



BOTSWANA EXAMINATIONS COUNCIL
Botswana General Certificate of Secondary Education

CANDIDATE
NAME

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CENTRE
NUMBER

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CANDIDATE
NUMBER

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ECONOMICS

1443/02

Paper 2 Specimen

October/November 2025

1 hour 30 minutes

Candidates answer on the Question Paper.

No additional materials required.

INSTRUCTIONS

- Answer **all** questions.
- Use black or dark blue pen.
- Write your candidate name, Centre number and candidate number in the spaces provided at the top of this page.
- Write your answer to each question in the space provided.
- Do not use an erasable pen or correction fluid.
- **DO NOT WRITE IN ANY BARCODES.**
- You may use an HB pencil for any diagrams, graphs or rough working.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [].
- Where layouts are to be completed, you may not need all the lines for your answer.
- The businesses mentioned in this Question Paper are fictitious.

For Examiner's Use	
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Total	

This document consists of **9** printed pages and 1 blank page

SECTION A [15 marks]

Answer all parts to Question 1. Refer to the source material in your answers.

BOTSWANA STATE OF THE NATION ADDRESS (SONA) 2023

On the cost of living, the average monthly inflation recorded in 2022 was 12.2 percent. This was largely driven by external factors such as the increase in international oil prices and supply chain disruptions experienced during the first half of the year. In response, the Bank of Botswana raised the rate of interest and has maintained it at 2.65 percent since August 2022. Inflation has since tapered, reaching 3.2 percent by September 2023, and is expected to modestly remain within the price stability range of 3 to 6 percent in the short to medium term.

The provisional Balance of Payments current account figures estimate a surplus of P4.5 billion in 2022, compared to a deficit of P2.9 billion in 2021. We welcome this significant growth of P7.4 billion, which has led to the increase in our foreign reserves; the reserves we need for payment of goods and services across our borders. The surplus is, in part, due to a favourable trade performance owing to a substantial increase in export earnings.

Temo Letlotlo is a performance output-based programme the aim of which is to sustainably improve food security in Botswana. The Programme has two components, household food security and national food security. National food security targets medium-scale and large-scale farmers offering seasonal loans at prime rates through the National Development Bank (NDB) to increase the purchase of inputs and improve crop yield. The household food security component will assist microscale farmers with 100 percent subsidy, and it targets the unwaged farming population or those with a monthly income of up to Four Thousand Pula (P4,000). The expectation is that these farmers will be capacitated through input supplies to grow enough crops to meet their household food security needs.

Accordingly, the National Arts Council has undertaken extensive consultations to formulate a strategy that will transform the local creative industry and protect our cultural heritage. Moreover, the Council has started its operations by issuing grants to winning proposals in various categories of arts and crafts. This has resulted in the engagement of 19 Youth Production Companies in the Industry.

Source: Adapted from https://images.assettype.com/xchange/2023-11/4aa0d2ad-35ac-4429-8101-100837a382f2/SONA6_06_11_23_FINAL2.pdf

1.a) (i) Explain **two** forms of assistance offered by the government of Botswana to businesses mentioned in SONA 2023.

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(ii) State **one** reason that could have led to a surplus in the Balance of Payments current account of Botswana in 2022.

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b) Using a production possibility frontier diagram, explain **one** possible impact that Temo Letlotlo could have on the economy of Botswana.

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c) Discuss **two** ways in which an increased interest rate by Bank of Botswana could affect businesses in Botswana.

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Section B [45 marks]

2. a) Explain any **two** determinants of Price Elasticity of Demand (PED).

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b) (i) With the use of examples, explain the difference between a microeconomic problem and a macroeconomic problem.

