

**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION  
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**GRADE 10**

**ECONOMICS  
PAPER 1**

**MEMORANDUM**

**17 pages**

**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION**

**ECONOMICS  
(Paper 1)**

**MEMORANDUM**

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**SECTION A: COMPULSORY  
QUESTION 1**

**1.1 MULTIPLE-CHOICE QUESTIONS**

- 1.1.1 B✓✓ (trade-off)
- 1.1.2 A ✓✓ (limited means)
- 1.1.3 C ✓✓ (feudalism)
- 1.1.4 A✓✓ (commodity)
- 1.1.5 C✓✓ (sanctions)
- 1.1.6 B✓✓ (gold standard)
- 1.1.7 C✓✓ (division of labour)
- 1.1.8 C✓✓ (interest rate) (8x2)(16)

**1.2 MATCHING ITEMS**

- 1.2.1 E✓ (A company fully or partly owned or controlled by the government).
- 1.2.2 F✓ (A group of people that live together and make economic decisions, sharing the same income).
- 1.2.3 A✓ (All people have a basic human right to be free from poverty, ignorance and ownership by another).
- 1.2.4 H✓ (This is the voluntary exchange of goods and services).
- 1.2.5 B✓ (It is the use of tools and methods to produce goods and services in the economy).
- 1.2.6 G✓ (The coexistence of the modern economy and subsistence activities).
- 1.2.7 C✓ (Goods produced by the domestic economy and purchased by the foreign sector.).
- 1.2.8 I✓ (This is the economically active population that consists of people between the ages 15 and 64 who are working or actively seeking a job.) (8x1)(8)

**1.3 GIVE ONE TERM**

- 1.3.1 Global warming / Greenhouse effect ✓
- 1.3.2 Savings✓
- 1.3.3 Barter✓
- 1.3.4 Communal✓
- 1.3.5 Colonialism✓
- 1.3.6 Unemployed / Unemployment✓ (6x1)(6)

**TOTAL SECTION A: [30]**

**SECTION B**

Answer any TWO of the three questions.

**QUESTION 2: MACRO-ECONOMICS****2.1 2.1.1 Name any TWO branches of economics.**

- Microeconomics✓
- Macroeconomics✓
- Development economics✓
- Econometrics✓
- Economic doctrines and systems✓
- Economic history✓
- Environmental economics✓
- International economics✓
- Labour economics✓
- Monetary economics✓
- Public sector economics✓
- Regional economics✓
- Resource/ Natural resource economics✓

Any (2x1)(2)

**2.1.2 Why do economists make use of economic models?**

- Economists use models to study and examine economic issues.✓✓
- These models consist of diagrams / graphs/illustrations / diagrams and equations, etc. ✓✓
- They leave out a lot of detail so that the focus is on what is important ✓✓
- Simplification of reality for improved understanding.✓✓

Any (1x2)(2)

**2.2 Data response****2.2.1 Which method is used to calculate GDP in the table above?**

Production method✓

(1x1)(1)

**2.2.2 Name any other method that can be used to calculate the GDP.**

Income method✓

Expenditure method✓

(1x1)(1)

**2.2.3 Calculate GDP at market prices at point A. (Show all calculations)**

Gross value added at basic prices	1 639 485	✓
+ (plus) Taxes on products	312 863	✓
- (minus) Subsidies on products	19 106	✓
	1 933 242	✓

Item must be listed to obtain the mark, with the correct sign in front of taxes and subsidies (4x1)(4)

**2.2.4 Compare gross domestic product and gross national product.**

<b>Gross domestic product</b>	<b>Gross national product</b>
Total market value of goods and services produced within the borders ✓ of a country for a specific period one year ✓	Total market value of goods and services produced by permanent resident ✓ of a country for a specific period ✓

(2x2)(4)

**2.3 Data response**

**2.3.1 Identify the two types of consumer goods depicted above?**

- PICTURE 1 / Car – Durable ✓
- PICTURE 2 / Food – Non Durable ✓ (2x1)(2)

