the market
  The size of the market determines whether a firm will make sales or not.
- Nature of market
  It is important to do market research in order to identify the customers and their needs and wants.
- Availability of materials
  A business depends on materials or supplies to manufacture their products.
- Market penetration
  Firms need to position themselves in such a way as to limit the effect of the competition.
- Availability of finance
  Firms need to have available funds to meet the day-to-day and unforeseen needs of the business.
- Human resources
  It is essential to employ the correct number of people with the correct skills to enable the firm to achieve its business goals and objectives.
- Management
  Management of a firm need to have the appropriate skills and attributes to achieve their goal and objectives. (7 × 2) (14)

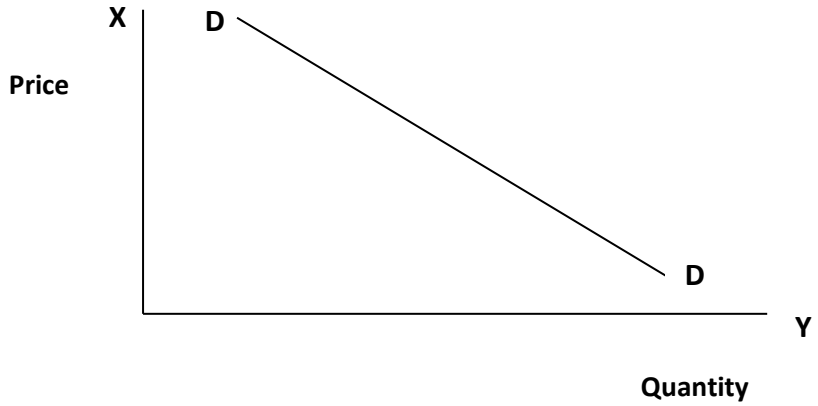
2.4 2.4.1 Perfectly elastic demand curve



2.4.2 Relatively elastic demand curve




2.4.3 Relatively inelastic demand curve




(3 × 3) (9)

2.5
- Unemployment
- School education is substandard in many areas
- Insufficient infrastructure
- Many resources used to produce goods and services
- Lack of access to health system
- Inconsistent services.
- Corruption
- Lack of unity in society

(Any 1 × 1) (1)
**[50]**

## QUESTION 3

3.1
3.1.1 E
3.1.2 H
3.1.3 F
3.1.4 J
3.1.5 I
3.1.6 D
3.1.7 C
3.1.8 A
3.1.9 G
3.1.10 B

(10 × 2) (20)

3.2
3.2.1 $\frac{270}{300} = 10\%$

3.2.2 $\frac{40}{50} = 20\%$

3.2.3 $\frac{10}{20} = 0.5\%$

(3 × 2) (6)

3.3
3.3.1 Relatively inelastic demand

3.3.2 Demand is very unresponsive to change in price. To improve revenue, increase price only.

(2 × 2) (4)

3.4
- Proportion of income spent on the product
- Regularity of purchase
- Time
- Availability of substitute goods
- Addictive or essential goods

(5 × 2) (10)

3.5
3.5.1 (a) 65
(b) 60
(c) 165

(3 × 2) (6)

3.5.2 65 + 80 = 145 (4)

