KWAZULU-NATAL PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL STANDARDISED ASSESSMENT

GRADE 12

ECONOMICS P2

JUNE 2026

MARKS: 150

TIME: 2 Hours

This question paper consists of 13 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows:
   - SECTION A: COMPULSORY
   - SECTION B: Answer any TWO questions from this section.
   - SECTION C: Answer any ONE of the two questions.
2. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of each question above each answer.
4. Read the questions carefully and start EACH question on a new page.
5. Leave at least ONE line between subsections of each question.
6. Answer questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
7. Answer ONLY the required number of questions. Answers in excess of the required number will NOT be marked.
8. Use ONLY blue or black ink.
9. Non-programmable pocket calculators may be used.
10. Write legibly and present your work neatly.

SECTION A (COMPULSORY)

QUESTION 1 **30 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write ONLY the letter (A – D) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK. e.g. 1.1.6 D

1.1.1 The income earned by a firm from the sale of each unit of output is called… revenue.

A. marginal
B. average
C. total
D. tax

1.1.2 A market structure that is characterized by blocked entry is known as … market.

A. monopoly
B. perfect
C. oligopoly
D. monopolistic

1.1.3 Costs to a third party that are excluded from the market price of goods and service are called …

A. social costs.
B. positive externalities.
C. negative externalities.
D. social benefits.

1.1.4 A firm that has no control over the market price is referred to as a ...
A. price-maker.
B. price-leader
C. price-fixer
D. price-taker.

1.1.5 Products that have distinct, non-identical features, quality and branding are known as … products.

A. heterogeneous
B. luxury
C. homogeneous
D. intermediate

1.1.6 Selling goods to a foreign country at a price that is generally lower than the country of origin is referred to as ...

A. trading.
B. dumping.
C. importing.
D. exporting.

1.1.7 Costs that are irrecoverable to the business once they are incurred are called … costs.

A. explicit
B. implicit
C. sunk
D. variable

1.1.8 A condition where a firm produces maximum output from minimum inputs is known as …

A. allocative inefficiency.
B. productive inefficiency.
C. Pareto inefficiency.
D. productive efficiency.

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A –H) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Industry	A. The period of production where only the variable cost of factors of production can change
1.2.2 Monopolistic Competition	B. A collection of firms that produce and sell similar or related products
1.2.3 Discounting	C. A percentage of an industry's sales that a particular company owns
1.2.4 Short-run	D. Total revenue from sale of goods and services excluding opportunity costs
1.2.5 Deadweight loss	E. A hybrid market structure that combines elements of perfect market and monopoly
1.2.6 South African Bureau of Standards	F. A method that is used to determine the present value of future payments to reflect the time value of money
1.2.7 Accounting profit	G. The reduction in total consumer and producer surplus when demand and supply are at a disequilibrium
1.2.8 Market share	H. A firm's total earnings that include explicit cost
	I. An institute that monitors the quality of goods in South Africa

(8 X 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Acronyms and abbreviations will NOT be accepted.

1.3.1 Costs that remain the same regardless of changes in output levels.

1.3.2 A change in price that causes a smaller percentage change in quantity demanded.

1.3.3 A model that shows the maximum quantities of two products that can be produced using all available resources efficiently.

1.3.4 Additional costs incurred by a firm when one extra unit is produced.

1.3.5 Transactions in which one company purchases most or all of another company's shares to gain control of that company.

1.3.6 Goods and services supplied by the government.

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO questions in this section.

