



**BOTSWANA
EXAMINATIONS
COUNCIL**

**Botswana General Certificate of Secondary Education
October/November 2025**

**Confidential Mark Scheme
SPECIMEN**

1443/01 ECONOMICS

Maximum Mark: **50**

SECTION A [10 marks]

1 Circle the correct answer for questions a- j.

- a. B
- b. B
- c. D
- d. D
- e. D
- f. D
- g. C
- h. A
- i. B
- j. C

SECTION B [40 marks]

Answer all the questions in this section on the spaces provided.

2. a) Explain any **two** factors of production.[4]

Labour (1): refers to the human physical / mental effort used in the production of goods / provision of services (1)

Capital (1): refers to any good used to produce other goods and provide services (1)

Land (1): refers to the natural resources (e.g., water, oil and minerals) needed in the production of goods and provision of services (1)

Enterprise (1): having the ability to combine land, labour and capital to make a profit (1)

b) State **one** difference between microeconomics and macroeconomics. [2]

Microeconomics	Macroeconomics
<ul style="list-style-type: none"> • Studies individual income (1) • Studies individual prices (1) • Studies a single market / industry (1) 	<ul style="list-style-type: none"> • Studies national income (1) • Studies overall price level (1) • Studies the whole economy (1)

Any Other Relevant Point (AORP)

c) Explain **two** advantages of a planned economic system. [4]

- Prevents private sector monopolies
- Ensures access to basic necessities
- Social welfare and equity are favoured
- Low levels of unemployment

Model Answer:

Prevents private sector monopolies (1) in crucial industries (e.g, health) making them affordable to all citizens (1)

Ensures access to basic necessities (1) because the state / government is in charge of the distribution of basic goods/services (1).

3. a) Explain the term market equilibrium. [2]

The state in which market supply and demand (1) are equal to each other / create no excess demand / excess supply (1)

b) Table 1. Shows the costs of production for a business.

Table 1

Unit of labour	Total Product (Units)	Total Fixed Cost (P)	Total Variable Cost (P)	Total Cost (P)	Average Fixed Cost (P)	Average Variable Cost (P)
0	0	9 000	0	9 000	-	0
1	16	9 000	2 400	11 400	562.50	150.00
2	44	9 000	4 800	A	204 .55	109.10
3	78	9 000	7 200	16 200	B	92.31
4	113	9 000	9 600	18 600	79.65	84.96

Use the information in Table 1 to calculate the values of **A** and **B**. Show your working. [4]

A. Total Cost (TC) = Total Fixed Cost (TFC) + Total Variable Cost (TVC) /
 = P9000 + P4800 (1)
 = P13 800 (1) Accept 13 800

B. Average Fixed Cost (AFC) = Total Fixed Cost (TFC) / Output /
 = P9000 / 78 (1)
 = P115.38 (1) Accept 115.38

c) Explain **two** disadvantages of globalisation to an economy. [4]

Disadvantages of globalisation

- increased competition from foreign firms/multinational corporations
- global firms exploit cheaper labour markets
- can cause unemployment
- leads to unequal economic growth
- loss of cultural identity
- increased global warming / pollution

Model Answer:

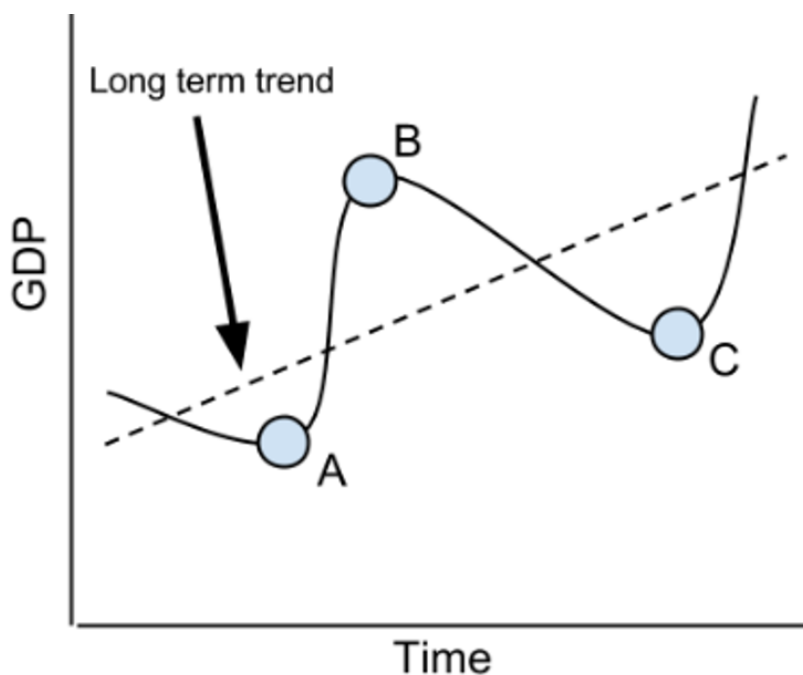
Foreign firms / multinational corporations bring competition to firms in the host country / developing countries (1). This can cause the closure of uncompetitive / inefficient / small firms in the host / developing countries (1).

Global firms exploits cheaper labour markets (1) firms locate where workers are low paid to take advantage of unskilled labour (1).

2 x 2 disadvantage explained
2 x 1 stated points

4.

Figure 1: Trade cycle



a) Explain **two** characteristics of the phase labelled **B** to **C** in the trade cycle diagram in Figure 1. [4]

- increasing unemployment
- increasing government spending
- decreasing economic activity (slump / recession)
- GDP falling below (long term) trend

Model Answer:

Increasing unemployment (1) a fall in the demand for goods and services (slump phase) leads to fewer workers being demanded / employed (1).

Increasing government spending (1) more expenditure (subsidies / grants / welfare) by the state to support the economy (1).

2 x 2 characteristics explained
2 x 1 stated characteristic

b) State **three** interventions through which the government can influence production. [3]

- Location
- Licensing
- Funding
- Import quota

3 x 1 for any 3 stated correct interventions

Any Other Relevant Point (AORP)

c) List **three** characteristics of perfect competition. [3]

- there is large number of buyers and sellers in the market
- there is freedom of entry and exit (no barriers to entry or exit)
- no price control by a single firm (price takers)
- firms sell identical products
- buyers and sellers possess complete / perfect knowledge of the market

3 x 1 for any 3 listed correct characteristics

5. a) State **three** causes of exchange rate fluctuations. [3]

- currency speculation
- changes in interest rates
- changes in demand for imports / exports
- political instability

2 x 1 for any 3 stated correct causes

Any Other Relevant Point (AORP)

(b) Explain **two** effects of an appreciation of the Pula on businesses in Botswana that import machinery. [4]

- Imported machinery will be cheaper
- Cost of production will decrease

Model Answer:

Cost of imported machinery will decrease (1) this will cause the firm to produce more/expand their scale of operation (1)

Cost of production will decrease (1) lowering the price of the product / increasing the quantity demanded of the product / leading to increased profit for the firm (1)

2 x 2 effects explained

2 x 1 stated effects

c) Identify **three** types of economies of scale. [3]

- Purchasing economies
- Financial economies
- Marketing economies
- Managerial economies

3 x 1 economy of scale identified