

2013

M.A. / M.Sc.

1st Semester Examination

PAPER—ECO-103

Full Marks : 40

Time : 2 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Group—A

1. Answer any two questions of the following : 2×2
 - (a) Indicate two main features of a perfectly competitive market.
 - (b) Explain the role of metering cost in industrial organisation theory.
 - (c) Define public good externality.
 - (d) What is the interpretation of Lagrangean multiplier in sales maximisation subject to profit constraint?
2. Answer any one question of the following : 1×6
 - (a) Explain different aspects of technological optimality of a firm.
 - (b) Define ownership externality. Explain its effect on the market economy.
3. Answer any one question of the following : 1×10
 - (a) What do you mean by team production? Explain the role of team production in the existence of a firm.

(Turn Over)

- (b) Explain the Miller-Modigliani model to determine the optimum capital structure of a joint stock company.

Group—B

4. Answer any *two* questions of the following : 2×2
- (a) Why do mergers occur ?
 - (b) What do you mean by a concentrated industry ?
 - (c) Distinguish between deterred entry and accommodated entry.
 - (d) What is Bair Sylos postulate ?
5. Answer any *one* question of the following : 1×6
- (a) Explain with the help of a diagram the concept of natural monopoly. What will happen if government regulates price ?
 - (b) Suppose there exist two downstream firms I & II, with unit cost C_1 and C_2 , facing a market demand function $p = a - q_1 - q_2$, $a > 0$. Show that a vertical merger between an upstream firm and a downstream firm raises the output level of the merged firm and reduces that of the other.
6. Answer any *one* question of the following : 1×10
- (a) Consider a two period leader-follower game where firms decide how much capital to invest. Find for what value of entry cost there exists indifference between deterrence and accommodation.
Show that the incumbent firm cannot deter entry by investing in a Large Capacity with the help of suitable diagram. 7+3
 - (b) There is considerable evidence of jobless growth for Indian manufacturing. Argue whether this result holds for Indian Pharmaceutical industry or not.

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