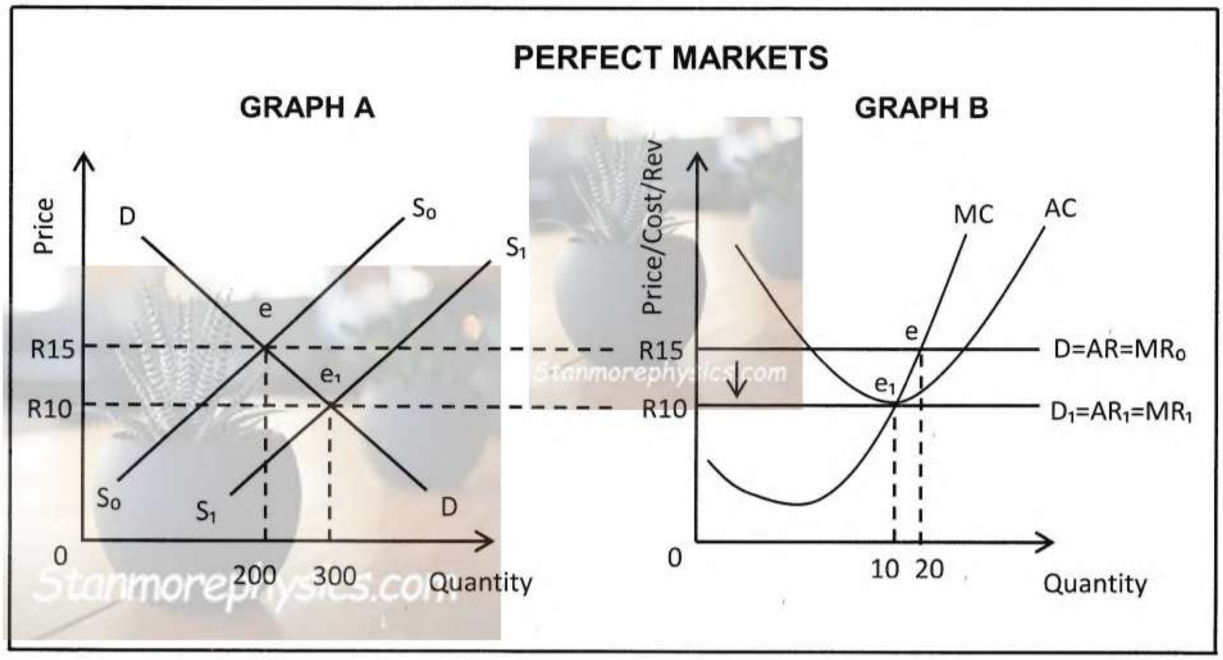
QUESTION 2 MICROECONOMICS 30 MINUTES – 40 MARKS

2.1 Answer the following questions.

2.1.1 Name TWO market forces that set the price of goods and services under perfect competition. (2 x 1) (2)

2.1.2 Why is it relatively easy to enter the monopolistic markets? (2)

2.2 Study the graphs below and answer the questions that follow.



2.2.1 Identify the graph that represents an industry from the above source. (1)

2.2.2 Name the long-run quantity supplied by firms from the graph. (1)

2.2.3 Briefly describe the term *average cost.* (2)

2.2.4 Explain the reason for the decrease of the market price in the long-run. (2)

2.2.5 Use the information in the graph to calculate economic profit made by a perfectly competitive firm. Show all calculations. (4)

2.3 Study the information below and answer the questions that follow.

MONOPOLISTIC COMPETITION

[Adapted from www.educba.com]

2.3.1 Identify a strategy that monopolistic competitors use for gaining customers from the above information. (1)

2.3.2 Name the nature of decision-making under monopolistic competition. (1)

2.3.3 Briefly describe the term *brand loyalty*. (2)

2.3.4 Explain the impact of lack of information under monopolistic competition on consumers. (2)

2.3.5 How do non-price competition strategies affect the economy? (4)

2.4 Without the use of graphs, briefly discuss *taxes* and *subsidies* as government intervention to address consequences of market failures. (8)

2.5 Analyse the impact of large scale business shut-downs on the economy. (8)
[40]

QUESTION 3 **MICROECONOMICS** **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO examples of monopolistic competitive markets. (2 x 1) (2)

3.1.2 How does the implementation of cost-benefit analysis benefit the public? (2)

3.2 Study the extract below and answer the questions that follow.

COMPETITION POLICIES IN SOUTH AFRICA

Competition policies in South Africa aim to investigate anti-competitive behaviour and enforce fair market rules. Notable interventions through these policies include:

- Forcing Telkom to unbundle infrastructure.
- Fining construction firms for bid-rigging.
- Investigating banking sector collusion.
- Pressuring MultiChoice to share sports rights.

