

EC405(B) INDUSTRIAL ECONOMICS

➤ **Learning Objectives and Outcomes:**

- Industrial Economics, under Soft Core, the syllabus is framed covering basic issues and theories of Industrial Economics to impart basic knowledge of economics applying to Industry.
- By studying this paper students are expected to learn about concepts and fundamental theories of economics applied to industrial activities - Framework and Problems of Industrial Economics, Market Performance, Industrial Finance, Project Appraisal, and Industrial Labour

Module I : Framework and Problems of Industrial Economics;

Concept and organization of a firm-ownership, control and objectives of the firm; Passive and active behaviour of the firm. Sellers' concentration; Product differentiation; Entry conditions; Economies of scale; Market structure and profitability; Market structure and innovation; Theories of industrial location-Weber and Sargent Florence; Factors affecting location. Product pricing-Theories and evidence; Investment expenditure-methods of evaluating investment expenditure; theories and empirical evidence on Mergers and acquisitions (M&AS) and diversifications.

Module II : Market Performance:

Growth of the firm-Size and growth of a firm; Growth and profitability of the firm; constraints on growth; productivity, efficiency and capacity utilization – concept and measurement, Indian situation.

Module III: Industrial Finance:

Owned, external and other components of funds; role, nature, volume and types of institutional finance-IDBI, IFCI, SFCs, SIDC, commercial banks, etc.; Financial statement-balance sheet, profit and loss account; assessment of financial soundness ratio analysis.

Module IV: Project Appraisal:

Cost-benefit analysis-Net present value (NPV) and internal rate of return (IRR) criteria-balancing private and social returns.

Module V: Industrial Labour:

Structure of industrial labour; employment dimensions of Indian industry; Industrial legislation-Industrial relations-exit policy and social security-wages and problems of bonus-labour market reforms.

Module VI : Industrial Policy in India:

Industrial policy - privatisation and disinvestment debate - pricing reforms in PSUs- Problem of industrialisation- productivity in industrial sector - exit policy- issues in labour market – reforms - approaches for employment generation- analysis of price behaviour in India

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