



RAFFLES INSTITUTION  
2023 YEAR 5 TERM 3 COMMON TEST  
Higher 2

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**ECONOMICS**

**9570/1**

**June 2023**

**1 hour 15 minutes**

Additional Materials:      Answer Paper

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**READ THESE INSTRUCTIONS FIRST**

Write your name, index number and CT class on all the work you hand in.  
Write in dark blue or black pen on both sides of the paper.  
You may use a soft pencil for diagrams, graphs or rough working.  
Do not use paper clips, highlighters, glue or correction fluid.

Answer all questions.

**At the end of the examination, fasten answer script for Section A securely together with this sheet as cover page.**

The number of marks is given in brackets [ ] at the end of each part question.

**Name:** \_\_\_\_\_

**Civics Class:** \_\_\_\_\_

**Economics Tutor:** \_\_\_\_\_

Section A	Marks
Question 1	/30

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This document consists of **4** printed pages and **2** blank pages.



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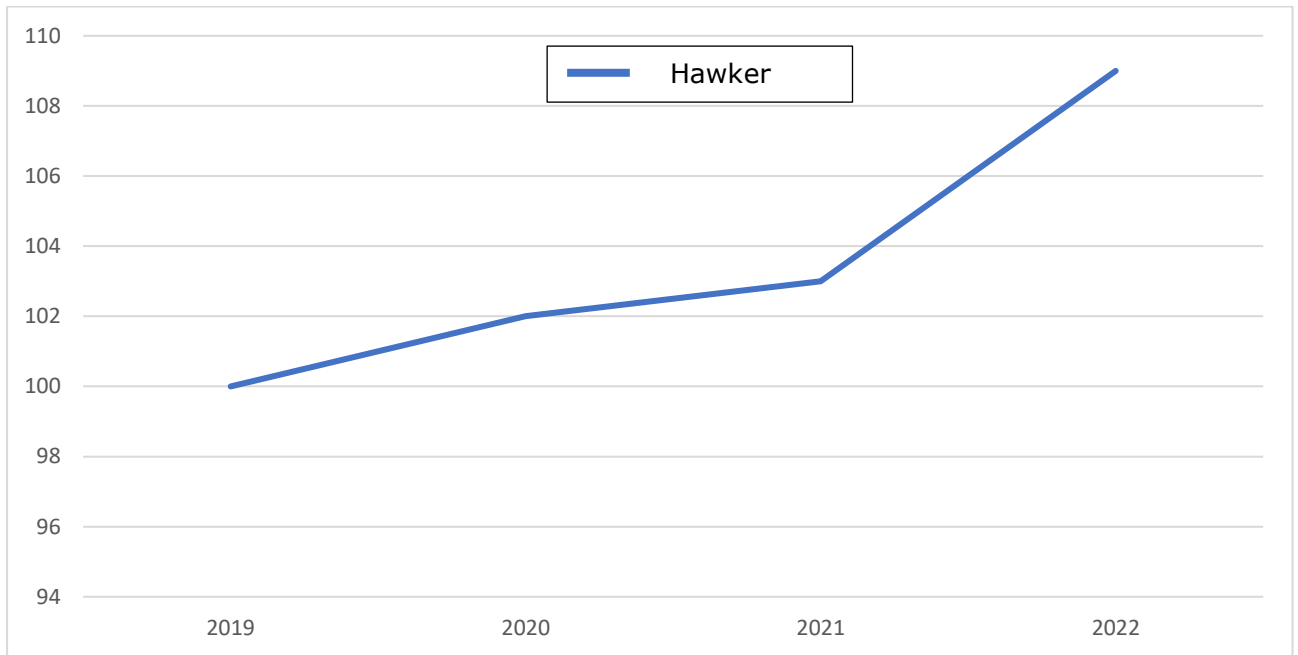
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### Section A

Answer **all** questions in this section.

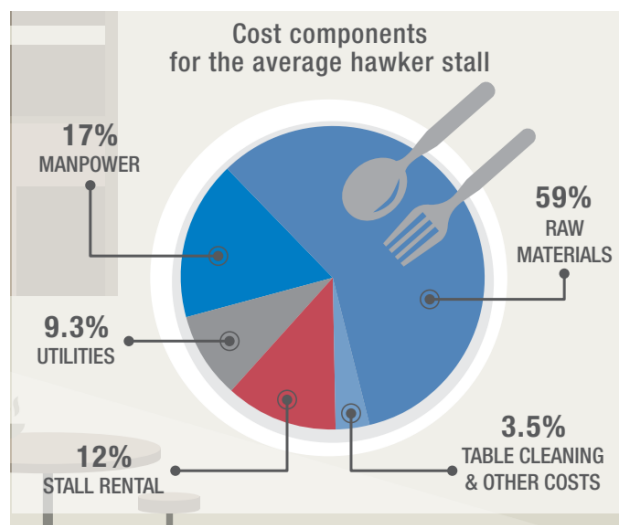
#### Question 1: Hawker Food in Singapore

