



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Answerkey 48

**Sub: Economics Class: XII**

**Chapter 12: Cost Determined Pricing F.M.: 15**

**Topic: Mark Up Pricing**

**Date: 07/11/2020**

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### Multiple choice questions

**1x15 = 15**

1. Mark up is nothing but \_\_\_\_\_profit.
  - a. Planned,
  - b. Unplanned,
  - c. Expected,
  - d. Unexpectrd.Ans: a. Planned.
2. \_\_\_\_\_ introduced the concept of mark up pricing.
  - a. Smith,
  - b. Kalecki,
  - c. Marshall,
  - d. Samuelson.Ans: b. Kalecki.
3. Mark up is added with \_\_\_\_\_.
  - a. MC,
  - b. TC,
  - c. AC,
  - d. AFC.Ans: c. AC.
4. According to Kalecki, mark up is found for \_\_\_\_\_goods.
  - a. Agricultural,
  - b. Durable,
  - c. Inferior,
  - d. Industrial.Ans: d. Industrial.
5. Price of manufactured good = \_\_\_\_\_ + mark up.
  - a. AVC,
  - b. AFC,
  - c. MC,

d. TC.

Ans: a. AVC.

6. In mark up system, the firm adds \_\_\_\_\_ margin with AC.

- a. Net profit,
- b. Gross profit,
- c. Expected profit,
- d. Unexpected profit.

Ans: b. Gross profit.

7. In cost determined pricing it is assumed that the supply curve of the industry is \_\_\_\_\_ in the long run.

- a. Upward rising,
- b. Vertical,
- c. Horizontal,
- d. Downward sloping.

Ans: c. Horizontal.

8. Mark up itself is the \_\_\_\_\_ profit margin.

- a. Positive,
- b. Expected,
- c. Net,
- d. Gross.

Ans: d. Gross.

9. In cost determined pricing it is assumed that all firms in the industry have \_\_\_\_\_ cost curves.

- a. Identical,
- b. Different,
- c. Average,
- d. Marginal.

Ans: a. Identical.

10. In cost determined pricing theory we considered \_\_\_\_\_.

- a. Short run,
- b. Long run,
- c. Very short run,
- d. Very long run.

Ans: b. Long run.

11. In cost determined pricing theory it is assumed that supply is \_\_\_\_\_.

- a. Elastic,
- b. Inelastic,
- c. Perfectly elastic,
- d. Perfectly inelastic.

Ans: c. Perfectly elastic.

12. In case of products of organized manufacture price is \_\_\_\_\_determined.

- a. Demand,
- b. Supply,
- c. Production,
- d. Cost.

Ans: d. Cost.

13. In case of products of organized manufacture production is \_\_\_\_\_determined.

- a. Demand,
- b. Supply,
- c. Production,
- d. Cost.

Ans: a. Demand.

14. When price change occurs as a result of change in costs, it is known as \_\_\_\_\_induced price change.

- a. Demand,
- b. Cost,
- c. Supply,
- d. Production.

Ans: b. Cost.

15. Due to the existence of excess capacity the LAC curve is \_\_\_\_\_shaped.

- a. U,
- b. Horizontal,
- c. L,
- d. Vertical.

Ans: L.

DebaleenaGamguly.  
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