



HILLCREST HIGH SCHOOL

Grade 11

ECONOMICS P1

NOVEMBER 2025

MARKS: 150
TIME: 2 Hours

EXAMINER: Mr B. Moffatt
MODERATOR: Mrs C. Edy

This Paper Consists of 12 Pages

INSTRUCTIONS AND INFORMATION

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

SECTION A (COMPULSORY)

QUESTION 1

30 MARKS

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 Goods which are used by businesses to produce other goods are called.

- A) Final Goods
- B) Consumer Goods
- C) Intermediate goods
- D) Durable goods

1.1.2 The factor of production that creates wealth by using savings and borrowed money to buy capital goods and services.

- A) Natural Resources
- B) Capital
- C) Labour
- D) Entrepreneurship

1.1.3 In South Africa Eskom, SABC and Transnet are known as/a...

- A) State Owned Enterprises
- B) Non- Profit organisations
- C) Private company
- D) Public Company

1.1.4 The total income from permanent citizens of a country regardless of where they live.

- A) Gross Domestic Product
- B) Gross Domestic Income
- C) Gross National Income
- D) Gross Value added

1.1.5 The South African Reserve Bank has an inflation target of...

- A) 1%-3 %
- B) 3%-6%
- C) 4.5%
- D) 5%-8%

1.1.6 Which indicator is used to measure economic development?

- A) GDP per Capita
- B) GDP
- C) Life expectancy
- D) Education

1.1.7 When the SARB decides to reduce interest rates.

- A) Monetary Policy
- B) Moral Suasion
- C) Credit
- D) Open Market Transactions

1.1.8 The value of the Gini-Coefficient ranges between...

- A) 10 to 50
- B) 1 to 100
- C) 1 and 10
- D) 0 and 1

(8x2=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	Factor Market	A	Adjusted for inflation to show the real value of goods and services over time.
1.2.2	Tertiary Sector	B	Development based on life expectancy, education, and income levels.
1.2.3	Constant Prices	C	Currency that is not backed by gold.
1.2.4	Non-durable	D	A good where demand increases when people's income increases.
1.2.5	Fiat money	E	Also known as the services sector.
1.2.6	Human development Index	F	The total value of all assets, and income accumulated over time.
1.2.7	Wealth	G	Goods that can only be used once.
1.2.8	Property Subsidy	H	Where factors of production are bought and sold.
		I	Financial assistance from the government to acquire a home.

(8x1=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. NO abbreviations or acronyms will be accepted.
- 1.3.1 Increase in capital stock (machines, tools, buildings, etc.) that is just enough to keep up with population growth.
- 1.3.2 An introduction of money into the circular flow.
- 1.3.3 The sector of the economy responsible for transforming raw materials into finished goods.
- 1.3.4 Trading with other countries.

1.3.5 The interest rate that commercial banks charge their most creditworthy customers, generally large corporations.

1.3.6 Process of returning land (or providing compensation) to individuals or communities who were dispossessed of it due to past discriminatory laws or practices.

(6x1=6)

Total Section A: 30 Marks

SECTION B:

Answer any TWO of the THREE questions.

QUESTION 2: MACROECONOMICS

40 MARKS

2.1 Answer the following questions.

2.1.1 List any TWO characteristics of labour. (2)

2.1.2 How does BEE (Black Economic Empowerment) reduce marginalisation? (2)

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

The Western Cape has once again demonstrated its economic resilience, emerging as South Africa's top-performing province in terms of economic growth over the past decade. This is according to the latest provincial Gross Domestic Product (GDP) estimates released by Statistics South Africa, covering the period 2013 to 2024.

In 2024, the Western Cape's real Gross Domestic Product by Region (GDPR) reached R666.8 billion, accounting for 14.3% of South Africa's total GDP. The province's economy grew by 8.7% between 2014 and 2024, ahead of Gauteng (7.7%) and KwaZulu-Natal (7.5%).