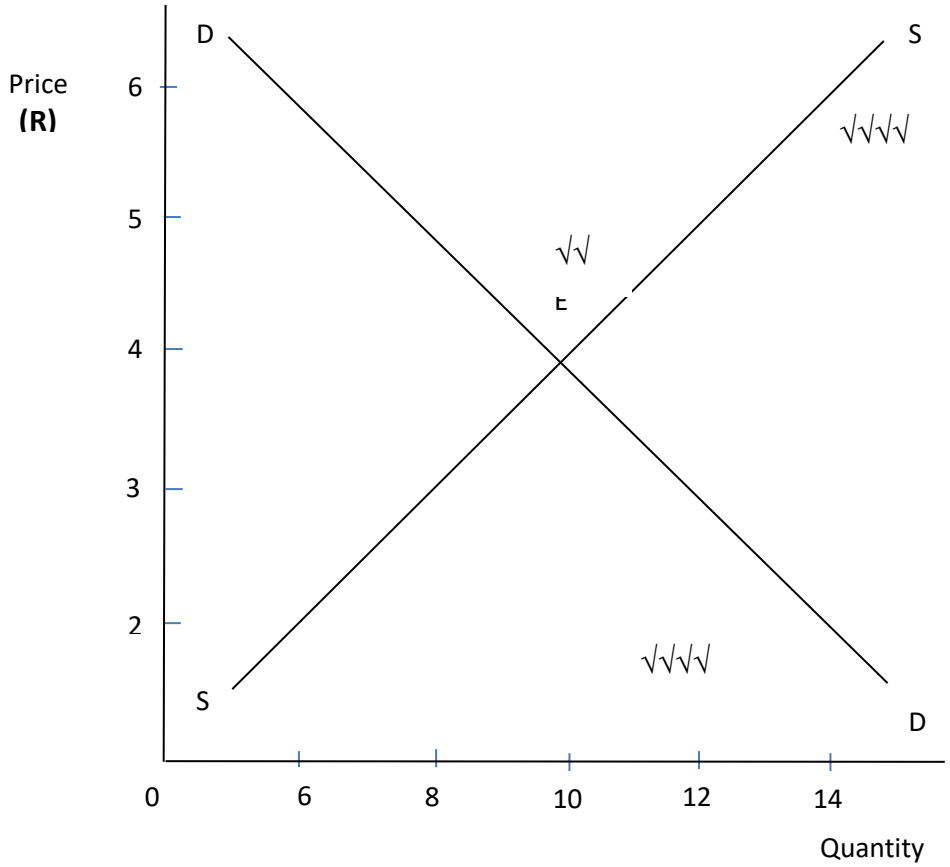
**[50]**

## QUESTION 4

4.1
4.1.1 True
4.1.2 True
4.1.3 False
4.1.4 False
4.1.5 False

(5 × 2) (10)

4.2




The equilibrium price is R4 and the equilibrium quantity is 10 units or cans of cold drink. (10 × 1) (10)

4.3 4.3.1 At R160 and at 500 units (2 × 2) (4)

4.3.2 Equilibrium price is R140. (2)

4.3.3 The demand curve represents the number of units demanded by consumers during particular a period of time. (2)

4.4 4.4.1 Capital

4.4.2 Decrease

4.4.3 Sunk costs

4.4.4 Normative statements

4.4.5 Indirect tax

(5 × 2) (10)

4.5 4.5.1 The price elasticity of supply measures the responsiveness of the supply to a change in the price.

4.5.2 The foreign sector consists of all countries wishing to engage in some form of trade.

4.5.3 Market constraints are factors which hamper the business in the achievement of their objectives.

(3 × 2) (6)

4.6 4.6.1 These are goods that are no longer available once they have been used.

4.6.2 These are goods that last for a while but have to be replaced after a short period.

4.6.3 These products are used over and over and can satisfy your needs more than just once.

(3 × 2) (6)
**[50]**

**QUESTION 5**

5.1 5.1.1 Perfectly competitive market

5.1.2 Perfectly competitive market

5.1.3 Monopoly

5.1.4 Monopoly

5.1 5 Perfectly competitive market

(5 × 2) (10)

5.2 5.2.1 50 units (2)

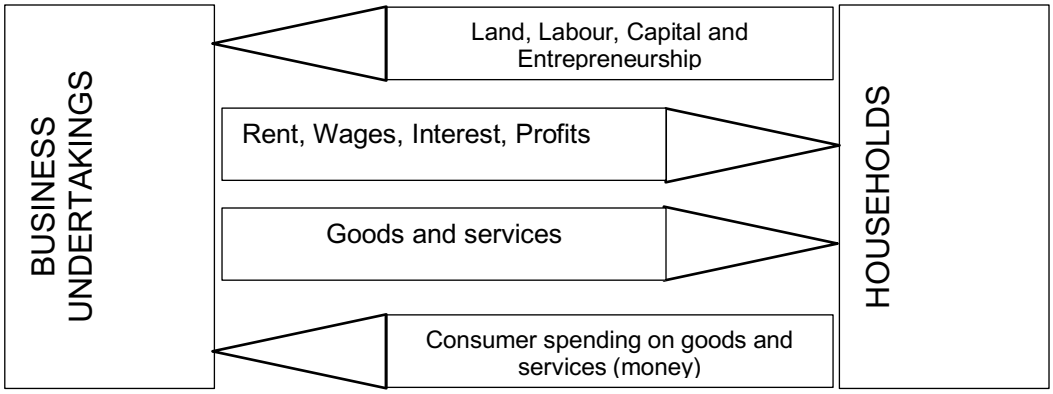
5.2.2 15 units (2)

