

S No of Q. Paper :

6509

Unique Paper Code:

12487914

Name of the Paper:

Industrial Organization

Name of the Course:

B. A. (Hons.) Business Economics

Semester:

V

Duration:

3 hrs

Maximum Marks:

75

### Instructions for Candidates

1. Attempt **any five** questions. All questions carry equal marks.
2. Illustrate your answer with suitable diagram, wherever required.
3. Both parts of the questions must be attempted together

1. (a) Do you think that Structure, Conduct and Performance (S-C-P) paradigm of an industry are interrelated? Justify your answer while explaining interactive (S-C-P) model of industrial economics. (8)

(b) How does Chicago School of thought differ from S-C-P model? (7)

2. (a) Although management and ownership are normally separated, there are reasons to believe that deviations from profit maximization cannot be too large. Explain. (8)

(b) Explain the Lerner index and Hirschman-Herfindahl index of concentration. (7)

3. (a) Due to increased price competition, the equilibrium number of active firms varies less than proportionally with respect to market size. Discuss. (8)

(b) Do you agree that stochastic factors also play an equally important role in concentration change as deterministic factors? (7)

4. (a) The double marginalization problem is often invoked as an argument in favour of vertical integration. Do you agree with this statement? Justify your argument along with a suitable diagram. (8)

(b) If an incumbent monopolist cannot prevent entry, it can still try to gain monopoly power by inducing the exit of its rivals. Pricing below cost to injure rival firms and thus induce their exit by predatory pricing is a dominant form of entry barrier. Discuss. (7)

5. (a) Capacity pre-emption is a credible strategy for entry deterrence only if capacity costs are high and sunk. Explain. (8)

(b) Advertising intensity is a function of advertising and price elasticities of demand. Comment. How does advertising intensity vary with market structure? (7)

6. (a) Incumbent firms have a greater incentive than entrants to perform R&D toward a gradual innovation. Discuss. (8)

(b) How investments externalities and indirect control are used by firms to control inter retailer externalities? (7)

7. Write short notes on any **three**:

(5\*3=15)

- a) Concentration and minimum efficient scale
- b) Mergers and Acquisition
- c) Patent strength and patent value
- d) Product Proliferation and barriers to entry