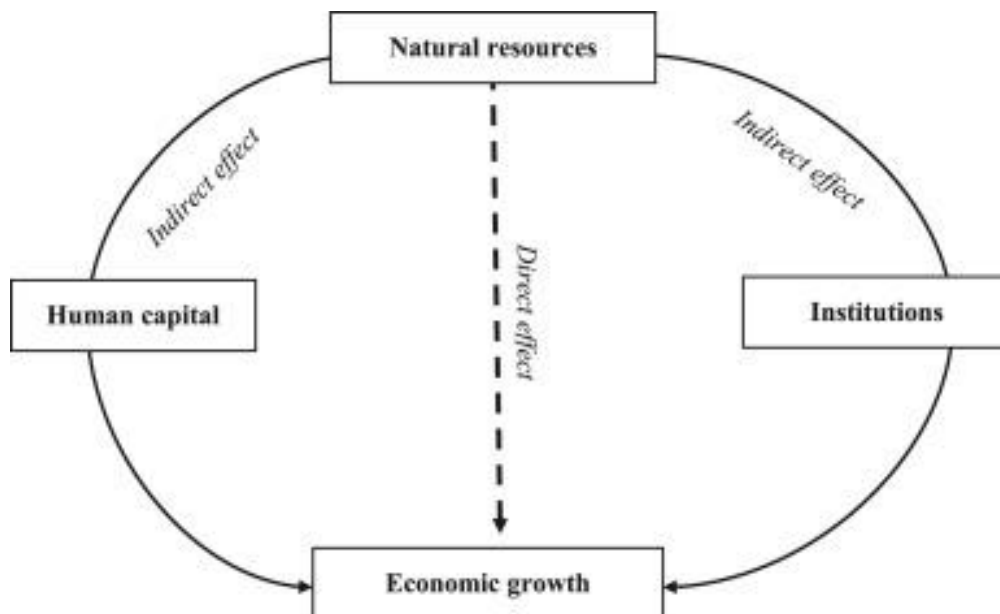
Adapted: <https://www.westerncape.gov.za/agriculture/article/western-cape-leads-provincial-economic-growth-stats-sa-gdp-report>

2.2.1 Identify the province that has demonstrated its economic resilience. (1)

2.2.2 Which province is just behind with the 2nd most growth? (1)

2.2.3 Briefly describe the term "Economic Growth". (2)

- 2.2.4 What is the importance of measuring Gross Domestic Product? (2)
- 2.2.5 Explain why you think growth is surpassing other provinces in the province mentioned in 2.2.1. (4)
- 2.3 Study the information below and answer the questions that follow.



- 2.3.1 What is the remuneration for natural resources? (1)
- 2.3.2 According to the diagram, what does natural resources have a direct effect on? (1)
- 2.3.3 Describe the term *non-renewable resource*. (2)
- 2.3.4 Discuss ONE factor that may influence the price for natural resources in the market. (2)
- 2.3.5 What is the importance of natural resources to the economy? (4)
- 2.4 Discuss the importance of final consumption expenditure by households. (8)
- 2.5 Why is gross fixed capital formation important to the economy? (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

40 MARKS

3.1 Answer the following questions.

3.1.1 List TWO sources of wealth. (2)

3.1.2 How does technological advancement lead to economic growth? (2)

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



3.2.1 Identify the central bank of South Africa. (1)

3.2.2 List ONE function of the reserve bank. (1)

3.2.3 Describe the concept of the *repo rate* (*repurchase rate*). (2)

3.2.4 What is the main purpose of monetary policy? (2)

3.2.5 How will a cut in the repo rate affect consumers? (4)

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

With an unemployment rate of 33% and more than 25% of its residents living at the extreme poverty level, South Africa maintains the title of “most unequal country in the world.” In the wake of economic turmoil catapulted by the coronavirus pandemic, rural-dwelling South Africans increasingly depend on government-issued social grants for survival and equality.

- 3.3.1 Name ONE type of social grant. (1)
- 3.3.2 List ONE other type of redistribution method besides social grants. (2)
- 3.3.3 Describe the term “*redistribution of wealth*”. (2)
- 3.3.4 How does progressive income tax assist government in the redistribution of wealth? (2)
- 3.3.5 In your opinion, why is South Africa one of the most unequal countries in the world. (4)
- 3.4 Discuss the effects of bank failures on the economy. (8)
- 3.5 Which current factors are putting a constraint on Economic Growth in South Africa? (8)
- [40]

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

40 MARKS

- 4.1 Answer the following questions.
- 4.1.1 List any TWO leakages in the circular flow model. (2)
- 4.1.2 How does economic growth relate to economic development? (2)

