higher education & training

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NATIONAL CERTIFICATE

ECONOMICS N4

(22020034)

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09:00–12:00

This question paper consists of 13 pages.

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
ECONOMICS N4
TIME: 3 HOURS
MARKS: 200

NOTE: If you answer more than the required number of questions, only the required number will be marked. Clearly cross out ALL work you do NOT want to be marked.

INSTRUCTIONS AND INFORMATION

1. SECTION A is COMPULSORY.
2. Answer any THREE questions in SECTION B.
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. ALL graphs must be clearly labelled.
6. Write neatly and legibly.

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SECTION A (COMPULSORY)

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.20) in the ANSWER BOOK.

1.1.1 In economics we deal with unlimited wants against limited …

A household interventions.
B government wastage.
C means.
D increasing prices.

1.1.2 ONE of the following is NOT a factor of production:

A Interest rates
B Labour
C Capital
D Natural resources

1.1.3 Microeconomics studies the behaviour of individuals and firms in making decisions regarding allocation of scarce …

A skills.
B food.
C resources.
D utilities.

1.1.4 … determines the quantity demanded.

A The price of the product
B The number of suppliers
C Elasticity of demand
D Land

1.1.5 The law of demand states that as the price of goods or services increases, consumer demand will …

A increase.
B decrease.
C remain the same.
D have no effect.

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1.1.6 … is the amount of a product that producers are willing to sell at a certain price within a particular period of time.

A Demand
B Industrialisation
C Production
D Supply

1.1.7 Equilibrium price is the market price where …

A the quantity of goods supplied is greater than that of goods demanded.
B the sum of all the individual demands is the same.
C the quantity of goods supplied is equal to that of goods demanded.
D the quantity of goods demanded is greater than that of goods supplied.

1.1.8 When there is an increase in demand, the demand curve shifts to the …

A side.
B middle.
C left.
D right.

1.1.9 … refers to an unsold quantity of goods resulting from lack of equilibrium in a market.

A Supply
B Surplus
C Marginal cost
D Demand

1.1.10 Elasticity of demand can be influenced by …

A availability of substitutes.
B weather conditions.
C shutdown of electricity.
D number of TV sets one has.

1.1.11 … is ONE of the factors that influence the quantity supplied.

A Revenue
B Population
C Technology
D Profit

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1.1.12 Return to scale refers to the change in output when all factors are increased in the same proportion in the long run and may be …

A increasing.
B constant.
C decreasing.
D All of the above-mentioned

1.1.13 In a perfectly competitive market, the marginal revenue (MR) curve is also the …

A demand curve.
B average revenue curve.
C A and B
D supply curve.

1.1.14 The law of diminishing marginal utility states that as more of a product is consumed, the additional benefit to the consumer …

A increases.
B falls.
C remains the same.
D reaches equilibrium point.

1.1.15 … maximisation is reached by producing that quantity of output where marginal revenue equals marginal costs.

A Profit
B Initiative
C Business
D Technological

1.1.16 A/An … is a price setter, not a price taker like a firm in perfect competition.

A oligopoly
B natural barrier
C A and B
D monopoly

1.1.17 A firm has competitive advantage if it can provide …

A different value than its competitors at a lower price.
B the same value as its competitors at a lower price.
C different value than its competitors at a higher price.
D the same value as its competitors at a higher price.

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1.1.18 … is the net money value of assets people own.

A Profit
B Wealth
C Investment
D Returns

1.1.19 Supernormal profits through massive market power and high prices can be made in a/an … business.

A partnership
B oligopolistic
C monopolistic
D company

1.1.20 Perfectly competitive firms sell … goods.

A differentiated
B homogeneous
C heterogeneous
D synonymous

(20 × 2) (40)

1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Mining is an example of a primary sector industry.

1.2.2 Marginal revenue is the total revenue that a firm receives when it sells its output.

1.2.3 Consumer goods are goods that are used over and over and can satisfy human needs.

1.2.4 The consumption possibility curve is sometimes called the budget line.

1.2.5 Fiscal and monetary policies are not used by the government to regulate the economy of the country.

(5 × 2) (10)
[50]

TOTAL SECTION A: 50

SECTION B

Answer any THREE of the four questions in this section.

