



Department of Education, Sabaragamuwa/weekly school

week- May - 4

Subject-Economics

Grade-12

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1. What are the relationship between short run average cost (AVC) and marginal cost (MC)?
2. The following information are related to perfectly competitive firm.

Item	Amount (million Rupees)
Total revenue	45,000
Producer Surplus	23,000
Average cost (AC)	40
Marginal Cost (MC)	45

- a) What is the value of Average variable cost?
  - b) What is the value of Average fixed cost?
  - c) What is the level of output of firm?
3. Explain the term of economies of scale? How do the economies of scale arise?
  4. What is meant by indirect cost? What are the items are included in this cost?