

UNIVERSITY OF COLOMBO – SRI LANKA

FACULTY OF GRADUATE STUDIES

Postgraduate Diploma in Manufacturing Management – 2017

Pg.D. MM 501: Industrial Organization

Answer any FOUR (04) Questions including Question No (1)

(Question No (1) is Compulsory)

All questions carry equal marks

Time: Three (03) Hours

- (1) "Sri Lanka's investment climate is deemed to be favourable with the ease of investment improving from 57.5% in 2015 to 58.96% for 2016. This is indicated in the World Bank's recently released annual 'Doing Business Report', which gives significant coverage to the country's relatively stronger position compared to its South Asian counterparts".
- What are the indicators/dimensions that can be used to measure whether Sri Lanka is an attractive destination for obtaining Foreign Direct Investment (FDI)?
 - Explain the present trends and patterns of FDI in Sri Lanka?
 - Critically discuss above statement with appropriate facts and figures.
- (2) Assume that you are supposed to conduct a Market Analysis on particular product/service or a specific industry of your choice.
- What is meant by a Market Analysis?
 - What are specific aspects/areas to be considered when conducting such market analysis?
 - How do you analyze the demand for and supply of particular product/service or a specific industry?

- d). How do you measure the market competition of such particular product/service or a specific industry?
- e). Explain the suitable strategies/approaches that can be used to successfully face the identified challenges of your product/service or a specific industry.

(3) In the current post-conflict environment, though Sri Lanka has a renewed opportunity to build its higher-value industrial potential, attract better foreign investments, and boost its production of higher income-earning exports, various other issues are continuing to contribute to the lackluster performance of the manufacturing sector of the country.

- a). How do you distinguish the relationship between the Stages of Economic Development of the Rostow's Model and industrialization of an economy?
- b). What is meant by the industrial innovation path?
- c). Explain the "Modern Industrialization Path" by considering its five stages of evolution.
- d). How do you compare and contrast present industrialization in Sri Lanka with this Modern Industrialization Path?
- e). What is meant by the Stages of Catch-Up Type Industrialization? Explain your answer with the support of suitable examples.

(4) Assume that Mr. Chamitha & Mr. Nalaka have been appointed as business development consultants by a Policy Implementing Unit of the Chamber of Commerce and Industries of the country for exploiting successful business opportunities of Government Budget-2018. What are their critical analyses on following proposals? Use the support of suitable curves, tables and figures to elaborate your answers in considering the related market of each of below given budget proposals:

- (a). Increase in Import taxes on Diesel Three wheelers.
- (b). Reduction of taxes on import of Electric Three wheelers, buses & other vehicles.
- (c). Increase in Taxes on import of luxury vehicles.

- (d). Luxury tax to be imposed on luxury vehicles with engine capacity > 2500cc.
- (e). A ban will be imposed on vehicles which do not have air bags.
- (f). Carbon tax to be introduced for vehicles less than 5 years (Rs. 0.17 / day for Motor cycle, Rs. 1.77 / day for Car and Rs. 2.74 / day for Bus
- (g). A levy of 25 Cents per message for marketing via SMS.
- (h). "Tourist Board approved Tuk tuks" to be introduced.
- (i). NBT exempt from non-motorised water sports equipment.
- (j). Para tariff (an extra fee or tax imposed on a good in addition to the tariff stated on the country's tariff schedule) imposed on certain imported food and beverages needed for tourism sector will be removed rather than providing tax relief for imported vehicles for tourists transportation.

(5) Mr. Chamitha & Mr. Nalaka have started their new business project, named as C&N Amusement Park for foreign visitors. It offers tickets to foreign adults and foreign college students at different price levels. The marginal cost per each ticket is \$3 for both market segments.

The demand function for foreign college students is: $Q^d_c = 500 - 100p$; Where Q^d_c = Quantity demand for foreign college students

(a) Calculate the profit maximizing price and the quality of selling tickets for these college students

If the demand function of foreign adults is: $Q^d_a = 800 - 100p$; Where Q^d_a = Quantity demand for foreign adults

- (b). Calculate the profit maximizing price and the quality of selling tickets for these adults
- (c). Compare the profit levels in price discrimination versus non-price discrimination
- (d). Explain the factors determining the successfulness of price discrimination of monopoly market in general.
- (e). Discuss the following concepts in economics by using the amusement park market in general. Use support from appropriate tables and curves for your answers:
 - (i) Determinants that can shift the demand curve of amusement park to the rightward

- (ii) Determinants of the Supply Price Elasticity of amusement park,
- (iii) Income Elasticity of foreign visitors of amusement park
- (iv) Cross-Price Elasticity of foreign visitors of amusement park.

(6) a) What is meant by pricing strategies of a firm?

b) How does it differ from non-price competition? Explain your answers with suitable examples taken from manufacturing sector in Sri Lanka

c) Explain the possible objectives of a firm in pricing its products?

d) What are the key determinants for pricing strategies of a firm?

e) Using suitable examples, explain the following with the support of suitable curves and tables

i) Product Life Cycle Pricing Strategies

ii) Price Fixing and Cartel Operations

iii) Absorption/Full Cost Pricing

iv) Value-Based Pricing

v) Product-Line Pricing

(7) a) Why is a firm's demand curve relatively more elastic in monopolistically competitive markets than the demand curve of a monopoly firm?

b) What is meant by excess capacity in a monopolistically competitive market?

c) Is this excess capacity justifiable or not? Explain.

e) Explain Kinked Demand Curve and its implications on firms' behavior in a given market structure.