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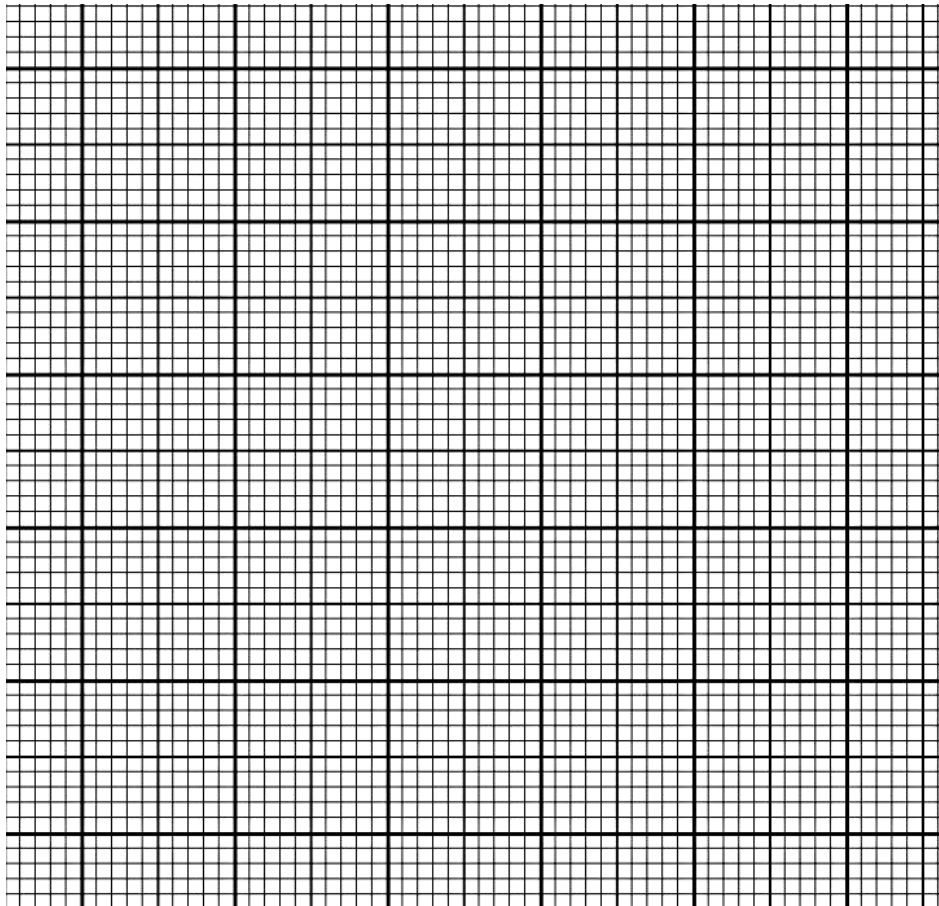
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(ii) Figure 2. shows the demand schedule for cabbages sold by a farmer.

Figure 2: Demand Schedule for Cabbages

Price (P)	Quantity Demanded
30	100
25	200
20	300
15	400
10	500

Use the information in Figure 2 to draw a diagram illustrating the law of demand.



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c) Suggest how a free market economic system addresses the economic problem of “For whom to produce”?

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3. a) State **two** ways of measuring the size of a business.

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b) (i) Table 1 contains information about the costs faced by XYZ (Pty) Ltd

Table 1: Cost of producing ice pops

Number of boxes of ice pops	Fixed Costs(P)	Variable (Costs)	Total Costs(P)
100	1000	500	1500
200	1000	1000	2000
300	1000	1500	2500
400	1000	2000	3000

Assuming that XYZ (Pty) Ltd produces 200 boxes of ice pops and sells each box at P20.00. Calculate the amount of profit XYZ (Pty) Ltd will make after selling 200 boxes of ice pops. Show your working.

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4. a) Assess **one** way that classical economic theory could be used to address the issue of overproduction of commodity X.

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Botswana imports goods from South Africa while Botswana and South Africa belong to the same trading blocs. Trading blocs promote free trade between countries.

b) (i) State **one** benefit of free trade to producers.

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Vincent imports masks into Botswana from South Africa.

Assuming the Botswana currency (Pula) depreciates against the South African Rand from P1:R1.5 to P1:R1.3 and the price of a box of masks remains the same in South Africa.

(ii) Explain **two** ways Vincent is likely to be affected by the depreciation of the Pula against the South African Rand.

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In the past Botswana has experienced a current account deficit on its balance of payments.

c) Recommend **two** strategies that Botswana can adopt to address this problem if it arises in the future.

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