**2.3.2 Which participant in the economy will use an intermediate good?**

Intermediate goods would be used by the makers / producers of goods in the production of other goods ✓✓ / firms ✓✓ / businesses ✓✓ (2x1)(2)

**2.3.3 Briefly explain what are capital goods?**

- Bought by producers to consumer in making more goods and services ✓✓
- These are goods that are used to produce consumer goods and services. ✓✓ (2x1)(2)

**2.3.4 Why do you think there has been an upward trend in the use of picture 2? (2x2)(4)**

- People now use more disposable things such as razors, baby nappies, plastic bottles, food packaging etc. ✓✓
- There has been an increase of peoples' disposable income, making it possible for them to afford more. ✓✓
- Population increased so there are more people needing to eat food ✓✓ (2x2)(4)

(Accept any other relevant answer)

**2.4 Briefly explain the differences between free goods and economic goods**

<b>Free goods</b>	<b>Economic goods</b>
Are so plentiful and have no price ✓✓	Goods that are produced from scarce resources and at a cost ✓✓
Free goods have no exchange value ✓✓	Economic goods have exchange value ✓✓
Everyone has access to them and they have utility value ✓✓	Economic goods also have utility value ✓✓
For example water from rain, sand from dessert etc. ✓	For example house, car etc. ✓
Any (2x2)(4)	Any (2x2)(4)

**2.5 Distinguish between macroeconomics and microeconomics?**

<b>Macroeconomics</b>	<b>Microeconomics</b>
<ul style="list-style-type: none"> <li>• Macroeconomics –Is the study of the economy as a whole ✓✓</li> <li>• It focuses on the economic behavior of a society ✓✓</li> <li>• Example macroeconomics would be the study of inflation, unemployment, etc. or a country’s economic performance. ✓✓</li> </ul>	<ul style="list-style-type: none"> <li>• Microeconomics- Is the study of individual consumer, household, firms and other organization. ✓✓</li> <li>• Focuses on the supply and demand decisions of individuals. ✓✓</li> <li>• Micro economics consider the individuals demand for a certain product at a certain price, or how individuals decide what to buy and when to buy it. ✓✓</li> </ul>
Any (2x2)(4)	Any (2x2)(4)

**NB. The points must link for the learner to be credited.**

**[40]**

**QUESTION 3: ECONOMIC PURSUITS**

**3.1 Answer the following questions**

**3.1.1 Name any TWO labour unions found in South Africa.**

- NEHAWU (National Education, Health and Allied Workers Union) ✓
  - NUMSA (National Union of Metal Workers of South Africa) ✓
  - NUM (National Union of Mine Workers) ✓
  - COSATU (Congress of South African Trade Unions) ✓
  - FEDUSA (Federation of Trade Unions of South Africa) ✓
  - NACTU (National Council of Trade Unions) ✓
  - AMCU (Association of Construction and Mineworker Union) ✓
- (Accept any other relevant answers)

Any (2x1)(2)

### 3.1.2 How can an increased income lead to development of industries?

- An increase in income leads to an expansion of economic activities because better pay for workers in the factories✓✓ increases both the demand and supply of goods and services ✓✓ which leads to an increase in GDP resulting in economic growth.✓ ✓ (1x2)(2)

## 3.2 Data response

### 3.2.1 What is urban migration?

- It is a movement/migration from rural areas to urban areas.✓ (1)

### 3.2.2 Provide a reason for this migration?

- People are in search of better economic opportunities✓/ better livelihoods✓ such as employment✓, education✓ etc. (1)

### 3.2.3 Briefly explain the plan of government to curb the urban migration.

- The government is introducing agric-parks✓✓ in which rural communities are turned into industries through agricultural produce✓✓; people can earn a living in their areas.✓✓making the rural areas as attractive as the urban areas Any (1x2)(2)

### 3.2.4 Why is urban migration a problem for the government?

- Migration leads to densely populated informal settlements or slums ✓✓ necessitating a massive demand for housing and infrastructure✓✓ such as land, roads, health clinics✓✓ greater demand on resources in urban areas, water and sanitation✓✓ etc. (Accept any other relevant answer) (1x2)(2)

### 3.2.5 Sisulu said “the government realized that there was nothing it could do to stop migration” Evaluate this statement.

