

SET B

Unique Paper Code: 12487914

Name of the Paper: Industrial Organization

Name of the Course: B. A. (Hons.) Business Economics, 2021 (New CBCS)

Semester: V

Duration: 3 hrs

Maximum Marks: 75

Instructions for Candidates

1. Attempt any **four out of the given six** 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.
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1. a) What are the two school of thoughts usually used to explain the S-C-P framework in an industrial organisation? Which framework is more realistic? Justify your answer.
b) What factors determine the Horizontal and Vertical boundaries of the firm?

 2. a) Do you agree that a monopoly selling two products to heterogeneous consumers (whose preferences are negatively correlated) makes a higher profit from selling a tied package than from selling the components separately. Justify your answer by giving suitable examples.
b) The Stochastic Approach to market concentration focusses on problem of actual concentration change. Explain.

 3. a) If price competition is intense, then firms tend to locate far apart (high degree of differentiation). If price competition is not intense, then firms tend to locate close to where the demand is located (low degree of differentiation). Explain.
b) Advertising intensity is a function of advertising and price elasticities of demand. Comment.

 4. a) Vertical restraints such as resale-price maintenance and exclusive dealing may act as a collusion device or as a means of excluding rivals. Discuss.
b) An optimal patent system balances the benefits from greater incentives for R&D against the costs of increased market power implied by patent rights. Discuss.

 5. a) "Mergers normally imply an increase in prices and a reduction in costs for the merging firms. The value of non-merging firms may decrease or increase as the result of a merger, depending on the cost efficiencies generated by the merger. The total effect of a merger is more likely to be positive the smaller the size of the merging firms". Discuss.
b) Explain various predatory pricing and non-pricing predatory strategies of barriers to entry.

 6. Write short notes on any **three** of the following:
 - a) Market Concentration and degree of Market Power

- b) Measures of Concentration
- c) Product Proliferation and Entry Deterrence
- d) Price Competition and Advertising