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



- 4.2.1 Which economic system is presented in the information above? (1)
- 4.2.2 How are resources allocated in this economic system? (1)
- 4.2.3 Describe what is meant by “freedom of choice”. (2)
- 4.2.4 Why is competition seen as an advantage in this economic system? (2)
- 4.2.5 How can motive of self-interest be a disadvantage of this type of economic system? (4)

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



- 4.3.1 Identify the macroeconomic policy in the information above. (1)
- 4.3.2 Identify the NDP'S vision in the information above. (1)
- 4.3.3 Describe the term *economic development*. (2)
- 4.3.4 How can education and training be used to achieve the NDP'S vision as outlined above? (2)
- 4.3.5 Evaluate the success of the government'S skills development plans. (4)
- 4.4 With the aid of a graph, show how the Lorenz curve is used to measure inequality. (8)
- 4.5 Evaluate the governments efficiency in delivering public goods and services. (8)

[40]

Total Section B: 80 marks

SECTION C: Answer any ONE of the TWO questions

You will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max 2
Body Main part: Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate	Max. 26
Additional part: Give own opinion / Critically discuss / Evaluate / Critically evaluate / Draw a graph and explain / Use the graph given and explain / Complete the given graph / Calculate / Deduce / Compare / Explain / Distinguish / Interpret / Briefly debate / How? / Suggest	Max. 10
Conclusion	Max 2.

Question 5: MACROECONOMICS**40 MARKS**

<u>Main Part</u> Discuss in detail South Africa's infrastructure and its importance. (26)
<u>Additional Part:</u> How did discrimination and exclusion affect the provision of infrastructure before democratisation of the South African economy? (10)

Question 6: ECONOMIC PURSUITS**40 MARKS**

<u>Main Part</u> Discuss in detail the common characteristics of developing countries. (26)
<u>Additional Part:</u> How can Indigenous Knowledge Systems be used to create economic growth and development? (10)

Total Section C: 40 Marks

Grand Total: 150 Marks

ECONOMICS
GRADE 11 PAPER 1
Marking Guidelines
2025 TERM 4
MARKS: 150

1.1 (Note to marker: if the learner provides more than one answer, the mark may not be awarded)

1.1.1 C✓✓

1.1.2 B✓✓

1.1.3 A✓✓

1.1.4 C✓✓

1.1.5 A/B✓✓

1.1.6 A✓✓

1.1.7 A✓✓

1.1.8 D✓✓

(8X2=16)

1.2 (Note to marker: if the learner provides more than one answer, the mark may not be awarded)

1.2.1 H✓

1.2.2 E✓

1.2.3 A✓

1.2.4 G✓

1.2.5 C✓

1.2.6 B✓

1.2.7 F✓

1.2.8 I✓

(8X1=8)

1.3 (Note to marker: No abbreviations may be accepted)

1.3.1 Capital Widening✓

1.3.2 Injections✓

1.3.3 Secondary Sector✓

1.3.4 Foreign Trade✓

1.3.5 Prime lending rate✓

1.3.6 Land restitution✓

(6x1=6)

1.3.7

Total Section A:30 marks

SECTION B:**Answer any TWO of the THREE questions.****QUESTION 2: MACROECONOMICS****40 MARKS**

2.1 Answer the following questions.

2.1.1 List any TWO characteristics of labour. (2)

Income as a goal ✓**Cannot be stored ✓****Part of its owner ✓****Supply cannot suddenly increase/decrease ✓**

2.1.2 How does BEE (Black Economic Empowerment) reduce marginalisation? (2)

Giving previously disadvantaged groups better access to jobs, skills training, and education ✓ ✓

2.2 Study the information below answer the questions that follow.

2.2.1 Identify the province that has demonstrated its economic resilience.

Western Cape ✓ (1)2.2.2 Which province is just behind with the 2nd most growth?**Gauteng ✓ (1)**

2.2.3 Briefly describe the term “Economic Growth”

Economic growth is the increase in a nation's capacity to produce goods and services over time, most commonly measured by the percentage change in its real gross domestic product (GDP) ✓ ✓ (2)

2.2.4 What is the importance of measuring Gross Domestic Product?

It helps government and businesses with planning and policy decisions. ✓ ✓**Accept any relevant correct response (2)**