- Because people are now free to move to the cities unlike before 1994 when there were apartheid influx laws✓✓ curbing urban migration.
- No law would ever be designed or punishment implemented to stop the influx of people✓✓ People realise that they will get better opportunities in the urban areas, and are looking for improved circumstances ✓✓ (Accept any other relevant answers) Any (2x2)(4)

### 3.3 DATA RESPONSE

#### 3.3.1 Which stage of economic development is depicted in the cartoon?

The self-sufficient stage ✓ (1)

#### 3.3.2 Quote one activity that took place during this stage

“Hunting” ✓; “gathering” ✓; “hunter gatherers” ✓ Any (1x1)(1)

#### 3.3.3 The agricultural nature of the economy is one of the characteristics of this stage. Briefly discuss two other characteristics of this stage.

- The absence of markets ✓

Markets did not exist, crops produced on landlords land were used to pay the landlord ✓✓, pay wages of the workers and trade / barter with. ✓✓

- Little or no labour specialisation ✓

Nothing was produced on a large scale, as there were no markets to produce for. ✓✓ There was no place where goods could be sold or exchanged. ✓✓

- Limited freedom of choice ✓

There was no choice in their profession, as it was dependent on family tradition. ✓✓ People who worked for a particular landlord, were regarded as the “property” of the landlord and could not move away. ✓✓

- Wealth and Power ✓

Landlords expanded their already wide base of wealth, mostly by surplus crops paid to them by people employed by the manor. ✓✓ Consequently it was impossible for workers to accumulate wealth and improve their quality of life. ✓✓

- Limited tools ✓

Initially stone aged tools were used, for hunting and protection. ✓✓ More advanced tools were developed to cultivate their land and use as protection as time went by.

- In Africa ✓

In Northern parts of Africa, some tribes started domesticating cattle, and developing some agricultural products. ✓✓ ANY (2x2)(4)  
(Accept any other relevant answers)

### 3.3.4 How does globalisation affect the South African economy?

In a mature state an economy is able to trade on a global (worldwide) scale ✓✓  
 The process whereby the world becomes more integrated and connected in  
 different activities (economic and social) ✓✓ (2x2)(4)  
 (Accept any other relevant answer)

### 3.4 Discuss urbanisation during the maturity stage of self-sufficiency

- Industrialisation led to the creation of many jobs in factories. ✓✓
- People started moving from the rural areas to the cities, for the factories and jobs ✓✓
- The movement of people from rural areas to cities is known as urbanisation ✓✓
- As more people moved to the factories, towns and cities started to develop. ✓✓
- Johannesburg grew from a small trading town, because of the increase in mining in the area ✓✓.
- People moved from the rest of South Africa, and from the rest of the world to Johannesburg ✓✓
- Many people ended up taking any work, as there were not enough job opportunities ✓✓
- Many people worked in poor circumstances for very little money. ✓✓  
 (Accept any other relevant answers) (4x2)(8)

### 3.5 The two most important consequences of industrialization is the development of sophisticated transport and communication network. Justify this statement.

