



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

ECONOMICS

6899/01

Paper 1

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Confidential

MARK SCHEME

{6899/01}

MARKS: 80

This document consists of **6** printed pages.

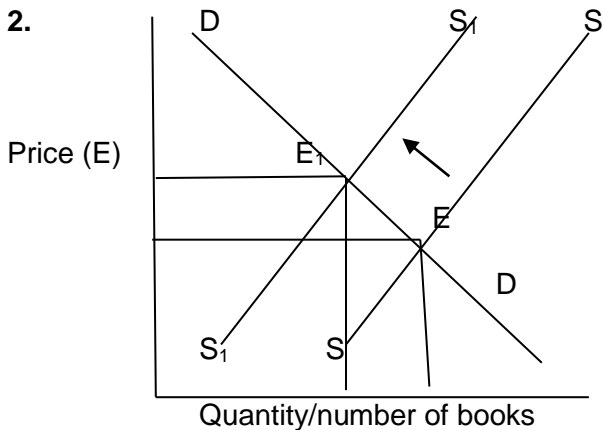
SECTION A

1. C
2. A
3. D
4. B
5. D
6. D
7. D
8. C
9. A
10. C

[Total marks: 10]

SECTION B

1. (i) Direct taxes is a tax levied on income and wealth (1), example. (1) [2]
- (ii) regressive tax is when the tax rate decreases as the amount of income increases (1), example (1). [2]



1 mark labels

1mark shift

1 mark new equilibrium position

The introduction of taxes will reduce supply shown by a left shift of the supply curve from S to S₁ (1). The price for books will increase (1). There would be upward movement along the demand curve or a contraction in demand (1) [5]

3. Causes of elastic demand for clothing could include;
- Luxury (1) – if clothing such as designer clothes is not considered as a necessity then an increase in price will lead to greater change in quantity demanded (1).
 - High proportion of income spent on the clothes (1) – if the amount of income spent on the clothes is high then a change in price will lead to a greater percentage change in quantity demanded (1).
 - Frequency of purchase/ durability (1)- clothes that are frequently bought or last for a shorter period of time will have an elastic demand (1).
 - Time period (1) – if consumers are aware of the price change demand may be elastic (1)
 - Availability of substitutes- if the type of clothes has other substitutes then if price changes consumers can switch to the substitute resulting to demand to be elastic (1)

[Any two points discussed]

[4]

4. Features of a private limited company are:

- Limited liability (1) – the shareholders are only liable up to the amount invested in the company (1).
- More capital raised (1) – the number of shareholders from 2-50 allows more capital to be raised (1).
- Separate legal entity (1) – the company and the shareholders are treated separately in the eyes of the law (1).
- Shares sold to close friends and relatives (1) – shares are sold privately not on the stock exchange (1)
- Shares not freely transferrable (1) – sale of shares can be done after consulting with the other shareholders and agreeing on the sale (1)

[Any two points described]

[4]

5. Type of unemployment

(i) Search unemployment or frictional unemployment

(ii) Technological/ technical unemployment

(iii) Cyclical unemployment or demand deficiency

[3]

6. Factors that affect population growth

Birth rate, death rate, net migration and fertility rate.

[3]

7. (i) $2000/5000 \times 100 = 40\%$ (1)

$$1 \div 4 \times 100 = 25\% \text{ (1)}$$

$$40\%/25\% = 1.6 \text{ (1) elastic (1)}$$

[4]

8. Reasons for integration between firms

- To fight competition
- To secure raw materials
- To secure a market for products
- To increase a market share
- To diversify
- To gain economies of scale

[3]

(Any three)

SECTION C

1. (a) floating exchange rate(1) because the value of one currency changes in relation to the value of other currencies. (1) [2]
- (b) Characteristics that Deeland might have:
- High level of education, high GDP/ head, good infrastructure, high investment in capital goods, employment mainly in the tertiary sector, low birth rate and low death rate. **[Any one characteristics explained]** [2]
- (c) Profits received by the UK head office from:
- (i) Cowland – exchange rate £1=C20
 £? : 9 million Combas (1)
 $1 \times 9 \text{ million} \div 20 = \text{£}450\,000$ (1) [2]
- (ii) Beeland- exchange rate £1= B35
 £? : 14 million Beurries (1)
 $1 \times 14 \text{ million} / 35 = \text{£}400\,000$ (1)
- Half marks will be awarded to candidates who miss the half of profits with correct calculations [2]
- (d) Do you think it will be beneficial for Beeland if the Beurries depreciated? Discuss.
- Points for:**
- The value of exports will increase (1) because the final product will be cheaper for international customers. (1) sale of more dishwashers to other countries (1)
 - Encourages demand for domestic products (1) hence aggregate demand and employment.
- Points against:**
- Inflationary pressure (1) because it will be expensive to import raw materials (1) expensive to buy component parts from Cowland (1)
 - Decrease in foreign investment (1) fear to get less returns than what intended when investing. (1)
 - Imports will decrease (1) as it will be expensive to buy from other countries (1)
- 2 points for 4 marks**
2 points against for 4 marks
2 marks application
2 marks for a reasoned conclusion. [12]

2. (a) partnership business (1) because it is owned by Mac and Kat. (1) [2]
- (b) Fixed costs are the costs that do not change (1) as the level of output changes (1)
e.g. salaries, rent and rates. (1) [3]
- (c) The average cost of producing one kitchen unit at Kitchen masters.
Total cost/ output (1)
 $E108\ 000/24 (1) = E4\ 500 (1)$ [3]
- (d) Maximising profits
- Reducing costs:**
- Find cheaper raw material to reduce the cost of production.
 - Find efficient ways of reducing costs such as being more efficient with electricity, water usage.
 - Reduce complaints or after sale service to reduce the costs of repairing and loss of customer loyalty.
 - Use technological advanced equipment which will improve efficiency
 - Training workers to add skill so as to increase productivity
- Increasing revenue:**
- Increasing market share to gain more customers so as to gain more revenue.
 - Better service to customers to gain good reputation so as to gain repeat sales.
 - Advertising and marketing
- 2 points developed with one applied
1 point identified** [12]