



The University of Fiji
(An Entity of Arya Pratinidhi Sabha of Fiji)



SCHOOL OF BUSINESS AND ECONOMICS

Semester 1: 2026

FINAL EXAMINATION PAPER

ECO 102: Microeconomics 1

Important Instructions to Students

1. Read the questions, instructions carefully and answer the questions.
2. You are allowed an **extra 10 minute reading time** (during this time, you are not allowed to write with pen) and **180 minutes (3 Hours) to complete this paper**.
3. Silent, non-programmable calculators are allowed, but not supplied.
4. Write all your answers in the answer booklet provided. If you need extra sheets, please ask from the supervisor. Write your name, course code and student identification number in the answer booklet and in the attendance sheet.
5. This paper contains five (5) sections A, B, C, D and E. All questions are compulsory to answer except Section E, which has choices.
6. Write all your answers legibly. The marker has the right to award zero for answers that are not legible.
7. This is a **Closed Book Examination**. The University views plagiarism, cheating and dishonest practice as serious offences and if found, offenders are penalized.

Examination Paper Content (Format):

Section	Question	Content	Marks	Suggested Time
A	1-15	Multiple Choice	15	27 minutes
B	16 - 20	True or False	05	09 minutes
C	21-23	Short Answer Questions	20	36 minutes
D	24-27	Long answer questions	30	54 minutes
E	28-30	Essays (Choose Any Two out of Three)	30	54 minutes
		TOTAL	100	180 Minutes

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Registration Certificate Number (RGN0020/11)

SECTION A
Multiple Choice Questions
(15 Questions)

15 Marks

PROVIDE THE ANSWERS ON THE GRID SHEET

**Circle the letter representing the correct answer on the Grid sheet
provided**

Answer all questions from this section

1. Identify the Nobel prize winning economist from the list below.
 - a. Lionel Robins
 - b. Adam Smith
 - c. Milton Friedman
 - d. J. M. Keynes
2. Concave Production Possibility Frontiers imply;
 - a. Decreasing opportunity cost.
 - b. Constant opportunity cost.
 - c. Increasing opportunity cost.
 - d. Law of diminishing marginal productivity.
3. The economy of Fiji is best described as:
 - a. A pure capitalist system with no government intervention
 - b. A centrally planned socialist system
 - c. A mixed economy with equal roles for the state and the market
 - d. A mixed economy with a predominantly market-oriented structure
4. With the evolution of Environmental Economics, fourth choice problem was added as;
 - a. Why to produce?
 - b. Saving resources for future generations.
 - c. Where to produce?
 - d. How much to produce?
5. In Command Capitalism, ownership of resources is:
 - a. Public
 - b. Cooperative
 - c. Private
 - d. International

6. When the price is decreased by 5%, the consumer's expenditure is increased by 5%. The price elasticity of demand is,
- Perfectly elastic ($|\epsilon| \rightarrow \infty$)
 - Unitary ($|\epsilon| = 1$)
 - Inelastic ($|\epsilon| < 1$)
 - Elastic ($|\epsilon| > 1$)
7. In perfectly competitive market;
- Firms are "price-takers".
 - Firms are "price-makers".
 - Quality of the product can vary depending on the production technology used by firms.
 - Firms earn normal profit always.
8. Beauty salons in Lautoka town are examples of:
- Perfectly competitive market.
 - Contestable market.
 - Oligopolistic market.
 - Monopolistically competitive market.
9. EFL (Fiji) is an example for
- Natural monopoly.
 - Geographical monopoly.
 - Technological monopoly.
 - Natural resource monopoly.
10. Choose the correct list of factor payments for Land, Labor, Capital and Entrepreneurship respectively.
- Wage, Rent, Profit and Interest.
 - Rent, Wage, Profit and Interest.
 - Rent, Wage, Interest and Profit.
 - Profit, Rent, Profit and Wage.
11. It is reported that approximately 18,000 people in the Fiji labour force are unemployed. Choose the most appropriate economic interpretation of this situation from the options given below.
- There is an excess supply of labour in Fiji.
 - Fiji economy is operating below the Production Possibility Frontier (PPF).
 - Fijian production activities are mostly capital-intensive.
 - Fiji cultural practices discourages work for wage.

12. In general, supply:
- a.* equals to production.
 - b.* equals to production minus change of inventory.
 - c.* is always smaller than production.
 - d.* independent of production.
13. When excess demand = excess supply, the market price is;
- a.* at the equilibrium.
 - b.* above the equilibrium.
 - c.* below the equilibrium.
 - d.* distorted.
14. The price-elasticity along a **linear** demand curve:
- a.* remains constant
 - b.* decreases as price increases
 - c.* increases as price increases
 - d.* is always unitary
15. An increase in the price of a substitute good results in:
- a.* movements along the demand curve.
 - b.* upward shift of the demand curve.
 - c.* downward shift of the demand curve.
 - d.* no changes in the demand curve.