**Figure 1: Annual Food Price Index**



Source: [www.singstat.gov.sg](http://www.singstat.gov.sg)

**Figure 2: Cost Components for the Average Hawker Stall**



Source: Economic Survey of Singapore, 2015

### **Extract 1: Singapore's Restaurants and Hawkers**

Singapore is known for its diverse food culture, with a wide variety of dining options ranging from high-end restaurants to humble hawker centres. Restaurants typically operate on a larger scale than hawker food stalls, with higher overhead costs such as rent, staff salaries, and equipment. Compared to restaurants, the hawker food industry in Singapore is highly fragmented, with more than 110 hawker centres and over 6,000 hawker stalls in Singapore, characterized by many small, independent hawker food vendors. Hawker food stalls, especially those located in the heartlands serve mainly the smaller neighborhood community. While they may not have the same potential for cost savings as restaurants, they can still benefit by collaborating with neighboring stalls to purchase ingredients in bulk or sharing food storage equipment like refrigerators. Some tech-savvy hawker vendors have been able to leverage on social media platforms like Instagram to extend their reach to customers. Still, restaurants with multiple locations may be better able to spread their advertising costs across a wider customer base, making it more cost-effective to reach potential customers.

Apart from facing competition from restaurants, recent times have also been particularly challenging for hawker food vendors. Supply disruptions caused by the war in Ukraine have caused prices of energy and fertiliser to soar, these have contributed to rising food prices. The impact of rising ingredient costs and the Russia-Ukraine crisis have slowly trickled down to hawkers. Mr Anthony Low, chairman of the Federation of Merchants' Association Hawker Division, said the cost of ingredients, rental cost and electricity bills have affected hawkers greatly, where some hawkers have had little choice but to adjust their prices to cope better.

Source: Various sources

### **Extract 2: Keeping Hawker Food Affordable**

Hawker food in Singapore is set to be more expensive as hawkers resort to raising prices to cope with inflation on their end, with costs of many raw ingredients already soaring. To keep hawker food affordable, the Singapore government has responded with several measures. First, as a form of a subsidy, every Singapore household can now claim \$300 worth of Community Development Council (CDC) vouchers, which can be used at many hawker stalls. Next, a steady supply of several hundred hawker stalls will also come on stream over the next few years, as 10 new hawker centres are built, which will keep a lid on rental pressures.

One reason for higher hawker food prices could be rising labour costs brought about in part by tighter controls on the supply of foreign workers. While there are efforts made to improve productivity through automation, this is not easily achieved in every hawker business.

With Singapore importing more than 90 percent of its food, efforts are also being made on the supply side to lower food and ingredient costs for hawkers. This is done by diversifying food imports and increasing domestic production by ramping up urban and vertical farming through adopting and leveraging on advanced technologies and innovative solutions.

However, on the ground, there are some key challenges. One industry insider says: "The cost of setting up these urban and vertical farms are expensive. Plus, you need to spend time, effort, and money training everyone from scratch literally. We don't have a ready pool of skilled indoor farmers."

Source: Various sources

### Extract 3: Government Gives Hawkers a Boost to Productivity

SINGAPORE - Potatoes, cucumbers, carrots and tomatoes - none of them are a match for the \$2,000 commercial-grade vegetable cutter from Spain, which can slice up to 300kg of vegetables in an hour. Eligible hawkers now pay only 20 per cent for such kitchen automation equipment that helps them prepare such ingredients, by tapping a government grant announced in March, with the government subsidising the rest of the equipment costs. The Hawkers' Productivity Grant, administered by the National Environment Agency (NEA), allows stallholders to claim 80 per cent of the unit cost of equipment on a reimbursement basis. Madam Muthulethmi Veerapan, 55, who currently mashes potatoes by hand for her masala dosa dish, said that she has to wake up at 3.30am six days a week to prepare food for her vegetarian food stall at Ghim Moh Food Centre. "With this new equipment, I could save five to six hours every day, and no longer have to spend time cutting the ingredients the night before," she said. However, not all hawkers are convinced to take up the grant. For one, only selected kitchen automation equipment qualifies for the subsidies and hawker food vendors typically operate within limited space.

Source: StraitsTimes.com, 2017

#### Questions:

- a) With reference to Extract 1, explain one fixed and one variable cost that a hawker food vendor faces. [4]
- b) Explain which market structure a hawker food stall is likely to operate in. [2]
- c) With reference to Figure 1, describe the trend of the prices of hawker food in Singapore. [2]
- d) With the aid of a diagram, explain the effect of supply disruptions on producers' surplus in the market for hawker food. [4]
- e) Discuss whether a large restaurant will always enjoy more cost advantages as compared to a hawker food vendor. [8]
- f) Discuss the effectiveness of the government policies to keep hawker food affordable. [10]

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#### Copyright Acknowledgements:

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 Figure 2      © Economic Survey of Singapore, 2015  
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 Extract 2      © Various sources  
 Extract 3      © Straits Times, 2017

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