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Name.....

Reg. No.....

FOURTH SEMESTER M.A. DEGREE EXAMINATION, JUNE 2015

(CCSS)

Economics

ECO 4E 06—INDUSTRIAL ECONOMICS

(2013 Admissions)

Maximum : 80 Marks

Time : Three Hours

Part A

*Answer all questions.
Each question carries 1 mark.*

1. A natural monopoly :
 - (a) Cannot exist because there are always network effects.
 - (b) A market in which the AC of production is lower with only one firm, than if there two or more firms.
 - (c) Is one that has a profit that is higher than the perfect competition equivalent.
 - (d) Is a market with only one firm because it has sole access to the industry's natural resource.
2. Equilibrium production for a firm in monopolistic competition is :
 - (a) Where the average costs are minimized.
 - (b) Where there are increasing returns to scale.
 - (c) Where there are decreasing returns to scale.
 - (d) Where the average costs are equal to marginal revenue.
3. The neoclassical theory of the firm :
 - (a) Assumes all firms are profit maximizers.
 - (b) Traditionally focuses on ways in which the firm's organization structure influences profit.
 - (c) Is institutionalist because it ignores such norms and patterns of behaviour as culture.
 - (d) Is not institutionalist because it incorporates such norms and patterns of behaviour as culture.
4. The concept of disinvestment was introduced by :
 - (a) Milton Friedman.
 - (b) J.M. Keynes.
 - (c) Gunnar Myrdal.
 - (d) Nicholas Kaldor.
5. The classification of industries into "extractive, reproductive, fabricative and facilitative" is done by :
 - (a) G.T. Renner.
 - (b) E.M. Rawstorn.
 - (c) Walter Christaller.
 - (d) R.E. Murphy.

Turn over

6. In the limit pricing model of Franco Modigliani, a new entrant is assumed to enter the industry with :
- (a) The smallest plant size.
 - (b) The largest plant size.
 - (c) Sub-optimal plant size.
 - (d) Minimum optimal plant size.
7. A market is said to be imperfect, if :
- (a) There is asymmetric information.
 - (b) There are entry barriers.
 - (c) The product is non-homogeneous.
 - (d) All of the above.
8. The sum of the squares of the relative market share of the firm in the market, where relative size are expressed as proportions of the total size of the market, is :
- (a) The Linda Index.
 - (b) The Rosenbluth Index.
 - (c) The Hirschman-Herfindahl Index.
 - (d) The Horvath Index.
9. When a firm produces different goods which diverge from the same process or source it is called :
- (a) Lateral Diversification.
 - (b) Conglomerate Diversification.
 - (c) Vertical Diversification.
 - (d) Diagonal Diversification.
10. When the relative prices of factors of production changes, it necessitates :
- (a) Product innovation.
 - (b) Process innovation.
 - (c) Both product and process innovation.
 - (d) None of these.

Part B

(10 × 1 = 10 marks)

*Answer any eight questions.
Each question carries 5 marks.*

- 11. What are the motives for diversification ?
- 12. Examine Penrose view of growth of firms.
- 13. Discuss the causes of industrial stagnation in Kerala.
- 14. Write a note on the pricing policy of public enterprises.
- 15. Explain the need for social responsibility in a modern industrial organization.
- 16. What are the needs of financial analysis ?
- 17. What is meant by optimum firm ?
- 18. Describe the advantages of de-licensing.
- 19. Describe the impact of new industrial policy 1991.
- 20. Define time value of money.
- 21. State linear programming problem.
- 22. What are the functions of IFCI ?

(8 × 5 = 40 marks)

Part C

Answer any two questions.

Each question carries 15 marks.

23. Illustrate the organizational pattern of firms.
24. Explain briefly the determinants of profitability.
25. What do you mean by industrial efficiency ? Bring out its determinants and measurements.
26. "The philosophy of marketing management begins and ends with consumer satisfaction." Explain.

(2 × 15 = 30 marks)