

Course Name: BBE

Paper name: Industrial Economics

Semester: Vth

Question bank of Industrial Economics

Q) Write short note on the following

- a) Stochastic approach of market concentration
- b) Lorenz Curve as a measure of Inequality
- c) Herfindahl Index
- d) Chicago School of Thought of Industrial Economics
- e) Reasons why firms differ in their performance
- f) Inter manufacturer Externalities
- g) Types of Product Differentiation

Q) Investing in vertical restraints like RPM may help in correcting inter retailer externalities. Explain.

Q) In today's world of competitive environment, doing expenditure on R&D is very important. Explain.

Q) Define Horizontal Merger. State the advantages/ disadvantages of merger. How does it correspond to the trade off faced by policy makers when it comes to merger analysis?

Q) Explain the Structure-Conduct- Performance framework of industrial economics. Explain it with and without feedbacks.

Q) Explain the various indices used to measure market concentration. According to you, which one is the best index to measure concentration?

Q) Explain, what is the problem of Double Marginalization and two part tariff?

Q) Explain the Hotelling Model. Show how the demand curve of a firm is derived using this model.

Q) What determines the vertical and horizontal boundaries of a firm?

Q) Do you think that deviations from profit maximization cannot be too large? Give reasons.

Q) What should be the characteristics of a good measure of market concentration. State the various methods of measuring concentration and **explain any two** methods.

- Q) How does Deterministic approach theory explain market concentration?
- Q) How can RPM and Exclusive territories act as Vertical restraints?
- Q) “The greater the value of search cost and switching costs, the greater the seller’s market power tends to be” .Comment
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- Q) Do you agree that Advertising expenditure may serve to signal product quality?
- Q) How do Advertising elasticity and Demand Elasticity affect the returns from Advertising?
- Q) “As concentration decreases from a high level of concentration, advertising intensity increases as concentration decreases”. Comment.
- Q) Advertising product characteristics softens competition but advertising prices increases price competition. Justify
- Q) How does entry cost affect the sensitivity of the firms towards market size?
- Q) When product differentiation is very important then free entry implies insufficient entry from a social point of view. Do you agree to this statement?
- Q) If entry costs are very high then the incumbent firm should set monopoly capacity and ignore the threat of entry
- Q) If entry costs are very low then the incumbent firm should choose capacity taking into account the entrants’ reaction curve
- Q) If entry costs are intermediate then the incumbent firm should choose capacity large enough to induce the entrant not to enter.
- Q) How can contracts act as a barrier to entry?
- Q) What do you understand by Chicago school and long purse theories of predatory pricing?
- Q) What do you understand by mergers and acquisition and public policy towards it?
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- Q) An incumbent firm has a greater incentive than entrants to perform R&D towards gradual innovation.
- Q) If innovation is sufficiently drastic then outsiders may have a greater incentive for R&D than incumbents
- Q) A firm has to trade-off between stronger patents to longer patents.