**Assignment 3**

**Deadline: 06/05/2022 @ 23:59**

**(To be posted/released to students on BB 17/04/2022)**

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| --- | --- |
| Course Name: **Microeconomics** | Student’s Name: |
| Course Code: **ECON101** | Student’s ID Number: |
| Semester: 2nd  | CRN:  |
| Academic Year: 1442/1443 H, 2nd Term |

**For Instructor’s Use only**

|  |
| --- |
| Instructor’s Name:  |
| Students’ Grade: /10 | Level of Marks: High/Middle/Low |

**Instructions – PLEASE READ THEM CAREFULLY**

* This assignment is an individual assignment.
* **Due date for Assignment 3 is 06/05/2022**
* The Assignment must be submitted only in **WORD format** via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism).

**Submissions without this cover page will NOT be accepted**.

**Assignment-3**

 **Maximum Marks (10 Marks)**

1. Explain the effects of low price-guarantee on the price. **(2 Marks**)
2. What do you understand by discriminatory monopoly? Bring out the conditions that enables the monopoly firm to charge different prices for its product in different markets. **(2 Marks**)
3. The figure below shows the demand and cost curves for a monopolist. Assume there are no fixed costs in the market and an unlimited number of units of the product can be produced at a marginal cost of $10 per unit. As a result average total cost and marginal cost are the same.

**Price**

**a**

**e**

**b**

**$15**

**f**

**d**

**c**

**$10**

**ATC = MC =10**

**Demand**

**40**

**25**

**Quantity**

**MR**

1. Find the output level and the price charged to consumers, when the monopolist is maximizing its profit. **(2 Marks)**
2. Find the monopoly’s total economic profit when it is maximizing its profit. **(2 Marks**)
3. What would be the market price and the market quantity, if the industry in the figure is perfectly competitive (Assuming a constant cost industry)? **(2Marks**)

**Answer……………**