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Subject-Economics	amuwaProvince/Wee eekly School Depart Prepared by -	v School tment of
Grade-12	ent of Education,SabaragamuwaProvince/We- gamuwa Province/We- gamuwa Province/We- gamu	Rathnapura.

- 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?