

PREVIEW QUESTION BANK

Module Name : imb24-mg06 Economic foundations of Pricing-ENG
Exam Date : 18-May-2024 Batch : 15:00-18:00

Sr. No.	Client Question ID	Question Body and Alternatives	Marks	Negative Marks
Objective Question				
1	13652001	<p>Supply curve is :</p> <ol style="list-style-type: none"> 1. downward sloping 2. flat line 3. upward sloping 4. vertical <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
2	13652002	<p>The 'Break-even Pricing'; allows you to:</p> <ol style="list-style-type: none"> 1. Cover cost 2. Yield targeted return on investment 3. Recover mark-up amount 4. Reduce production <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
3	13652003	<p>The technique that allows a venture to determine the price which helps in yielding targeted return on investment is _____</p> <ol style="list-style-type: none"> 1. Mark-up pricing 2. Break-even pricing 3. Cost plus pricing 4. Target return pricing <p>A1 : 1</p>	2.0	0.00

A2 : 2

A3 : 3

A4 : 4

Objective Question

4	13652004	<p>Which of the following is not true for breakeven sales change curve:</p> <ol style="list-style-type: none"> 1. It is an excellent managerial tool 2. One needs to have precise estimate of demand curves for the analysis to be useful. 3. The decisions are easy to interpret 4. The decisions are easier to interpret than price elasticity analysis. 	2.0	0.00
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

5	13652005	<p>If the demand faced by a firm is inelastic, then increasing price will have the following effect:</p> <ol style="list-style-type: none"> 1. Decrease the demand 2. Increase the revenue 3. Keep the revenue constant 4. Reduce costs 	2.0	0.00
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

6	13652006	<p>What does rightward shift in demand curve indicate?.</p> <ol style="list-style-type: none"> 1. Increase in Demand 2. Decrease in Demand 3. No change in Demand 4. Decrease in the price of substitute product. 	2.0	0.00
		A1 : 1		
		A2 : 2		

A3 : 3

A4 : 4

Objective Question

7	13652007	<p>If the price of Oreo biscuits increases, customers are more likely to shift to different brand of biscuits. In this case the demand is_____.</p> <ol style="list-style-type: none"> 1. Elastic 2. Inelastic 3. Perfectly inelastic 4. Highly volatile <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

8	13652008	<p>In log-log model the _____ is constant throughout the demand curve at any price point.</p> <ol style="list-style-type: none"> 1. Elasticity 2. Supply 3. Demand 4. Price <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

9	13652009	<p>Given below are 2 statements:</p> <ol style="list-style-type: none"> i). Price setting firms are the ones that generally have market power. ii). A price taking firm chooses both output and product prices. <p>In light of the above statements, chose the correct answer from the options given below.</p> <ol style="list-style-type: none"> 1. Both the statements are true 2. Both the statements are false 3. (i) is true and (ii)is false 4. (i) is false and (ii) is true 	2.0	0.00
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		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

10	13652010	<p>If the price elasticity of demand for a good is -0.2 and there is a 5% increase in the price of the good, then by what percentage will the demand for the good change?</p> <ol style="list-style-type: none"> 1. Go down by 1 percent 2. Go up by 1 percent. 3. Go down by 5% 4. Go up by 5% 	2.0	0.00
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

11	13652011	<p>Which of the following is true about pricing:</p> <ol style="list-style-type: none"> 1. It's an instrument that makes supply meet demand. 2. Prices are not influenced by consumers' willingness to pay. 3. Greater the elasticity of a product the greater can be its price 4. In a country the prices will not vary between states. 	2.0	0.00
		A1 : 1		
		A2 : 2		
		A3 : 3		
		A4 : 4		

Objective Question

12	13652012	<p>Linear demand curve can be estimated with:</p> <ol style="list-style-type: none"> 1. Sales data 2. Customer income data 3. Cost data 4. Competitor's data 	2.0	0.00
		A1 : 1		

A2 : 2

A3 : 3

A4 : 4

Objective Question

13	13652013	<p>Incremental profit on additional sales is known as:</p> <ol style="list-style-type: none"> 1. Profit margin 2. Contribution margin 3. Sales volume margin 4. Marginal utility of profit <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

