

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATION
RESIT/SPECIAL EXAMINATIONS**

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF

ECON 415/408: ECONOMICS OF INDUSTRY

STREAMS:

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 05/05/2021

11.30 A.M – 1.30 P.M

INSTRUCTIONS:

ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30MARKS)

- a. Distinguish the following terms giving relevant examples (6marks)
- i. Market power and market structure
 - ii. Pure oligopoly and duopoly
 - iii. Bertrand model and Cournot model
- b. Every industry has a prevailing market structure. Discuss any five determinants of market structure (10marks)
- c. Technological innovations are important in industrialization and growth of economies. Present a case for this statement. (10marks)
- d. Discuss the importance of industries in an economy (4marks)

QUESTION TWO (20MARKS)

- a. I. Price discrimination is the ability to charge different prices for similar goods and or services. Identify types of price discrimination practiced by a monopolist (6marks)
- ii. discuss the conditions that must be fulfilled for price discrimination to be successful (8marks)

- b. distinguish the main differences between perfect competition and monopolistic competition (6marks)

QUESTION THREE (20MARKS)

- a. i. What is vertical integration? Identify types of vertical integration practiced by firms (6marks)
- ii. Discuss the main reasons for vertical integration (6marks)
- b. industries can be distinguished on the basis of type output they produce. Using this criterion, discuss four types of industries found in Kenya (8marks)

QUESTION FOUR (20MARKS)

- a. Discuss the challenges facing industrialization in Kenya (10marks)
- b. What are some of the initiatives and incentives being implemented by the government to promote industrialization? (10marks)
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