

**SUVA SANGAM COLLEGE**

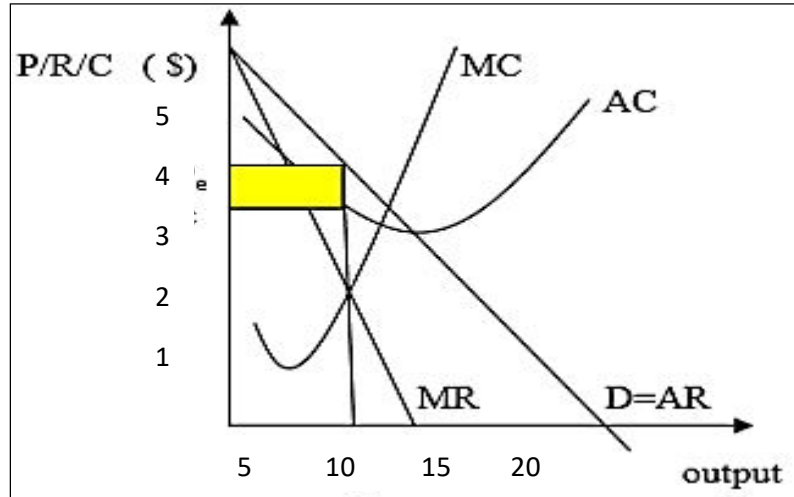
**YEAR 12**

**ECONOMICS**

**WORKSHEET 5**

**Question 1 (Based on sub strand –Market structure)**

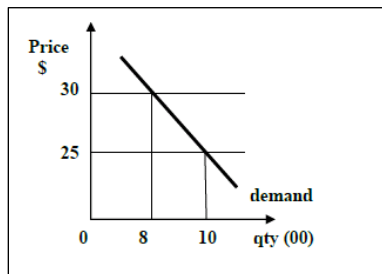
Use the diagram given below to answer the questions that follow.



- Calculate the profit made by the firm.
- Identify three features of monopoly market structure.
- Identify the type of profit made by the above market structure.
- State two advantages of a monopoly market structure
- State two disadvantages of a monopoly market structure.

**Question 2 (Based on sub strand –Elasticity)**

Use the diagram about tennis balls to answer the questions that follows.



- How many tennis balls are sold at \$25.00?
- Calculate the revenue earned at \$30.00.
- Calculate the price elasticity of demand from the price given above.
- Describe the price elasticity of demand based on the calculation above.

### Question 3 (Based on strand – Microeconomics)

Multiple choice (circle the best option)

1. Why is diversification important in manufacturing industries?
  - A. Increase money supply.
  - B. Ensure sufficient liquidity.
  - C. Empower producers to produce more.
  - D. Reducing risks by increasing a range of industries for higher returns.
  
2. Which of the following is an import resource based industry of Fiji?
  - A. Copra industry
  - B. Timber industry
  - C. Fisheries industry
  - D. Garment industry
  
3. The formula:  $X = \text{Total Output} / \text{No. Units of Inputs}$  can be used for calculating
  - A. Total product.
  - B. Marginal product.
  - C. Productivity
  - D. Marginal revenue.
  
4. Which of the following factors would lead to external economies of scale?
  - A. Increased research and development.
  - B. Costly resource prices.
  - C. Banned training.
  - D. Lower growth.
  
5. The point at which the long run average cost is at its minimum is known as the
  - A. Minimum cost.
  - B. Diseconomies of scale.
  - C. Technical optimum level.
  - D. Profitable area.
  
6. Goods which have a negative elasticity of demand are referred to as
  - A. Demerit goods.
  - B. Inferior goods.
  - C. Normal goods.
  - D. Normal necessity goods
  
7. A decline in the price of a commodity causes total revenue to rise. From this, one can conclude that the price elasticity of demand for that commodity is
  - A. Unitary elastic.
  - B. Relatively elastic.
  - C. Perfectly inelastic.
  - D. Relatively inelastic

8. In a monopoly market, the existence of \_\_\_\_\_ prevents firms from entering the market even in the long run.
- A. Deadweight loss
  - B. High barriers to entry
  - C. Positive economic profits
  - D. Unavailability of close substitutes
9. Cartels are formed in oligopoly market structures in order to
- A. Act as price takers.
  - B. Enjoy some market power.
  - C. Identify problems in the market.
  - D. Share profits with other oligopolists.
10. A perfectly competitive firm sells its output for \$100 per unit, and the minimum average variable cost is \$150 per unit. The firm should
- A. Shutdown.
  - B. Increase output.
  - C. Maintains its current rate of output.
  - D. Decrease output, but not shut down