2.2.5 Calculate the missing value labelled A. Show all calculations.

- **Better use of resources**

- **Better governance**

MD ✓ ✓ (4)

- 2.3.1 What is the remuneration for natural resources? (1)
Rent ✓
- 2.3.2 According to the diagram, what does natural resources have a direct effect on? (1)
Economic Growth ✓
- 2.3.3 Describe the term *non-renewable resource*. (2)
A resource that cannot be replaced once used up or takes millions of years to form ✓✓
- 2.3.4 Discuss ONE factor that may influence the price of rent for natural resources/land. (2)
The location of the land ✓✓
The quality of the natural resource ✓✓
The scarcity leading to demand and supply problems ✓✓
Accept any other relevant correct response
- 2.3.5 What is the importance of natural resources to the economy? (4)
Provide raw materials for production. ✓✓
Create employment opportunities. ✓✓
Generate foreign exchange through exports. ✓✓
Contribute to economic growth and development. ✓✓
- 2.4 Discuss the importance of final consumption expenditure by households. (8)
- **GDP and economic driver:**
 - It is the largest part of quarterly GDP in many countries, representing the demand side of the economy ✓✓
 - It is a key indicator of economic performance and growth.
 - **Policy and decision-making:**
 - Governments and central banks monitor household spending to guide economic policy.
 - If spending is weak, governments may use fiscal stimulus to boost demand; if it is growing too fast and causing inflation, they may adjust interest rates.
 - It is used to assess inflation, as seen with the European Union's harmonised index of consumer prices (HICP) which is based on household expenditure.
 - **Business strategy and market analysis:**
 - Businesses use this data to understand consumer behavior, develop marketing strategies, and improve product design.

- **Analysis of consumption expenditure helps in making accurate economic forecasts.**
- **Indicator of household well-being:**
 - **It reflects the purchasing power and behavior of households, providing insights into living standards and economic well-being.**
 - **Data can be analyzed by household size or category to understand specific consumption patterns –**
 - **✓✓**

2.5 Why is gross fixed capital formation important to the economy? (8)

- It represents **investment in fixed assets** (buildings, machinery, infrastructure). ✓✓
- Expands the **productive capacity** of the economy. ✓✓
- Improves **efficiency and productivity**. ✓✓
- Attracts further **domestic and foreign investment**. ✓✓
- Leads to **job creation and income growth**. ✓✓
- Contributes to long-term **development and higher living standards**. ✓✓

Max 2 for listing

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**40 MARKS**

3.1 Answer the following questions.

3.1.1 List TWO sources of wealth. (2)

Luck ✓

Inheritance ✓

Savings ✓

Accept any other relevant correct response.

3.1.2 How does technological advancement lead to economic growth? (2)

It improves productivity and efficiency, allowing more goods and services to be produced. ✓✓

Accept any other relevant correct response

3.2.1 Identify the central bank of South Africa. (1)

South African Reserve Bank ✓

3.2.2 List ONE function of the reserve bank. (1)

Bank of Issue ✓

Government's banker ✓

Custodian of gold ✓

Banker of other banks ✓

Controls inflation/ protects the value of the rand. ✓

3.2.3 Describe the concept of the *repo rate (repurchase rate)*. (2)

The interest rate at which the Reserve Bank lends money to commercial banks. ✓✓

3.2.4 What is the main purpose of monetary policy? (2)

To maintain price stability by controlling inflation and promoting sustainable economic growth. ✓✓

Accept any other relevant correct response

3.2.5 How will the cut in the repo rate affect consumers? (4)

- **Borrowing becomes cheaper (lower loan repayments). ✓✓**
- **Consumers have more disposable income. ✓✓**
- **Spending and demand in the economy increase. ✓✓**

Accept any other relevant correct response.