#### Transport

- Railway lines were built. ✓✓
- Roads were improved. ✓✓
- Bulk volumes of goods could be transported and delivered in shorter times. ✓✓
- Harbours were built. ✓✓
- Imports and exports possible ✓✓
- Development of shipping ✓✓
- Development is only possible if the above is in place to move goods / produce from one place to another ✓✓  
 Any (2x2)(4)

**Communication**

- Improved communication networks led to improved distribution of information.✓✓
  - Business and consumers easily contacted for sales.✓✓
  - Exports and imports businesses flourished as a result of international easy contacts.✓✓
  - Money transfers became easy through internet banking.✓✓
  - Insurances and investments improved.✓✓
  - The above assisted in facilitating communication and building trade between businesses, and businesses across different countries.
- (Accept any other relevant answers)

Any (2x2)(4)  
[40]

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS****4.1 4.1.1 Name any TWO factors of production.**

- Labour✓
- Capital✓
- Entrepreneurship✓
- Land✓
- Technology✓

Any (2x1)(2)

**4.1.2 What does positive economics as a method of economics refer to?**

Positive economics studies the objectives or scientific explanations of how the economy works.

(1x2)(2)

**4.2 Data response****4.2.1 Name the institution that publishes this information.**

S.A.R.B – South African Reserve Bank.✓

(1)

**4.2.2 Give ONE example of an industry or undertaking that could be classified under the heading “other”.**

Tertiary sector or service sector✓

(1)

**4.2.3 Explain the terms primary and secondary industry.**

Primary is the Extraction of raw materials✓✓. Examples fishing, mining, agriculture✓

Secondary sector is the manufacturing or processing of goods.✓✓  
Examples manufacturing, construction, gas etc. ✓

(2x2)(4)

**4.2.4 Why is there a marked decrease in the relative contribution of agriculture to the GDP over the years?**

- The advances in the secondary and tertiary sectors ✓✓
  - Greater demand for goods other than agricultural goods as people become more advanced ✓✓
  - More land used for living space for people ✓✓
  - Because of the dominance of the manufacturing sector ✓✓  
(Accept any other relevant answer)
- Any (2x2)(4)

**4.3 DATA RESPONSE**

**4.3.1 Give ONE example of an indigenous farming method mentioned above.**

Mixed cropping system ✓✓ (1)

**4.3.2 Define the concept *indigenous knowledge systems***

IKS is the local **knowledge – knowledge** that is unique to a given culture or society, ✓✓ Knowledge from the environment gathered by indigenous people through experience and trial-and-error ✓✓ (2)

**4.3.3 In your opinion do indigenous knowledge systems hold an economic benefit for indigenous groups of a country? Give a reason for your answer.**

Yes, they do. ✓ The IKS can be made available to other communities at a price, ✓✓ thereby raising revenue for the local group. ✓  
Benefits of the product can be publicized, e.g. rooibos tea ✓ (3)

**4.3.4 According to the article, why is it important to integrate Western research techniques with indigenous knowledge systems and what benefits does this hold for the community at large?**

According to the article, it is important to fuse life-transforming indigenous knowledge in different fields of human endeavour, ✓✓ in order to increase innovation and creativity across the continent. For better creativity and innovation. ✓✓ (2x2)(4)

**4.4 Discuss the factors that promoted economic development, and those that hampered economic development during the animal husbandry and agricultural phase of development in South Africa.**

**Factors that promoted the economic development**

**Infrastructure ✓**

Harbours, roads and railways were built. ✓✓ Postal services and telegraphic communication was initiated. ✓✓ Export of products the export market. ✓✓

**Trade ✓**

More freedom of trade came under the British rule. ✓✓ This encouraged trade both locally and internationally. ✓✓

**Imported knowledge and Skills ✓**

Settlers from outside the country came with better farming methods that improved agriculture. ✓✓ They introduced commercial farming and ✓✓ used money to replace the barter system. ✓✓

**Imported Labour**

European settlers imported slaves to meet labour requirements ✓✓. Specialist workers such as experienced sugar workers were brought in from India for sugar production ✓✓ (Any other relevant reason that promoted economic development)

**Factors that hampered the economic development****Mercantilist Policies ✓**

The taxes collected were used by the officials, to enrich themselves and not for the development of the local people. ✓✓

**Hostile Environment ✓**

The unfavourable environmental conditions –distances, lack of water, lack of transport and mountainous barriers, etc. ✓✓