QUESTION 2

2.1 Explain utility under the following headings:

2.1.1 Definition (2)

2.1.2 Marginal utility (2)

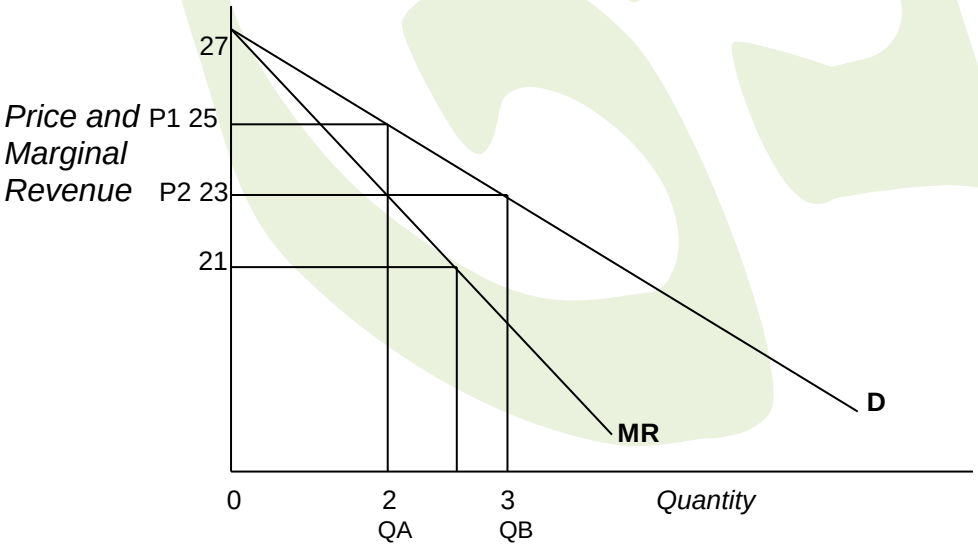
2.1.3 Law of diminishing marginal utility (4)

2.2 Illustrate marginal utility by means of a marginal utility curve. (6)

2.3 Explain the situation where a firm maximises its profit. (3)

2.4 Differentiate between *market constraints* and *technology constraints*. (2 × 2) (4)

2.5 Study the graph below and answer the questions.



2.5.1 How much does the firm receive per unit at QA? (2)

2.5.2 Calculate the marginal revenue (MR) if four units were sold at R25 per unit. (4)

2.5.3 Calculate the marginal revenue (MR) if four units were sold at R23 per unit. (4)

2.5.4 Calculate the total loss in revenue for the amounts you got in QUESTION 2.5.2 and 2.5.3 above. (2 × 2) (4)

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2.6 Give TWO barriers of entry with regard to monopoly. (2 × 2) (4)

2.7 Name the FOUR factors of production. (4 × 2) (8)

2.8 Complete the following sentences by filling in the missing words. Write only the word next to the question number (2.8.1–2.8.3) in the ANSWER BOOK.

2.8.1 A/An … is someone who organises all factors of production including himself/herself in order to establish or maintain a business.

2.8.2 There is a … relationship between quantity of goods supplied and the price thereof.

2.8.3 The … problem is characterised by unlimited wants against limited means.

(3 × 1) (3)
[50]

QUESTION 3

3.1 Choose a description from COLUMN B that matches a word/term in COLUMN A. Write only the letter (A–J) next to the question number (3.1.1–3.1.10) in the ANSWER BOOK.

COLUMN A		COLUMN B	
3.1.1	Economics	A	goods or services that are required, e.g. food, clothing, shelter and health care
3.1.2	Needs	B	rise in the general level of prices for goods and services leading to the fall in the purchasing power of a currency
3.1.3	Production	C	all persons living under one roof, having direct access to the outside
3.1.4	Opportunity cost	D	desire to own a product or experience a service
3.1.5	Natural resources	E	goods which, as a result of changed conditions, may replace each other in use
3.1.6	Households	F	rises from left to right
3.1.7	Demand	G	a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses
3.1.8	Supply curve	H	a benefit, profit, or value of something that must be given up to acquire or achieve something else
3.1.9	Substitute goods	I	creation of utilities
3.1.10	Inflation	J	resources that exist without action of humankind

(10 × 2) (20)

3.2 Give any THREE forms of elasticity of supply. (3 × 2) (6)

3.3 Name the FIVE factors which will influence the quantity of goods demanded by the consumer within a particular period of time. (5 × 2) (10)

3.4 Refer to the table below and answer the questions based on the cost of production.

NUMBER OF WORKERS	TOTAL QUANTITY OF PRODUCTION	TOTAL FIXED COST	TOTAL VARIABLE COST	TOTAL COST
0	0	350	(a)	350
1	10	350	100	450
2	15	350	200	(b)
3	25	350	(c)	650
4	35	(d)	400	750
5	40	350	500	(e)

3.4.1 Calculate the values of (a), (b), (c), (d) and (e). (10)

3.4.2 What is the average total cost of producing 35 products? (4)
[50]

QUESTION 4

4.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (4.1.1–4.1.5) in the ANSWER BOOK.