However, the policies face significant challenges. There is:
- Limited enforcement: Legal delays weaken penalties.
- Political interference: SOEs often avoid strict oversight.
- Global pressure: Multinationals exploit trade laws to bypass regulations.

[Adapted from: www.thebaharinetwork.com]

3.2.1 Identify a term that relates to companies that operate across international markets from the above extract. (1)

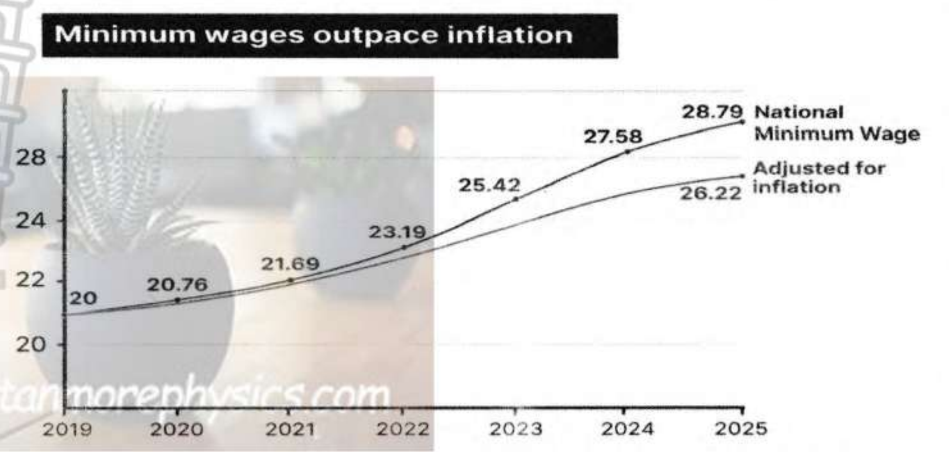
3.2.2 Name the legislation that promotes competition in South Africa. (1)

3.2.3 Briefly describe the term *deregulation.* (2)

3.2.4 Why is it necessary for the Competition Tribunal to restrict the mergers between large firms in the economy? (2)

3.2.5 How does the failure to enforce competition policies by government affect the economy? (2 x 2) (4)

3.3 Study the graph below and answer the questions that follow.



Source: Department of Employment and Labour

3.3.1 Identify the original minimum wage in the graph above. (1)

3.3.2 Name any ONE industry in which there is high exploitation of workers through remuneration. downloaded from Stanmorephysics.com (1)

3.3.3 Briefly describe the term *labour.* (2)

3.3.4 Why would there be an increase in labour supply when minimum wage is introduced? (2)

3.3.5 Use the graph above to calculate the percentage increase of minimum wage between 2022 and 2023. Show ALL calculations. (4)

3.4 With the aid of a correctly drawn and labelled graph, explain *short-run normal profit* for a perfectly competitive firm. (8)

3.5 How does the absence of government intervention in a perfect market affect the economy? (8)

[40]

QUESTION 4 MICROECONOMICS 40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO examples of barriers to market entry. (2 x 1) (2)

4.1.2 How does the mobility of factors of production under perfect market benefit firms? (2)

4.2 Study the cartoon below and answer the questions that follow.

[Adapted from www.educba.com]