**Quality of Grasslands ✓**

Indigenous farmers used primitive techniques ✓✓. No crop rotation took place, leading to erosion of land. ✓✓

**Poor stimulus of trade ✓**

No regular markets or trade fairs ✓✓, external trade restricted as indigenous people had no access to foreign markets ✓✓

**No technological development ✓**

Indigenous societies showed no awareness of literacy or advances in science and learning. ✓✓

Any (2x4)(8)  
(8)

**4.5 How can injections benefit the South African economy?**

- Injections refer to money added to the economy or circular flow. ✓✓
- This consists of exports, government expenditure and investment ✓✓
- Investments include the buying of capital goods, equipment and machinery. ✓✓
- Exports is the selling of locally produced goods to the international market ✓✓
- Both exports and investments will lead to more money flowing into SA, or more production in SA thereby benefiting the SA economy ✓ ✓

(Accept any other relevant answer)

(4x2)(8)

**TOTAL SECTION B: 80**

## SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

STRUCTURE OF THE ESSAY	MARK ALLOCATION
<b>Introduction</b>	<b>Max. 2</b>
Body <b>Main part</b> Discuss in details / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate	<b>Max.26</b>
<b>Additional part:</b> 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	<b>Max.10</b>
<b>Conclusion</b> Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned in the body.</li> <li>• Any opinion or value judgement on the facts discussed</li> <li>• Additional support information to strengthen the discussion / analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	<b>Max.2</b>
<b>TOTAL</b>	<b>40 Marks</b>

**QUESTION 5: MACRO-ECONOMICS**

Every country experiences cyclical patterns in its economy

- Discuss in detail the phases of business cycles with the use of a diagram (26)
- Explain the exogenous reasons for business cycles. (10)

**INTRODUCTION**

Business cycles are defined as consecutive periods of increasing and decreasing economic activity.

Continuous change in the level of economic activities that has a repetitive pattern of expansion and contraction in production, income and consumption over a number of years. ✓✓

(Accept any other relevant introduction / definition.)

(Max. 2)

**BODY: MAIN PART****Prosperity phase** ✓

- There is an increase in real GDP ✓✓
- Firms make high profits and this attracts other business to enter the market ✓✓
- As more businesses open, more factors of production are employed. ✓✓
- The increase in income causes an increase in aggregate demand which in turn forces producers to increase output. ✓✓
- Increased output causes an increase in investment spending as producers expand their businesses and buy more inventories. ✓✓

(Accept any other relevant answers)

**Recession phase** ✓

- This phase follows immediately after the peak. ✓✓
- It is a phase where economic activity starts to slow down. ✓✓
- It is called economic downturn. ✓✓
- It occurs when there is a continuous decrease in economic activity for a period of six consecutive months or two quarters. ✓✓
- Jobs are lost / employment levels drop. ✓✓
- Aggregate demand falls. ✓✓
- The value of money depreciates. ✓✓
- Inflation increases ✓✓
- Interest rates will increase, discouraging the demand for credit. ✓✓