14	13652014	<p>Which of the following is usually NOT a reason for price decrease?</p> <ol style="list-style-type: none"> 1. Drop in demand 2. Low competition 3. Low cost of production 4. Off season <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

15	13652015	<p>Break even sales is the ratio of:</p> <ol style="list-style-type: none"> 1. Change in price divided by new contribution margin. 2. Change in price divided by profit margin. 3. Profit margin divided by change in price 4. New contribution margin divided by the change in price <p>A1 : 1</p> <p>A2 : 2</p>	2.0	0.00
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A3 : 3

A4 : 4

Objective Question

16	13652016	<p>Which of the following is most likely a fixed cost?</p> <ol style="list-style-type: none"> 1. Material cost 2. Rent and lease cost 3. Sales commissions 4. Logistics cost <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

17	13652017	<p>Vaseline is used in the industry as well as a body care product. The industrial consumer pays a lot less per unit than the consumer at the retail end. This price differentiation strategy is:</p> <ol style="list-style-type: none"> 1. First degree discrimination 2. Second degree discrimination 3. Third degree discrimination 4. First and second degree discrimination <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

18	13652018	<p>Which of the following explains market clearing price?</p> <ol style="list-style-type: none"> 1. The price at which market supply is equal to the market demand 2. The price at which cost of production is equal to sales revenue. 3. Price at which leftover goods are twice the sold goods. 4. Price at which surplus is disposed. <p>A1 : 1</p> <p>A2 : 2</p>	2.0	0.00
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A3 : 3

A4 : 4

Objective Question

19	13652019	<p>During peak demand times, Uber charges an extra price from its customer. This is usually done for which of the following reasons?</p> <ol style="list-style-type: none"> 1. To reduce traffic problems in the city. 2. To give a luxurious feel to the customer 3. To shape demand to limited supply of cabs. 4. To test the psychological willingness of the customer to pay. <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

20	13652020	<p>Market prices:</p> <ol style="list-style-type: none"> 1. Are always calculated in the beginning and then remain fixed. 2. Change in response to the market conditions 3. Always go up with the demand 4. Dependent on price takers. <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

21	13652021	<p>If you are a startup venture making bottled fizzy juice. Each bottle costs rupees 10 to produce. The factory, utility and salaries as RS 3 lakh per annum and if the Ventures set up cost was rupees 10 lakh then :</p> <ol style="list-style-type: none"> 1. Price of the bottle is fixed cost; factory, utility, salary is variable and the venture set up is investment cost. 2. Price of the bottle is variable; factory setup and salaries is fixed while venture set up would be investment cost. 3. All are fixed except the bottle cost 4. All are variable except the bottle cost <p>A1 : 1</p> <p>A2 : 2</p>	2.0	0.00
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A3 : 3

A4 : 4

Objective Question

22	13652022	<p>Sahil starts a new venture of bottling sugarcane juice. Each bottle costs him Rs. 10. The factory, utilities and salaries cost Rs. 3 lacs per annum and the venture set up costs him Rs. 10 lacs. If Sahil expects to sell 15,000 units per annum, calculate the breakeven pricing with the ongoing costs.</p> <p>1. Rs. 30 2. Rs. 20 3. Rs. 15 4. Rs. 10</p> <p>A1 : 1 A2 : 2 A3 : 3 A4 : 4</p>	2.0	0.00
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Objective Question

23	13652023	<p>The fixed cost of production is Rs 45,000 and the variable cost is Rs 10; the product is sold at Rs 25. What will be the breakeven volume in this case?</p> <p>1. 3000 2. 1285.714 3. 4500 4. 1800</p> <p>A1 : 1 A2 : 2 A3 : 3 A4 : 4</p>	2.0	0.00
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Objective Question

24	13652024	<p>Pricing decisions should ideally meet firms pricing objectives by balancing the following:</p> <p>1. Seller's cost, customers' value consideration and competition 2. Inventory cost; production cost and MRP 3. Fixed cost; variable cost and selling price 4. Inventory cost; channel cost and selling price</p> <p>A1 : 1 A2 : 2</p>	2.0	0.00
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A3 : 3