4.2.1 Identify the market price from the above cartoon. (1)

4.2.2 Name the market structure illustrated above. (1)

4.2.3 Briefly describe the term *economies of scale.* (2)

4.2.4 Explain the importance of efficient transport system in a market. (2)

4.2.5 Why would an individual firm be forced to charge the market price? (4)

4.3 Study the table below and answer the questions that follow.

STATE BAILOUTS FOR SOUTH AFRICAN MONOPOLIES

	FIRM	R in billions
1.	ESKOM	230
2.	Transnet	35.46
3.	South African Airways	18.81
4.	South African Post Office	1.54
5.	Denel	1.54
6.	Airports Company South africa	1.25
7.	South African Broadcasting Corporation	0.94

[Adapted from www.news24.com]

4.3.1 Identify a firm that handles railway transportation from the above table. (1)

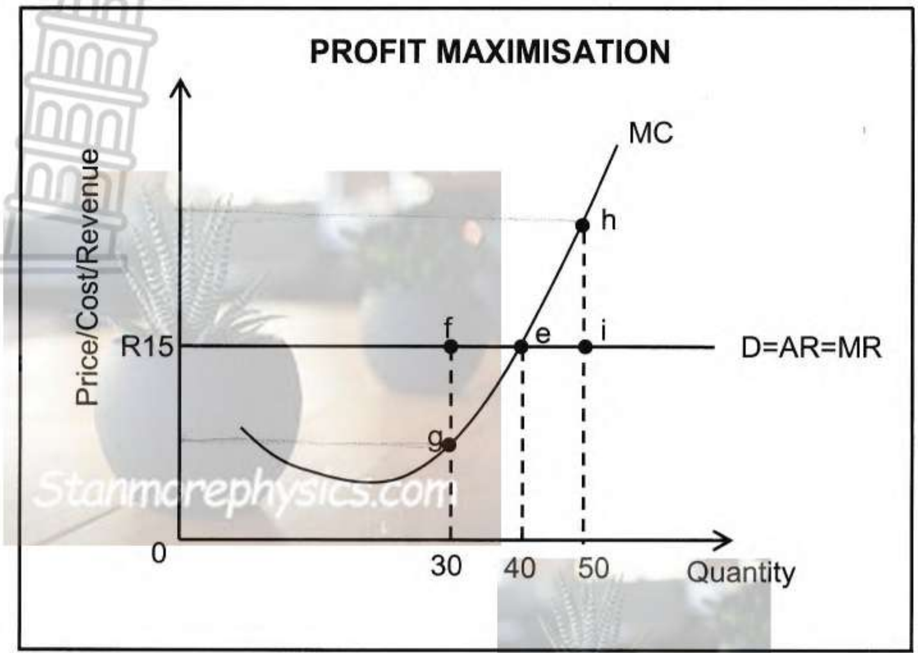
4.3.2 Name any ONE artificial monopoly from the table. (1)

4.3.3 Briefly describe the term *long-run*. (2)

4.3.4 Explain the impact of lack of close substitutes on consumers under a monopoly market. (2)

4.3.5 Why do monopolies experience inefficiencies despite having control of the market? (4)

4.4 Using the graph provided below, explain *profit maximisation* by referring to the relationship between marginal revenue (MR) and marginal cost (MC) curves. (8)



4.5 How can government encourage the consumption of merit goods? (8)

[40]

TOTAL SECTION B: 80

SECTION C

Only ONE question should be answered from this section:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point will be to define the main concept related to the question topic. • Do NOT include any part of the question in your introduction. • Do NOT repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	Max. 2
Body **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/ Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate **A maximum of 8 marks may be allocated for headings/examples** **Additional part:** Critically discuss/Evaluate/Critically evaluate/Debate/ Deduce/Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for mere listing of facts.**	Max. 26 Max. 10
Conclusion: downloaded from Stanmorephysics.com Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned in the body • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5 MICRO-ECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the oligopoly market structure. (26)
- Analyse the factors that contribute to the reduction of imperfect markets. (10)

[40]

QUESTION 6 MICRO-ECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the factors that lead to the misallocation of resources in the market. (26)
- How does government intervene in the economy to redistribute income and wealth? (10)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150