International Islamic University Chittagong (IIUC)

Department of Economics & Banking

Final Examination;Spring 2019

Program: BSS(Honors)

Course Code: INDO 3601 | Course Title: Industrial Organization

Time: 2.5 Hours | Full Marks: 50

Answer any FIVE of the following questions. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.

1. (a) Describe economic infrastructural factors that influence industrial locations. 3

   (b) Industrial locations based on minimum transport cost can solve the problem of determining the location of manufacturing industry – explain the statement. 7

2. (a) Define concentration as an important element of market structure. What are the general requirements to be satisfied before screening the index? 4

   (b) Narrate at least two indices to measure concentration in a domestic market. 6

3. (a) Describe the four different possibilities of diversification mentioned by Penrose. 3

   (b) Generalize the motives for diversification as they commensurate from one source. 7

4. (a) When regulation is applied to natural monopoly it increases the efficiency a lot – do you agree with the statement? Explain. 5

   (b) Define deregulation. Explain the criteria for effective deregulation. 5

5. (a) What kind of standards are required to maintain in order to implement an ideal antitrust policy? 3

   (b) Some biases may divert the agency to depart from the ideal. Explain those biases and specific causes of biases in this respect. 7

6. (a) How may product differentiation create barriersto the way of entrance? 3

   (b) Analyze price discrimination for identical and different marginal cost situations. Which type of price discrimination is stronger and why? 7

7. (a) Focus on the directions of manager's motivation which can influence to restore the interests of shareholders. 6

   (b) How can you relate the two concepts – 'Fast-Second Strategy' and 'Time Cost Trade-off' in the context of innovation for a dominant firm? 4