5.2.3 Marginal utility (2)

5.2.4 Tu = The sum of all marginal
Utilities = 50 units + 35 units + 25 units + 20 units +15 units
Tu = 150 marginal utility (2 × 2) (4)

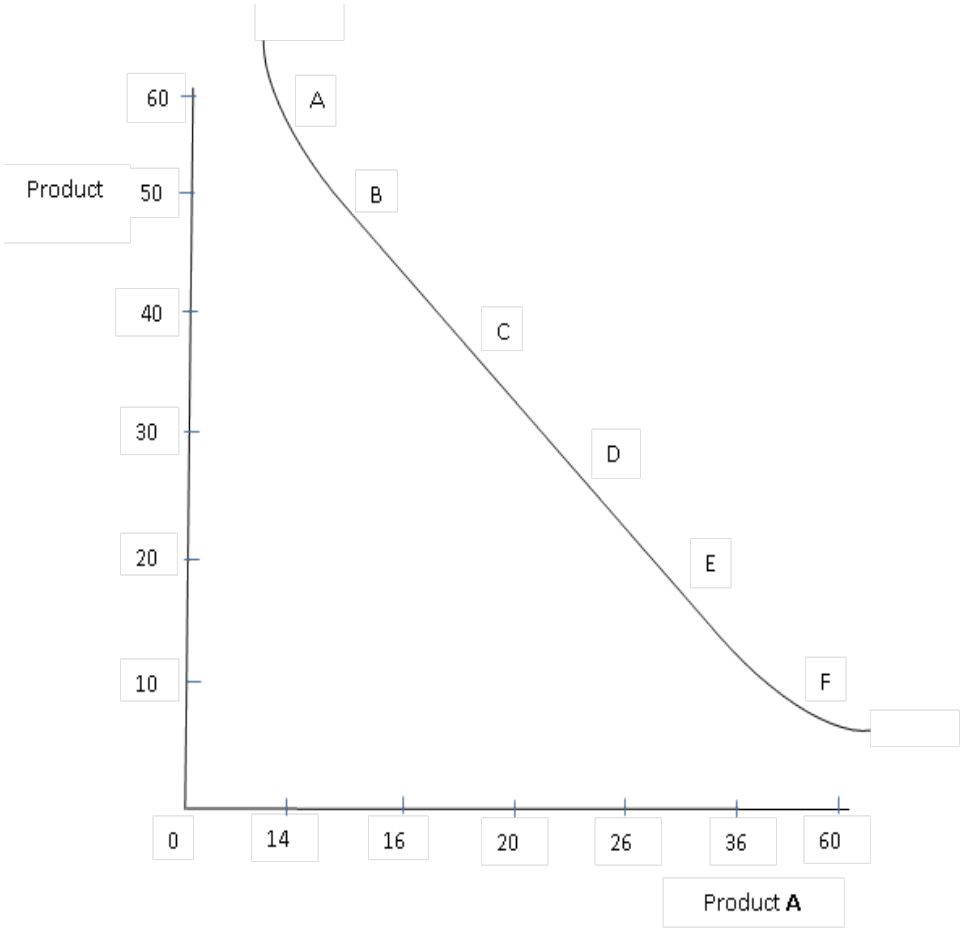
5.2.5 Negative (2)

5.3




(10)

5.4 5.4.1




(10)

5.4.2 At all combinations above the indifferent curve or at A-F (2)

5.4.3 Indifference curve A (2)

5.4.4 Yes, because it represents the greatest level of satisfaction. (4)
**[50]**

**TOTAL SECTION B: 150**
**GRAND TOTAL: 200**

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