



Department of Education, Sabaragamuwa/weekly school

week- June 5

Subject-Economics

Grade-12

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1. Distinguish between diminishing returns and diminishing returns to scale.
2. (a) Explain how the accounting profit differs from the economic profit?

(b) Can the normal profit be considered as a cost of the production process? Explain your answer.
3. Is the expenditure made on purchasing certain fixed assets in a production process considered as a "sunk cost"? Explain.
4. (a) Distinguish between a monopolistic market and an oligopolistic market.

(b) Explain through illustrations the short term supply curve of a perfectly competitive market and the point where the production is stopped.