3.3.1 Name ONE type of social grant.

- **Child support grant ✓**
- **Old-age pension ✓**
- **Disability grant. ✓** (1)

3.3.2 List ONE other type of redistribution method besides social grants.

- **Progressive tax system ✓**
- **Land redistribution ✓**
- **Property Subsidies ✓**
- **Benefits in kind ✓**
- **Minimum wage ✓**

Accept any other relevant correct response (2)

3.3.3 Describe the term “*redistribution of wealth*”.

Process by which a government uses policies to transfer income and resources from the rich to the poor. ✓✓

Accept any other relevant correct response (2)

3.3.4 How does progressive income tax assist government in the redistribution of wealth?

Higher-income earners pay a larger share of tax, which government uses to fund public goods and services. ✓✓

Accept any other relevant correct response (2)

3.3.5 In your opinion, why is South Africa one of the most unequal countries in the world.

- **Legacy of apartheid and land dispossession. ✓✓**
- **Poor education and skills levels. ✓✓**
- **Unequal access to resources and opportunities. ✓✓**

Accept any other relevant correct response (4)

3.4 Discuss the effects of bank failures on the economy.

- **Loss of savings for households and businesses. ✓✓**
- **Collapse of credit availability, slowing investment. ✓✓**
- **Reduced confidence in the financial system. ✓✓**
- **Possible job losses in banking and related sectors. ✓✓**
- **Slower economic growth due to reduced lending and spending ✓✓**

Accept any other relevant correct response. Max 4 for listing (8)

3.5 Which current factors are putting a constraint on Economic Growth in South Africa?

- **Persistent load-shedding (energy shortages).** ✓✓
- **Poor service delivery and infrastructure.** ✓✓
- **Corruption and state capture weakening institutions.** ✓✓
- **Skills shortages and poor education outcomes.** ✓✓
- **Low levels of investment and savings**✓✓
- **High levels of crime affecting business confidence**✓✓

(8)

[40]

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES**40 MARKS**

4.1 Answer the following questions.

4.1.1 List any TWO leakages in the circular flow model. (2)

Taxes ✓

Savings ✓

Import Expenditure ✓

4.1.2 How does economic growth relate to economic development? (2)

Economic growth can lead to economic development if the wealth created is used to improve people's lives (e.g. building schools, hospitals, roads). ✓✓

Accept any other relevant correct response

4.2.1 Which economic system is presented in the information above?

Free market system ✓ (1)

4.2.2 How are resources allocated in this economic system?

According to demand and supply ✓ (1)

4.2.3 Describe what is meant by "freedom of choice".

Freedom of choice means that consumers can choose what to buy and producers can decide what to produce without government interference ✓✓

Accept any other relevant correct response (2)

4.2.4 Why is competition seen as an advantage in this economic system?

Competition is an advantage because it improves efficiency, leads to better quality goods and services ✓✓

Accept any other relevant correct response (2)

4.2.5 How can motive of self-interest be a disadvantage of this type of economic system? (4)

- **Inequality and Exploitation ✓✓**
- **Market Instability and Externalities**
- **Reduced Public Goods and Social Safety Nets**
- **Monopolies and Anti-Competitive Behavior**
- **Economic Instability**

4.3.1 Identify the macroeconomic policy in the information above.

National Development Plan/Africa Agenda/SDGS ✓ (1)

4.3.2 Identify the NDP'S vision in the information above.

Fight poverty, inequality and unemployment ✓ (1)

4.3.3 Describe the term *economic development*.

Economic development is the improvement of living standards and quality of life through better education, healthcare, reduced poverty. ✓✓

Accept any other relevant correct response (2)

4.3.4 How can education and training be used to achieve the NDP's vision.

Education and training can provide people with skills and knowledge to access better jobs, increase productivity, and reduce poverty and inequality. ✓✓

Accept any other relevant correct response (2)

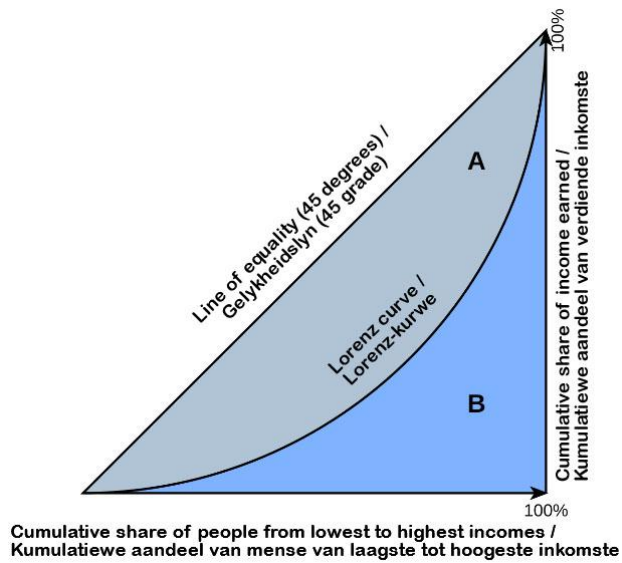
4.3.5 Evaluate the success of government's skills development plans.

