

**RISHIKUL SANATAN COLLEGE
REVISION WORKSHEET**

ECONOMICS

YEAR 13

31st May – 4th June

MONDAY

Summary Notes

Approaches of Economics

Normative Economics

- It is a statement of “what ought to be”

Positive statement

- It is a statement of “what is”

Branches of Economics

Macroeconomics

- is a branch of economics dealing with the performance ,structure, behavior and decision making of an economy as whole.

Microeconomics

- is a branch of economics that studies the behavior of individuals and firms in making decisions regarding the allocation of scarce resources and the interactions among these individuals and firms.

QUESTION 1

Use your knowledge to answer the questions

- a. Classify the following into either Micro or Macro Economics
 - i. Increase in price of coke will lead to increase in demand for Pepsi
 - ii. An increase in money supply erodes the purchasing power of money.
 - iii. The labour force participation rate is influenced by the composition of labour force.
- b. Classify the following into either positive or normative economics
 - i. When economic choice is made there is always an opportunity cost involved.
 - ii. An increase in disposable income will shift the entire demand curve to right.
 - iii. Government should raise tax on those goods that have harmful effects on the society.

Research Work on:

- i) Milton Friedman's Permanent income hypothesis
- ii) Alfred Marshall's Marginalism concept

TUESDAY

Additional Readings

Nature of the Industry

- Tourism is the largest service industry.
- It is mostly dependent on eco-tourism
- This industry is mostly export oriented since tourism is the main invisible export for Fiji.
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Importance of Tourism

- A major contribution to GDP's
- It is the largest foreign exchange earner.
- Creates employment opportunities for local direct and indirect employments results.
 - Direct employment – those who are directly involved in the tourism industry e.g. hotel workers.
 - Indirect employment – employment in the service industries associated with tourism. These service industries include transportation services such as cruise ships and taxis, accommodation such as hotels, restaurants, bars, and entertainment venues, and other hospitality industry services such as spas and resorts.
- Promotes economic development construction of new hotels and resorts infrastructure and other facilities.
- Tourism also facilitates the setting up of a small business e.g. handicraft, transportation services to take tourists to the interior parts of the island.
- Land owners benefit both by getting rental (royalty) and even becoming stakeholders.

QUESTION 2: Essay Writing

Tourism sector is a leading contributor to Fiji's GDP.

Discuss the above statement with reference to:

- **Three** features of tourism industry in Fiji (3 marks)
- **Three** contributions of tourism industry in Fiji (3 marks)
- **Three** ways tourism sector can contribute towards sustainable development (3 marks)

**WEDNESDAY
QUESTION 3**

$$\text{Law of Equi-marginal utility} = \frac{MU_A}{P_A} = \frac{MU_B}{P_B}$$

Note: Consumer Equilibrium

-In case of one or more goods, a consumer is in equilibrium when the utility derived from the last dollar spent on each goods are equal.

Study the table below and answer the question that follows.

JUICE				CHEESE			
Quantity of juice	Total Utility	Mu	Mu/P	Quantity of cheese	Total Utility	Mu	Mu/P
0	0			0	0		
1	100			1	150		
2	175			2	250		
3	225			3	350		
4	250			4	425		
5	260			5	465		

Assume Tina has \$45 to spend, the price of juice is \$5 per bottle and the price of cheese is \$10 per kg. The above table shows Tina's total and marginal utility received in utils.

- (i) Complete the marginal utility-to-price ratio for juice and cheese and enter these values in the table
- (ii) How many bottles of juice and kilograms of cheese should Tina purchase and why?
- (iii) Suppose the price of cheese per kilogram falls to \$7.50, now how many bottles of juice and kilogram of cheese should Tina purchase?
- (iv) Define law of equi-marginal utility.

THURSDAY,
Summary notes

Slope of demand curve(negative slope)

- a negative sign

-shows inverse relationship between price and quantity demanded

Slope of supply curve(positive slope)

- a positive sign

-shows positive relationship between price and quantity demanded

QUESTION 4

$$P = 40 - 2Q$$

$$P = 20 + 8Q$$

Where p is measured in \$ and QTY is measured in kg

- (i) Identify the demand equation and supply equation
- (ii) Calculate the equilibrium price and quantity of a market.

- (ii) calculate:
 - (a) the quantity demanded at price of \$ 30
 - (b) the quantity supplied at price of \$ 30

FRIDAY

QUESTION 5

“Indifference curve cannot intersect each other”.

Explain this statement using graph. (explain in 50 -70 words)