



Department of Education, Sabaragamuwa/weekly school

week- October 3

Subject-Economics

Grade-12

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1. State whether the following statements are true or false and give reasons for your answer.
 - (a) Total product starts falling when diminishing returns set in.
 - (b) Property taxes, building insurance payments and amortization payments are fixed costs.
 - (c) Diminishing returns and decreasing returns to scale are different ways of saying the same thing.
 - (d) If marginal cost is above the average variable cost, marginal cost must be falling.
2. Explain, using two examples, what is meant by 'barriers to entry' to an industry.
3. What is the connection between the supply curve and its marginal cost curve of a perfectly competitive firm?
4. Distinguish between economic rent and transfer earning.