Positive: **They implemented legislation to allow for workers to be trained e.g. SDA.** ✓✓

Negative: **Implementation has been slow, corruption and mismanagement hinder progress, and inequality remains high.** ✓✓

Accept any other relevant correct response (4)

- 4.4 With the aid of a graph, show how the Lorenz curve is used to measure inequality. (8)



Graph (4 marks)

2 mark for both axis labelled correctly

1 mark for the line of equality

1 mark for Lorenz curve

Explanation: (4 marks)

The **Lorenz curve** shows income distribution. ✓✓

The **line of equality** represents perfect equality (everyone earns the same).
✓✓

The **Lorenz curve** bows below the line of equality to show actual inequality.
✓✓

The greater the gap between the Lorenz curve and the line of equality, the greater the inequality. ✓✓

4.5 Evaluate the governments efficiency in delivering public goods and services. (8)

Strengths:

- Provides essential goods/services (education, healthcare, policing, infrastructure). ✓✓
- Ensures access for all, especially the poor. ✓✓
- Promotes equity and social welfare. ✓✓

Weaknesses:

- Often inefficiency due to corruption and poor management. ✓✓
- Service delivery protests highlight failures. ✓✓
- Unequal access between rural and urban areas. ✓✓
- Budget constraints limit quality and reach. ✓✓

Accept any other relevant correct response

Max 2 for listing

[40]

Total Section B: 80 marks

Question 5: MACROECONOMICS**40 MARKS****Main Part**

Discuss in detail South Africa's infrastructure and its importance.

(26)

INTRODUCTION: (2 MARKS)

- The infrastructure of a country ensures that the factors of production, as well as consumer goods and services, will be available at the right place and the right time. ✓✓

MAIN PART: (26 MARKS)**Communication:** ✓

- Advances in communication technology have done for world economies what jet travel did in the 1960's. ✓✓
- The world has become an increasingly smaller place. ✓✓
- The use of superfast internet, satellite communications technology and cheap, reliable mobile phones has made it possible for people to do business from anywhere in the world – without having to physically be at the point of sale or negotiation. ✓✓

Economic importance of communication: ✓

- Cell phones and wireless technology have enabled entrepreneurs in remote and rural parts of the country to set up small businesses. ✓✓
- Knowledge is gained through communication, which helps entrepreneurs to make the correct business decisions. ✓✓
- The sector makes an important contribution to the gross domestic product of the country. ✓✓
- It is a source of employment for all levels of labour. ✓✓

Transport: ✓

- Transport sector in any growing economy is the driving force for all economic activity, and therefore needs constant upgrading. ✓✓
- This means investing in roads, rail, harbours and airports. ✓✓ and pipe lines
- Transnet provides an extensive rail commuter system to the South African business world. ✓✓
- Economist often see transport as the fifth factor of production. ✓✓ - No I have it as is the possible 5th FoP. Transport is a service. ✓✓
- It is essential in the logistics to facilitate trade. ✓✓

Economic importance of transport: ✓

- It brings the consumer and the manufacturer together. ✓✓
- Apart from increasing the standard of living of domestic consumers, our international transport links make valuable contributions to the GDP of the country. ✓✓
- Projects like Gautrain and the upgrades to our international airports act as a spur to tourists to enter the country and travel around internally in speedy and efficient comfort. ✓✓

- The new harbour at Coega near Port Elizabeth has created a hub for new businesses to set up that can benefit from tax free imports. ✓✓

Energy: ✓

- Most people's energy needs are met by the provision of electricity, which is generated from coal fired power stations. ✓✓
- Eskom is South Africa's major provider of electricity. ✓✓
- Task is to provide electricity to households and business sectors in South Africa. ✓✓

Economic importance of energy: ✓

- Energy is crucial to the functioning of modern society. ✓✓
- This includes energy for industry, domestic consumption, transportation and the business world. ✓✓
- The energy supply problem in South Africa since 2005 has highlighted how reliant businesses, households and the state are on electricity. ✓✓
- Energy takes various forms, including the burning of wood and coal, the burning of oil and gas, the provision of energy from nuclear power plants and hydroelectric plants. ✓✓
- Using technology to generate electricity from renewable sources such as wind, solar and wave energy is one of the growth sectors identified by the state. ✓✓

