



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ECONOMICS

6899/01

Paper 1

October/November 2022

2 hours

Candidates answer on the Question Paper.

No Additional Materials Required.

READ THESE INSTRUCTIONS FIRST

Write your candidate name, Centre number and candidate number in the spaces provided.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams, graphs or rough working.

Do **not** use staples, paper clips, highlighters, glue or correction fluid.

You may use a calculator.

Answer **all** questions in Sections A, B and C.

Section A has **ten** multiple-choice questions. For each question there are four possible answers **A, B, C** and **D**. Choose the one you consider correct and write the letter in the box to indicate the correct answer.

The number of marks is given in brackets [] at the end of each question or part question.

For Examiner's Use	
Section A	
Section B	
Section C	
Total	

This document consists of **12** printed pages.

Section AAnswer **all** questions.

- 1 What is likely to solve the problem of 'what to produce' in a planned economy?
- A consumers and government
 - B demand and supply
 - C government directives
 - D profit motive
- [1]
- 2 What best describes the term productivity?
- A an activity that changes raw material into finished goods
 - B an activity that makes and sells products through productive effort
 - C an activity that measures profit of finished goods
 - D an activity that measures the effectiveness of productive effort
- [1]
- 3 Which action would be classified as an invisible import to Eswatini?
- A food donation from Taiwan to Eswatini
 - B loan to Mozambique from Eswatini
 - C purchase of wine from US by Eswatini
 - D tourist from the UK spending in Eswatini
- [1]
- 4 What is **most** likely to be found in a developed country?
- A high percentage of very old people
 - B large average family size
 - C low expenditure on entertainment
 - D poor education sector
- [1]
- 5 What shows rising economic growth?
- A an increase in exports
 - B an increase in population
 - C an increase in real GDP
 - D an increase in the price level
- [1]

- 6 The price elasticity of demand of a product is 2. When the price is E15, quantity demanded is 5 000 units. How many units will be demanded when the price falls to E12?
- A 3 000 units
B 5 500 units
C 7 000 units
D 7 500 units

 [1]

- 7 Siphso grows roses in his garden that he offers for sale. The roses attract butterflies and bees. Which is an internal cost in this situation?

- A Neighbours being stung by bees that pollinate the roses.
B Neighbours buying roses from Siphso.
C Neighbours enjoying a nice smelling air from the roses.
D Neighbours watching the activity of wildlife.

 [1]

- 8 Why are bus conductors paid less than lawyers?

- A They are less qualified.
B They have a high demand for their services.
C They travel shorter distances
D They work for longer hours.

 [1]

- 9 How would a fall in interest rates affect household saving and expenditure?

	Saving	Expenditure
A	fall	fall
B	fall	rise
C	rise	rise
D	rise	fall

 [1]

- 10 Which is a variable cost of production?

- A depreciation of machinery
B insurance premiums
C interest on loan
D purchase of raw material

 [1]

Section B

Answer **all** questions.

1 State **three** functions of a central bank.

- (i)
-
- (ii)
-
- (iii)
- [3]

2 Explain **two** influences on the price of company shares.

- (i)
-
-
- (ii)
-
- [4]

3 Describe how changes in price would affect revenue for a product with an inelastic demand.

-
-
-
-
-
-
- [4]

4 Describe **two** disadvantages of a monopoly.

(i)
.....
.....

(ii)
.....
..... [4]

5 Explain how a quota differs from a tariff.

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.....
.....
..... [4]

6 Use a demand and supply diagram to explain the effects that are likely to occur in a market if a government introduces a subsidy for the production of a product.

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..... [6]

7 State the type of tax that would be paid in each of the following cases.

(i) Profits made on buying and selling shares.

.....
..... [1]

(ii) Purchase of a meal from a restaurant.

.....
..... [1]

(iii) A company's profits.

.....
..... [1]

8 Explain what is meant by external diseconomies of scale.

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.....
.....
..... [2]

Section C

Answer **all** questions.

1 BUSINESS OPPORTUNITIES

The Ministry of Commerce has availed business opportunities to Eswatini people through having an undertaking with a number of countries to supply them with a variety of products. One of the countries that has offered an opportunity to the country is Taiwan, which has required Eswatini to supply 150 different products. This initiative will create a number of job opportunities in the country. The Minister said this was in line with Government’s mission to diversify markets and products produced in the country.

The Minister commented that the country was working in the diversification of local products through bringing different investors to the country which would also expand the export market. It is believed that diversification of the markets would improve the country’s foreign reserves and strengthen the country’s currency while improving the gross domestic product (GDP). He said that following the various arrangements that have been reached with a number of countries, the ministry would empower aspiring entrepreneurs by imparting information and assisting them with securing markets for their products. The Minister further pointed out that the country was already in the process of exploiting the mining sector. He said “instead of shipping our raw materials abroad, we’ll have companies producing goods from minerals which shall be exported as a complete product”.

(Adapted from Times of Swaziland, July 25, 2019)

(a) Explain what is meant by GDP.

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.....
..... [2]

(b) Describe **two** benefits to Eswatini of exploiting the mining sector.

(i)
.....
.....

(ii)
.....
..... [4]

2 CHANGES IN THE TAX SYSTEM

In 2018, Beevaland had a new tax structure as part of its economic reform. The new tax system involved a reduction of direct taxes and an increase in indirect taxes on goods and services to 12%. As a result, income tax was cut. At the same time there was an increase in social benefits. This change was meant to achieve one of Government aims of redistribution of income and wealth. Consumer groups expressed concern about this change, however, some were in favour of this change as they believed it would raise the level of the country's efficiency and welfare. The new tax covered services which were previously not taxed, there was also a reduction in company tax. Those who were against the new tax system feared that this change would cause a sharp increase in inflation and a rise in the price for imported oil.

(a) Define inflation.

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.....
..... [2]

(b) In what section of Beevaland's Balance of Payment will imported oil be recorded?

.....
..... [1]

(c) The extract suggests that one of Government's aim is redistribution of income and wealth. Explain what is meant by this aim.

.....
.....
.....
..... [2]

(d) Give **two** examples of direct taxes from the extract.

(i)

(ii) [2]

