



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 2024

2 hours

Candidates answer on the Question Paper.

No additional material required.

READ THESE INSTRUCTIONS FIRST

Write your 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 Section 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 **14** printed pages and **2** blank pages.

Section A

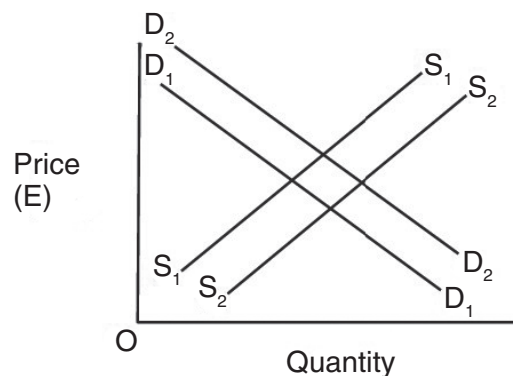
Answer **all** questions.

1 What is most likely to be supplied by small firms?

- A banking services
- B hairdressing services
- C hotel services
- D insurance services

☐

[1]

2 The diagram shows the initial demand (D_1) and supply (S_1) curves for the Eswatini car market.What would cause the demand curve for cars to shift to D_2 and the supply curve to shift to S_2 ?

- A a fall in income and an increase in the tax on cars
- B a fall in unemployment and the removal of subsidies from the car industry
- C a rise in the price of bus fares and a fall in the cost of car production
- D a rise in the price of petrol and a fall in the number of car producers

☐

[1]

3 The price of a product triples and firms are able to increase production by 30%.

Which type of elasticity of supply is this?

- A elastic supply
- B excess supply
- C inelastic supply
- D unitary supply

☐

[1]

4 What is a fixed cost to a manufacturing firm?

- A cost of raw materials
- B cost of electricity
- C depreciation of machinery
- D overtime payment to workers

☐

[1]

5 Which characteristic of money is most essential if it is to serve effectively as a legal tender?

- A acceptability
- B divisibility
- C durability
- D portability

☐

[1]

6 The table shows entries from a country's balance of payments account in 2024.

	E Billion
trade in goods	+40
trade in services	−10
net income	−16
net foreign loans	+8
net direct foreign investments	+7

What was the country's current account balance in 2024?

- A E31 billion B E30 billion C E29 billion D E14 billion

☐

[1]

7 Which statement best describes a subsidy?

- A a payment from households to firms for goods purchased
- B a payment from government to individuals for work done
- C a payment to individuals not involved in any economic activity
- D a payment from the government to reduce the cost of production

☐

[1]

8 Which statement describes regressive tax?

- A** It changes in line with taxpayers' income.
- B** It falls heavily on high income earners.
- C** It falls heavily on low-income earners.
- D** It is the same regardless of taxpayers' income.

☐

[1]

9 What is the other term for tariff?

- A** customs duty
- B** excise duty
- C** licence
- D** sales tax

☐

[1]

10 A change in which statistic is used to indicate economic growth?

- A** Gross Domestic Product per head
- B** Gross National Product per head
- C** Nominal Gross Domestic Product
- D** Real Gross Domestic Product

☐

[1]

Section B

Answer **all** questions.

1 State **two** fundamental questions answered by an economic system.

- (i)
.....
- (ii)
..... [2]

2 Define opportunity cost.

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..... [2]

3 Explain **two** factors that may influence household spending.

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

- 4 Explain the difference between a decrease in demand and a contraction in demand.

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..... [4]

- 5 Describe **three** government interventions that may be used to address market failure.

(i)

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(ii)

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(iii)

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..... [6]

6 Analyse **three** determinants of price elasticity of demand.

- (i)
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-
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- (ii)
-
-
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-
-
-
- (iii)
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-
-
-
-
- [6]

..... [6]

Section C

Answer **all** questions.

1 Macroeconomic and Financial Development in Eswatini

Eswatini's economy contracted by an estimated 3.2% in 2020 after growing by 2.2% in 2019. Manufacturing declined sharply as export-oriented industries were affected by temporary business closures, disruption in global value chains and weak demand. Construction dropped as COVID-19 pandemic disturbed input supplies.

Investments weakened, and consumption, a key driver of aggregate demand decreased, harming the performance of key services such as wholesale and retail, tourism, and hospitality. However, information and communication services performed well, due to increased demand for online services.

(Adapted from Eswatini Economic Outlook/African Development Bank, 2021)

(a) Identify the **two** stages of production mentioned in the extract.

- (i)
-
- (ii)
- [2]

(b) Describe **two** reasons that led to the decline in Eswatini's economy.

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

(c) Analyse how the government of Eswatini can use the **three** macroeconomic policies to promote export-oriented industries.

(i)

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(ii)

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(iii)

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..... [6]

- Discuss whether specialisation can be beneficial for Eswatini.

[8]

2 South Africa Economic Outlook 2022

South African consumers faced a number of challenges at the start of 2022. This included job losses in 2021 bringing employment back down to the numbers seen in lockdown level 5.

During this period people were to stay at home and only travel to perform and acquire services only where such services cannot be provided from the safety of their home.

Businesses providing essential services were the only ones permitted to operate. At the same time, South Africans experienced an increase in inflation, with the petrol price recently breaking the R20/litre level.

(Adapted from PwC South Africa report, 2022)

(a) Define inflation.

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..... [2]

(b) Explain the effects of job losses in South Africa.

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..... [4]

..... [6

[8]