(8 marks max for headings and examples)**Additional Part:**

How did discrimination and exclusion affect the provision of infrastructure before democratisation of the South African economy? (10)

- Infrastructure was mainly developed in white areas, while black communities were neglected. ✓✓
- Townships and rural areas had poor or no access to roads, electricity, and clean water. ✓✓
- Investment was focused on urban and industrial centres that served the minority. ✓✓
- Many communities were left isolated with limited transport and communication networks. ✓✓
- Unequal provision deepened poverty and inequality, limiting opportunities for the majority population. ✓✓

Accept any other relevant correct response

Max 4 for listing

CONCLUSION (2 marks)

South Africa has been considered to have the most advanced infrastructure in Africa, however this may change with times as the country has had less investment in and distractions of infrastructure. ✓✓

Accept any other relevant correct response

Question 6: ECONOMIC PURSUITS**40 MARKS****Main Part**

Discuss in detail the common characteristics of developing countries. (26)

Introduction (2 marks)

Developing countries are countries that are classified to be living in poor conditions as compared to developed countries that have high capital and other means for their communities to survive.

✓✓

Main part (26 marks)**Low living standards ✓**

- Low per capita income: about 80% of the world's population is living on less than 1/5 of the world's income. ✓✓
- Low growth of per capita income: developing countries have a slower growth of per capita real GNI than developed countries ✓✓
- Greater unequal distribution of income, income gap between rich and poor in the same country is generally greater in developing countries than developed countries. ✓✓
- Income inequality is measured by the Gini coefficient: the bigger the co-efficient the more the inequality. ✓✓
- Low life expectancy: many people in developing countries are fight a battle against malnutrition, diseases etc. ✓✓
- Low levels of education: low living standards are related to low levels of education. ✓✓
- Adult literacy rate refers to the % of people aged 15 years and above who can read,write and speak. ✓✓
- Literacy rates in developing countries are lower than in developed countries. ✓✓

Low levels of productivity✓

- Levels of labour productivity (output per worker) in developing countries are extremely low compared to developed countries. ✓✓
- This is mainly due to the lack of management, lack of education and training and malnutrition during childhood. ✓✓

High population growth and dependency✓

- Population growth: In developing countries, birth rates are very high and mortality low due to availability of medicines✓✓
- Dependence burden: children under the age of 15 represent almost 29% of the population. People over 64 years are also dependent on family. ✓✓

High levels of unemployment✓

- Underemployment refers to people who are working less than they are able. ✓✓
- Open unemployment (visible unemployment): people who are able to work, want to work but cannot find work✓✓

Dependence of the primary sector✓

- Agriculture: Most people in developing countries live and work in rural areas. ✓✓
- Exports: Primary goods e.g., agricultural products, minerals etc. are the main export goods. ✓✓

Deficient (Poor) infrastructure✓

- The economies of developing countries are held back through deficient infrastructure. ✓✓

This is happening as a result of the governments not investing enough in the following:

- o Physical infrastructure like transport, communication, electricity and water✓✓
- o Social infrastructure like health, education and training✓✓
- o Financial infrastructure like the banking system✓✓

(8 marks max for headings and examples)

Additional Part

How can Indigenous Knowledge Systems be used to create economic growth and development?
(10)

Agriculture – Using indigenous farming methods and drought-resistant crops to improve food security and reduce poverty. ✓✓

Medicine – Developing traditional medicines and herbal remedies to grow the local pharmaceutical industry. ✓✓

Tourism – Promoting cultural practices, crafts, and heritage sites to attract tourists and create jobs. ✓✓

Entrepreneurship – Turning indigenous crafts, art, and designs into businesses and export opportunities. ✓✓

Environmental sustainability – Using traditional knowledge to manage natural resources responsibly, ensuring long-term economic benefits. ✓✓

Accept any other relevant correct response

Max 4 for listing

CONCLUSION (2 marks)

Implementing these methods can create a conducive environment for economic development, improving living standards and opportunities for all members of society. ✓✓

Accept any other relevant conclusion