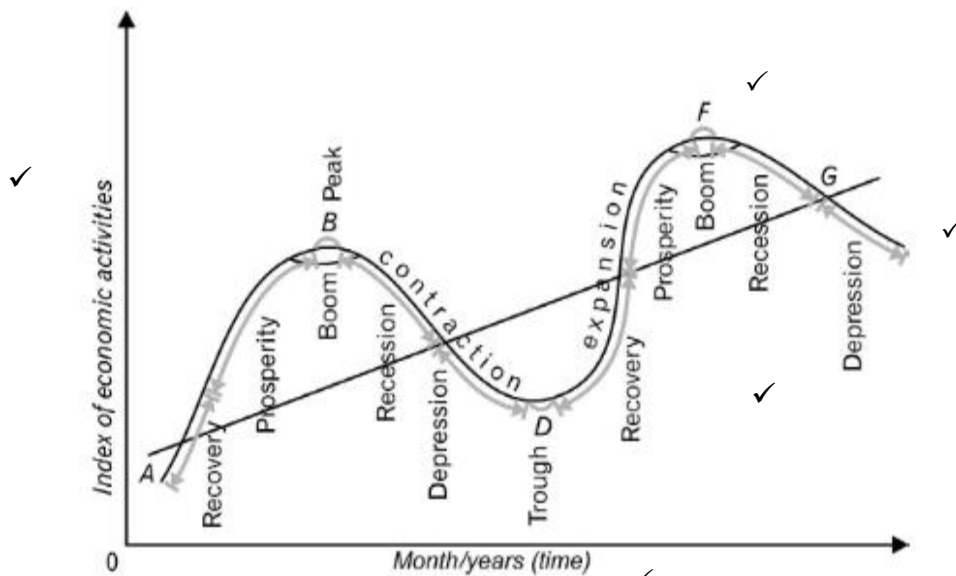
(Accept any other relevant answers)

**Depression phase✓**

- During this phase many businesses close down resulting in low output. ✓ ✓
  - Aggregate demand decreases due to many people having little or no income. ✓ ✓
  - When economic activity is at its lowest, a trough is reached ✓ ✓
  - Business sentiment is depressed. ✓ ✓
  - Low demand for credit. ✓ ✓
  - Share prices start to increase. ✓ ✓
- (Accept any other relevant answers)

**Recovery phase✓**

- This phase follows immediately after the trough. ✓ ✓
  - It shows that the economy is growing after the contraction. ✓ ✓
  - The recovery is slow but it accelerates until it enters the prosperity phase. ✓ ✓
  - Production increases and more jobs are created. ✓ ✓
  - Business sentiment rises and there is increased spending by firms. ✓ ✓
  - Exports increase and the value of money appreciates. ✓ ✓
  - Inflation decreases. ✓ ✓
- (Accept any other relevant answers)

Business Cycle

- Heading = 1 Mark
  - Trend line (G) = 1 Mark
  - Peak = 1 Mark
  - Trough = 1 Mark
  - Labelling of the axis = 1 Mark
- Max = 4 marks**

8+18 = 26

(Accept explanation of contraction, expansion, peak, through)

A maximum of 18 marks is allocated for different phases of a business cycle and maximum of 8 marks for headings and the graph. (Max. 26)

**BODY: ADDITIONAL PART**Exogenous reasons for business cycles:

- Exogenous reasons ✓✓ are reasons for business cycles that originate outside the market system.
- Changes in weather conditions affect the output of the agricultural sector and tourism industry of an economy and the total level of economic activity. ✓✓
- When the economy has structural change, it affects production, employment, investments, government expenses, taxes, imports and exports. ✓✓
- Variations in the money supply also cause business cycles. ✓✓
- Random shocks can cause business cycles e.g. war, sudden increase in the price of oil, natural disasters etc. ✓✓
- Political actions such as when the government wants to win election votes, will adopt an expansionary policy and after the election the inflationary effects of this expansionary policy begins. ✓✓

(Accept any other relevant responses)

(Max. 10)

**CONCLUSION**

Economic indicators such as leading indicators, coincident indicators and lagging indicators can be used to predict business cycles. ✓✓

(Accept other relevant higher order conclusion)

(Max. 2)

[40]

**QUESTION 6: ECONOMIC PURSUITS**

**Early banking was set up to make more currency available and lend money and grant loans. Banks had to have a bookkeeper, who lived in the building to make sure that the money & valuables were safe**

**Discuss the history of banking in the development of the South African Economy.**

**(26 marks)**

**The South African Reserve Bank (SARB) is the monetary authority, controlling all money-related issues of this country. Evaluate this statement, highlighting the functions of the SARB today.**

**(10 marks)**

**INTRODUCTION:**

- Modern banking is characterized by its constant improvements in its functions. ✓✓
- Banks brought about the present economic development throughout the world. ✓✓
- Highly economically developed countries are where they are because of a well-developed banking infrastructure. ✓✓
- Banks are a link to all economic activities. ✓✓