A4 : 4

Objective Question

25	13652025	<p>Which of the following is NOT a factor that can shift a demand curve?</p> <ol style="list-style-type: none"> 1. Change in taste of customer 2. Price of the substitute product. 3. Future prices. 4. Price of the product <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

26	13652026	<p>Which one of the following cannot be a firm's objective</p> <ol style="list-style-type: none"> 1. Growth maximization 2. Profit maximization 3. Survival 4. Conservation of natural resources. <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

27	13652027	<p>Chicken supplies are sharply reduced because of an infection in the poultry. As a result, consumers turn to fish as a substitute for chicken. This will most likely result in:</p> <ol style="list-style-type: none"> 1. Increased market price for fish. 2. An upward shift in the supply curve for fish 3. An upward shift in the demand curve for chicken 4. Inelastic demand for chicken <p>A1 : 1</p> <p>A2 : 2</p>	2.0	0.00
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A3 : 3

A4 : 4

Objective Question

28	13652028	<p>In which of the following situations, the firm will be a price taker?</p> <ol style="list-style-type: none"> 1. Many firms are producing identical products 2. The firm is producing a differentiated product 3. The price of the substitute product is high. 4. Many firms are producing different products <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

29	13652029	<table border="1"> <thead> <tr> <th>Break-even Sales Change %</th> <th>Product A</th> <th>Product B</th> </tr> </thead> <tbody> <tr> <td>-5</td> <td>33.3</td> <td>6.7</td> </tr> <tr> <td>-10</td> <td>100</td> <td>14.3</td> </tr> <tr> <td>5</td> <td>-20</td> <td>-5.9</td> </tr> <tr> <td>10</td> <td>-33.3</td> <td>-11.1</td> </tr> </tbody> </table> <p>Based on above-mentioned data, answer the following question :</p> <p>What is the percent breakeven sales change for a \$10 price decrease for product B?</p> <ol style="list-style-type: none"> 1. 14.3% 2. 6.7% 3. -11.1% 4. -9% <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	Break-even Sales Change %	Product A	Product B	-5	33.3	6.7	-10	100	14.3	5	-20	-5.9	10	-33.3	-11.1	2.0	0.00
Break-even Sales Change %	Product A	Product B																	
-5	33.3	6.7																	
-10	100	14.3																	
5	-20	-5.9																	
10	-33.3	-11.1																	

Objective Question

30	13652030		2.0	0.00
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		<p>What can be a disadvantage of cost based pricing?</p> <ol style="list-style-type: none"> 1. It is complex and difficult to understand 2. It is usually unpredictable 3. Companies find it difficult to defend price hikes to customers 4. Cost based pricing can ignore customers and competition <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>		
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Objective Question

31	13652031	<p>If the slope of the demand curve remains constant at each point of the curve, then:</p> <ol style="list-style-type: none"> 1. It's a linear demand curve 2. It's a non-linear demand curve 3. Such a demand curve does not exist 4. It is convex to the origin <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

32	13652032	<p>When a firm fences the market based on the application of the product, the objective behind it is :</p> <ol style="list-style-type: none"> 1. Not allowing cross cannibalization of the firm's product 2. It wants homogenous markets 3. It restricts one consumer from meeting the other 4. It wants to charge premium price from one market. <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

33	13652033		2.0	0.00
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Maruti and Hyundai offered discounts ranging from 25000 to 60000 on their models during COVID. Which of the following could not be a reason to do so:

1. Drop in demand
2. Sunk investment
3. High competition
4. Favourable policy

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

34	13652034	<p>Read the statements carefully and then chose the right option:</p> <p>(i). Profit margin = price - total cost.</p> <p>(ii). Contribution margin = price - fixed cost.</p> <ol style="list-style-type: none"> 1. Both the statements are false. 2. Both the statements are true 3. (i) is true and (ii) is false 4. (i) is false and (ii) is true. <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

