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Cost of Production

Q1. What can shift the cost curves?

Q2. What are the explicit & implicit costs of attending the university?

Q3. Do the resources remain fixed & variable in the long run?

Q4. Interpret Economies of Scale

Economies of Scope

Diseconomies of Scale.

Q5. What are the resources used in the making of a newspaper?
Why newspapers are so cheap...? How cost of production is covered?

Ans1. Economies of scale, inflation, market structure (competition)
increase of labour, increase quality of inputs, technology

Ans2. Explicit: Tuition, Security, course books, project material, transport, fuel (visible expense)

Implicit: Degree, Income from freelancing, time

Ans3. All becomes variable as expansion takes place.
Not fixed, but variable as all inputs are flexible.

Ans5. Labour, equipment, administration, raw materials (paper, ink),
delivery, Information, Printing Press

Cheaper because of:

- (1) Economies of Scale
- (2) Advertising Revenue
- (3) Subscriptions
- (4) Digital Transition

Cost of production is covered by:

- (1) Advertising
- (2) Subscriptions & Sales
- (3) Additional Services

Ans4. Economies of scale is cost advantage that a business obtains due to the scale of its production. Eg Chase Up.
As output increases, the average cost per unit decreases.

Economies of Scope refers to the efficiencies gained by producing multiple products together rather than separately. When a company can share resources, such as equipment or distribution channels, it can lower the overall cost of production across different products. Eg. Habitt (is both economies of scope & scale)