

FOURTH SEMESTER M.A. DEGREE EXAMINATION, JUNE 2016

(CCSS)

Economics

ECO 4E 06—INDUSTRIAL ECONOMICS

(2013 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 1 marks.*

1. If the cross price elasticity of demand for a product is strongly positive then :
 - (a) This product has no close substitutes.
 - (b) This product has no complements.
 - (c) The regulator is likely to allow mergers in this industry.
 - (d) There is not enough information to conclude about whether the product has substitutes.
2. Faced with high prices in the market for utilities where there is a monopoly firm, the government can reduce prices by removing barriers to entry,
 - (a) If it is not a natural monopoly.
 - (b) If the price is above average cost.
 - (c) If the price is equal to the marginal cost.
 - (d) If it is a natural monopoly.
3. The basic Cournot model assumes that firms believe that their competitor does not react to their changes in output, and :
 - (a) So does the conjectural variation model.
 - (b) This is essential for the existence of collusive duopoly.
 - (c) This can be used to prove that competition drives up prices.
 - (d) But the conjectural variation model includes a variable indicating each firm's belief about the extent to which the other will react to its changes.
4. If an economy's production possibilities frontier shifted to the right, this would illustrate :
 - (a) Increasing opportunity cost.
 - (b) A rise in resource utilization.
 - (c) A fall in resource utilization.
 - (d) Economic growth.

5. Getting into new businesses which is unrelated to the existing business of the firm is :
 (a) Concentration. (b) Concentric diversification.
 (c) Conglomerate diversification. (d) Vertical Integration.
6. The term planned location was first used by :
 (a) Alfred Weber. (b) Lord Beveridge.
 (c) Sargent Florence. (d) A Beachman.
7. The Herfindahl index is the :
 (a) Absolute measure of industrial concentration.
 (b) Relative measure of industrial concentration.
 (c) Absolute measure of industrial diversification.
 (d) Relative measure of industrial diversification.
8. The simplest assumption regarding oligopolistic behaviour is :
 (a) The collusion solution. (b) The non-collusion solution.
 (c) Joint firms. (d) None of these.
9. The sector-wise demand forecasts are possible under :
 (a) The trend method. (b) Delphi Method.
 (c) Input-output method. (d) Simultaneous equation method.
10. For estimating implicit cost of the firm, economists device the concept of :
 (a) Accounting cost. (b) Opportunity cost.
 (c) Replacement cost. (d) Social cost.

(10 × 1 = 10 marks)

Part B

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

11. What are the features of Nationalized undertaking ?
12. Distinguish between economic efficiency and financial efficiency.
13. What are the determinants of labour productivity ?
14. Examine the causes of industrial sickness.
15. What are the limitations of Ratio analysis ?
16. What are the factors of localization to reduce cost and accelerate the total production ?
17. Describe Sargent Florence's theory of location.
18. Distinguish between diffusion and innovation.

19. Explain Weber's theory of Locational Triangle'.
20. Describe the impact of technological change in Indian industries.
21. Explain the limitations of industrial concentration in India.
22. Bring out Chenery's views on changing pattern of industrial structure.

(8 × 5 = 40 marks)

Part C

*Answer any two questions.
Each question carries 15 marks.*

23. Linear Programming is a method of measuring efficiency level. Elucidate.
24. "There is no one single criterion on the basis of which the choice of organizational form can be made." Examine.
25. Examine the need for (a) market concentration, (b) diversification, (c) vertical integration and (d) mergers.
26. Critically examine the major hurdles of Indian industries after liberalization policy 1991.

(2 × 15 = 30 marks)