
Managerial Economics

MBA/MSC Assignment – 2021

STUDENT ID

--	--	--	--	--

UNIT TITLE:

NAME (in Full):

GENERAL INSTRUCTIONS

- All assignments are to be submitted on 26 March 2021 with the login .credentials shared earlier
- Assignment if submitted to any staff or kept in cc while submitting the soft copy will NOT be considered for marking.
- If assignment is not submitted on date, will follow with penalty of 10% deduction of marks for every day.
- - (Any Assignment submission extension request must come to (Head: Examination | Academic .5days before the date of submission with a valid reason and supported documentary evidence
- Similarity between students work is strictly not accepted, any student found with similar work will be graded Zero and fail for the course. However, Plagiarism is an academic offence and will not be tolerated.
- Any reevaluation request should come in one week of grade release. Any late request will not be obliged. (Form and other details shall be shared based on request)
- Any rescheduling request should come and fulfilled within two months after the actual date of the assessment. Any late request will not be obliged.
- Assignment once submitted to exam board is final for marking.
- Total 90 marks. 10 Marks for Class Participation. Final marks will be converted to 90 marks.
- Please refer the academic guidelines uploaded in the student portal for further information.

GUIDELINES FOR ASSIGNMENT

- a) If assignment is Question & Answer based then.
 - Introduction is needed for each question.

- Question has to be answered based on the mark allotted for each question with references if any idea or information is taken from other source.
- b) If assignment is case based then,
- Executive summary
 - Table of content
 - Introduction
 - Body of assignment (questions related to case need to be answered)
 - Conclusion / Recommendation if any
 - References (in-text + citation) to be used.

Total Marks _____ / 90

PLAGIARISM

Plagiarism is a form of **cheating**, by representing someone else's work as your own or using someone else's work (another student or author) without acknowledging it with a reference. This is a serious breach of the Academic Regulations and will be dealt with accordingly. Students found to have plagiarized can be **excluded from the program**.

Plagiarism occurs whenever you do any of the following things without acknowledging the original source:

- ✓ Copy information from any source (including the **study guide**, books, newspapers, the internet)
- ✓ Use another person's concepts or ideas
- ✓ Summarize or paraphrase another person's work.

How do I avoid plagiarism?

To ensure you are not plagiarizing, you must acknowledge with a reference whenever you:

- ✓ use another person's ideas, opinions or theory
- ✓ include any statistics, graphs or images that have been compiled or created by another person or organization
- ✓ Paraphrase another's written or spoken word.

What are the penalties?

The penalties for plagiarism are:

- ✓ Deduction of marks,
- ✓ A mark of zero for the assignment or the unit, or
- ✓ Exclusion from the program.

Plagiarism is dealt with on a case-by-case basis and the penalties will reflect the seriousness of the breach.

Please note claiming that you were not aware of need to reference is no excuse.

Answer all the questions.

Q1. Price rise at the Daily Mirror (1500 words)

Sly Bailey, the *Trinity Mirror* Chief Executive, sought to boost revenues of the *Daily Mirror* in 2004 by increasing the price of the tabloid newspaper by 3p, from 32p to 35p. The move is a sharp U-turn of the policy of Philip Graf, her predecessor, who tried to boost *Daily Mirror* circulation by cutting the cover price, triggering a price war with its rivals *The Sun* and the *Daily Star*. Ms. Bailey ended the price war as soon as she took over at *Trinity Mirror* in 2003. *The Daily Mirror* will now cost 5p more than the *The Sun*, which is owned by News International, parent company of the *Times*. It appears that *The Sun* has no immediate plans to increase its price. *The Daily Mirror* last increases its price in September 1999 but the tabloid newspaper market in the UK is fiercely competitive and it's not clear what the effect on its circulation will be.

Question:

1. What price elasticity of demand issues are raised in this case study?

(20 Marks)

Q2. Data response Questions:

The demand and supply schedules of good X are given below in the table below.

(20 Marks)

Px (\$)	Quantity demanded	Quantity supplied
1	120	0
2	100	20
3	80	40
4	60	60
5	40	80
6	20	100

- A) Define what is meant by the quantity demanded and the quantity supplied
- B) What is the equilibrium price and quantity?
- C) What would be the excess demand or supply if the price were:
 - i. \$2
 - ii. \$6
- D) If there was an increase in income and the product was an inferior good what would be the equilibrium price and quantity if 20 units less were demanded at each price?

Q3.

Price (\$)	Quantity demanded per week	Quantity supplied per week
20	20	0
40	16	4
60	12	8
80	8	12
100	4	16

- a) What is the price elasticity of demand when the price increases from \$40 to \$60?
- b) What is the effect of a price increase from \$40 to \$60 on the total revenue?
- c) Calculate the price elasticity of supply following a price increase from \$60 to \$80

(20 Marks)

Q4. (1500 words)

“No firm is completely sheltered from rivals; all firms compete for consumer dollars. Therefore, pure monopoly does not exist.” Do you agree? Explain. How might you use the concept of cross elasticity of demand to judge whether monopoly exists? **(20 Marks)**

Q5. (1000 words)

Why can the distinction between fixed costs and variable costs be made in the short run? Classify the following as fixed or variable costs: advertising expenditures, fuel, interest on company-issued bonds, shipping charges, payments for raw materials, real estate taxes, executive salaries, insurance premiums, wage payments, sales taxes, and rental payments on leased office machinery.

“There are no fixed costs in the long run; all costs are variable.” Examine this with an example.

(10 Marks)