(Max. 2)

**BODY: MAIN PART****Early Development ✓**

- Banking started hundreds of years ago, when people deposited money and their valuables with goldsmiths. ✓✓
- Goldsmiths started to lend money and arrange payments on behalf of their clients. ✓✓
- This is where the practice of depositing and drawing money came from. ✓✓
- Banks were the first financial institutions, they are store keepers of money. ✓✓

**Private Banks ✓**

- Private banks were started all over South Africa, by private inhabitants. ✓✓
- The main functions of these banks is to receive savings ✓✓, issue bank notes and provide credit facilities. ✓✓

**Imperial Banks ✓**

- These banks expanded in South Africa by opening branches, to service the expanding capitalist economy. ✓✓
- They originated from abroad, and were profit driven ✓✓
- They aimed to take over the private banks in SA. ✓✓

**South African money\_ ✓**

The role of Banks

**Intermediaries ✓**

- Banks are intermediaries, bringing together lenders (depositors) and borrowers of money. ✓✓

**Generally acceptable ✓**

- Money must be accepted by all who trade as a token of payment. ✓✓

**Store of Value ✓**

- Provide facilities where people can store money in the safe place. ✓✓ / Banks are the safe keepers of money. ✓✓
- Any example of money as a store of value ✓✓
- Banks accept and store deposits on which interest is paid. ✓✓
- Keep foreign currency. ✓✓
- Fees can be transferred from one account to the other. ✓✓

**Standard of debt ✓**

- Lend money in the form of loans and overdrafts at the risk of the banks. ✓✓
- Banks charge interest for loanable funds. ✓✓
- Banks make profit from two sources namely: earning interest on loans and overdrafts. ✓✓
- They charge service fees for service rendered. ✓✓
- Improves the standard of living of the people, by providing loans to the individuals who want to buy assets such as houses. ✓✓
- Banks contribute to the growth of the economy through efficient allocation of resources. ✓✓
- Lends money to businesses who want to expand. ✓✓ / Helps with new business ventures by loaning money. ✓✓

**Unit of Account✓****Redistribution of Income✓**

- Address the socio-economic issues of the public by providing financial education.✓✓
  - Banks also grant study loans and enable people to acquire further education and training.✓✓
  - Increases the possibility for better opportunities through bursaries and loans.✓✓
  - Banks are involved in community development projects e.g. sport etc.✓✓
- (Accept any other relevant answers) (Max. 8 + 18) (Max. 26)

**ADDITIONAL PART**

**The South African Reserve Bank (SARB) is the monetary authority, controlling all money related issues of this country. Evaluate this statement, highlighting the functions of the SARB today.**

- The South African Reserve Bank is a central bank that controls other banks.✓✓
  - It was established in 1920.✓✓
  - It has the sole right to issue bank notes and coins /Issuing banknotes and coins✓✓
  - South African Reserve Bank is the bank to other banks, they borrow money from it.✓✓
  - It is also a government bank / Acting as banker to the government ✓✓
  - It is responsible for formulating the monetary policies / inflation targeting ✓✓
  - The South African Reserve Bank is the custodian of gold and foreign reserve.✓✓
  - It oversees the commercial banks.✓✓
  - The Financial Service Board oversees the other financial institutions such as insurance and investments companies.✓✓
  - Supervising the banking system.✓✓
  - Ensuring the effective functioning of the national payment system (NPS).✓✓
- (Accept any other relevant answers) (Max. 10)

**CONCLUSION**

- Without banking, there would have been no economic development as it is today.✓✓
  - Through activities such as internet banking we have globalization.✓✓
  - Countries trade internationally because of the banks bringing together the buyer and the seller.✓✓
- (Accept any acceptable HIGHER ORDER conclusion.) (Max. 2)

**[40]****TOTAL SECTION C: [40]****TOTAL: 150**