SECTION B
True or False Questions
(05 Questions)

05 Marks

PROVIDE THE ANSWERS ON THE GRID SHEET
Circle the letter representing the correct answer on the Grid sheet
provided
Answer all questions from this section.

16. If total revenue (TR) is less than total cost (TC), a firm operating under perfect competition will immediately exit the market.
- a.* True
 - b.* False
17. Product differentiation is a crucial assumption of monopolistic competition.
- a.* True
 - b.* False.

18. Economists define, “food” is a need and “McDonald’s meal” is a want.
a. True b. False.
19. According to economic definitions, “narcotic” is a “bad good” .
a. True b. False.
20. Street fish sellers along Queens Road can best be described as operating in a contestable market.
a. True b. False.

SECTION C: SHORT ANSWER QUESTIONS

20 marks

Provide Short Answers to All Questions from this section

21. State one similarity and one difference between a normal good and an inferior good
 (05 Marks)
22. Differentiate between “Bad Goods” and “Demerit Goods”
 (05 Marks)
23. Price and Quantity demanded for a hypothetical two commodities are given below.

Price	Q1	Q2
10	100	50
20	50	40

- i. Calculate the price elasticity of demand for commodities Q1 and Q2 at P=10 and P=20.
 (04 Marks)
- ii. Which commodity is more price elastic?
 (02 Marks)
- iii. Explain changes of price elasticity when price is increased. Give one reason for that.
 (04 Marks)

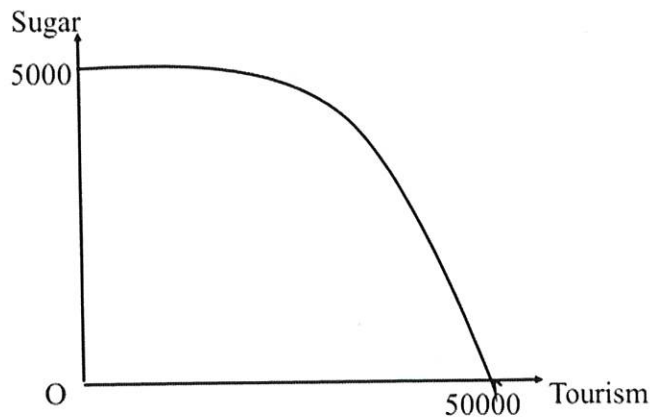
Section D Long Answer Questions

30 marks

**Use of Graphs or Equations to answer questions (wherever necessary)
in this section is encouraged.**

24. Define the demand function and describe the demand function for a normal good. Use appropriate graphs and examples in your answer.
 (06 Marks)
25. List and explain the key attributes of economic rationality.
 (06 Marks)

26. Answer all the sub-questions under question 26 using the PPF provided with the answer booklet.



- i. Mark a combination of Sugar and Tourism representing “under-utilization” of resources. Label it Point A. (01 Mark)
- ii. Mark a point where all the resources are fully employed and fully utilized. Label it Point B (01Mark)
- iii. Using the information given, calculate the opportunity cost of increasing tourism production from 0 to 50,000 in terms of Sugar. (01 Mark)
- iv. Suppose the Sugar Research Institute of Fiji (SRIF) has invented a new technology increasing productivity in Sugar industry. How is it reflected on the PPF? (03 Marks)
- v. Suppose 5,000 Fijians currently living abroad are back home and they are absorbed by the Sugar and Tourism industry equally. How is this situation reflected on the PPF? (03 Marks)
- vi. Suppose that 25% of Sugar cane harvest was destroyed by a hurricane. How is it reflected on the PPF? (03 Marks)

27. Demand and Supply equation for commodity X is given below.

$$D = 750 - 10P, \quad S = -250 + 15P$$

- i. Find equilibrium Quantity and Price. (03 Marks)
- ii. Calculate Price elasticity of Demand and Supply at equilibrium. (03 Marks)

Section E
Essay Questions

30 marks

Answer Only Two (02) Questions from this section

28. The problem of choice is common to all economic systems. However, economic systems differ in the solutions they propose to solve economic problems. Critically assess this statement. (15 Marks)
29. The concept of cost of production in economics differs from the accounting definition of cost. Furthermore, some costs influencing production and exchange are not directly incorporated into the traditional theory of production costs. Critically evaluate this statement with reference to accounting costs, economic costs, and transaction cost. (15 Marks)
30. The role of entrepreneurship varies across different forms of modern business organizations. Critically assess the relevance and changing nature of entrepreneurship in the modern business environment. (15 Marks)

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