4.1.1 Marketing is based on thinking about the business in terms of customers' needs and their satisfaction.

4.1.2 Price does not affect the quantity of goods demanded.

4.1.3 The supply curve slopes downwards from left to right.

4.1.4 Complementary products are not the same as substitute products.

4.1.5 Gross National Product is the total value of all goods produced by foreign nationals within the country.

(5 × 2) (10)

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4.2 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (4.2.1–4.2.5) in the ANSWER BOOK.

4.2.1 The equilibrium price is where quantity demanded (equals/exceeds) quantity supplied.

4.2.2 (Furniture/Mining) is an example of a primary sector industry.

4.2.3 VAT (Value Added Tax])is a form of (direct/indirect) taxes.

4.2.4 Consumption is the (destruction/using) of goods and services to satisfy a need/want.

4.2.5 Savings refer to money not spent or (deferred/immediate) consumption.

(5 × 2) (10)

4.3 Briefly describe the following concepts:

4.3.1 Budget

4.3.2 Diminishing Marginal Returns

4.3.3 Long-run costs

4.3.4 Plant shutdown

(4 × 3) (12)

4.4 Use the table below to answer the questions.

PRICE	DEMAND	SUPPLY
R 50	500	100
R150	400	200
R200	300	300
R250	200	400
R300	100	500

4.4.1 Draw the demand and supply curves. (8)

4.4.2 Indicate at what quantity and price are the two curves at equilibrium. (2)

4.4.3 From the demand and supply curves you have drawn, indicate at what price and quantity the firm will have a surplus. (4)

4.5 Give any TWO types of markets for factors of production. (2 × 2) (4)

[50]

QUESTION 5

5.1 Indicate whether the following are characteristics of CAPITALISM or SOCIALISM. Choose the answer and write only 'Capitalism' or 'Socialism' next to the question number (5.1.1–5.1.5) in the ANSWER BOOK.

5.1.1 Redistribution of income

5.1.2 Profit motive

5.1.3 Peaceful and democratic revolution

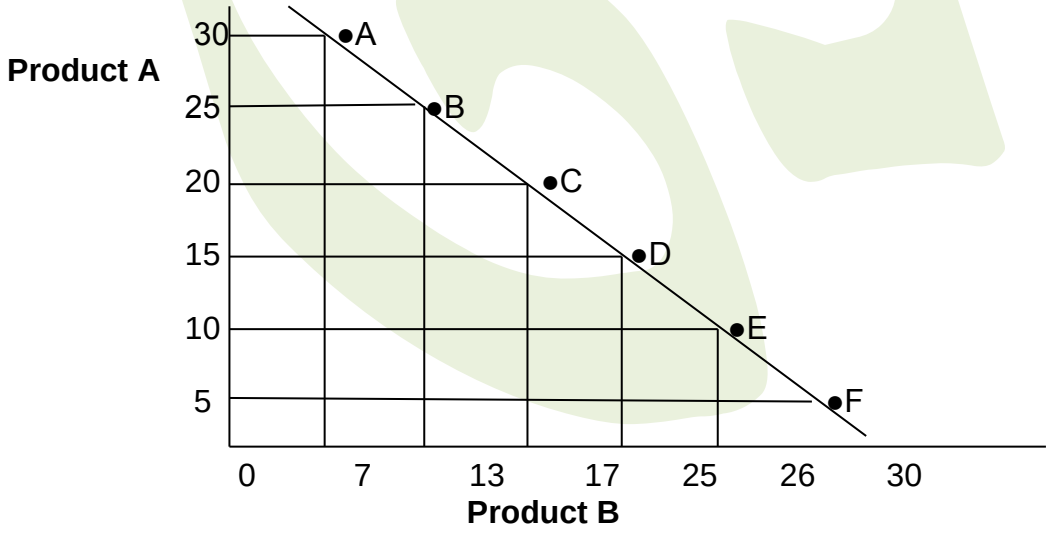
5.1.4 Government ownership of productive resources

5.1.5 Willingness to change

(5 × 2) (10)

5.2 Discuss any FOUR different types of price elasticity of demand. (4 × 4) (12)

5.3 Use the information provided in the indifference curve below to draw a schedule for combination of A, B and C in relation to products A and B.



(10)

5.4 The following table represents the total revenue of a firm. Study the table and answer the questions.

QUANTITY (Units)	PRICE (R)	TOTAL REVENUE	MARGINAL REVENUE
10	7	70	
11	7	77	
12	7	84	
13	7	91	
14	7	98	

5.4.1 Calculate the marginal revenue of the quantity of Units 13 and 14. (6)

5.4.2 How much is the marginal revenue for every extra additional unit of product sold? (2)

5.4.3 Explain the term *saving.* (2)

5.4.4 Give any FOUR reasons why households save money. (4 × 2) (8)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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