35	13652035	<p>OTT providers like Disney Hotstar and Netflix have substantial price differences on their subscriptions. Consumers are tolerant to the price difference because:</p> <ol style="list-style-type: none"> 1. They are both foreign OTT players 2. Each consumer only buys one of them 3. Differential value in the products they offer 4. Consumers expects to negotiate on the prices anyway. <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p>	2.0	0.00
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		A4 : 4		
Objective Question				
36	13652036	<p>In value-based pricing, value actually determines:</p> <ol style="list-style-type: none"> 1. Price floor 2. Price ceiling 3. Competitor's price 4. Waivers and discounts <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
37	13652037	<p>Which of the following is FALSE for a product where contribution margin is high?</p> <ol style="list-style-type: none"> 1. These products generate good profits 2. Apparel and sunglasses would be good examples of products with high contribution margin. 3. The lower the variable cost the greater the contribution margin. 4. It is always wise to cut off low contribution margin products from the product line <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
Objective Question				
38	13652038	<p>Knocking off a certain margin from the competitor's price and selling the product at that price is known as:</p> <ol style="list-style-type: none"> 1. Competitor price 2. Predatory price 3. Competitive referencing 4. Price under cutting <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question				
39	13652039	<p>Low market prices (penetrative pricing) is usually done to achieve the following objective:</p> <ol style="list-style-type: none"> 1. Garner greater market share. 2. Maximization of profit 3. To reinforce a premium position in the market 4. Maintain margins <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question				
40	13652040	<p>The framework for pricing decisions comprises of which of the following components?</p> <ol style="list-style-type: none"> 1. Company objectives only. 2. Customer value and competition only. 3. Cost and company objectives only 4. Cost, customer value, competition and the company's objectives. <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question				
41	13652041	<p>Loyalty programs are cases of :</p> <ol style="list-style-type: none"> 1. Bundling 2. Sales discount 3. Two-part tariffs 4. Incentive pricing <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00

Objective Question				
42	13652042		2.0	0.00

		<p>Airlines charge different prices on account of the time at which the ticket was bought. This is a case of:</p> <ol style="list-style-type: none"> 1. Price customization 2. Bundling 3. Incentive pricing 4. Two-part tariff <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>		
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Objective Question

43	13652043	<p>Onion prices are high when:</p> <ol style="list-style-type: none"> 1. production is low 2. high production 3. low demand season 4. high demand <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

44	13652044	<p>The company will not be able to increase its revenue by increasing its price in the case of :</p> <ol style="list-style-type: none"> 1. Drugs 2. Water 3. Washing machines 4. Jewels <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

45	13652045		2.0	0.00
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		<p>Which pricing strategy can be commonly seen at Mc. Donald's?</p> <ol style="list-style-type: none"> 1. Predatory pricing 2. Price Gouging 3. Bundling 4. Premium pricing <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>		
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Objective Question

46	13652046	<p>Providing the same product in different colors, flavors, or variants is a case of ,.....:</p> <ol style="list-style-type: none"> 1. Horizontal differentiation 2. Vertical differentiation 3. Trading up 4. Trading down <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

47	13652047	<p>Which of the following statements is not true for price under cutting:</p> <ol style="list-style-type: none"> 1. Buyers are price sensitive 2. Competition is low 3. Objective is to steal the market share 4. Boosts volume sales <p>A1 : 1</p> <p>A2 : 2</p> <p>A3 : 3</p> <p>A4 : 4</p>	2.0	0.00
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Objective Question

48	13652048		2.0	0.00
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.....is the worth of a good or service determined by people's preferences and the trade- offs they choose given their scarce resources.

- 1. Cost
- 2. Floor price
- 3. Value
- 4. MRP

A1 : 1

A2 : 2

A3 : 3

A4 : 4

Objective Question

49 13652049

Which of the following is not true for price differentiation?

- 1. Used in multi-product pricing
- 2. Involves administration costs for separating markets
- 3. More revenue can be generated for the time
- 4. Practiced in perfect competition

A1 : 1

A2 : 2

A3 : 3

A4 : 4

2.0 0.00

Objective Question

50 13652050

Which of the following is a type of nonlinear pricing?

- 1. Two-part tariff
- 2. Bundling
- 3. Premium pricing
- 4. Price under cutting

A1 : 1

A2 : 2

A3 : 3

A4 : 4

2.0 0.00