

Fourth Semester MA Economics (Private Registration)
Multiple Choice Questions
Industrial Economics EC800402

1. Industrial economics is a distinctive branch of economics which deals with
 - A. Firms
 - B. Industries
 - C. All the above
 - D. None of the above

2. In economic literature Industrial Economics is known by several names with marginal differences such as
 - A. 'Economics of Industries'
 - B. 'Business Economics'
 - C. All the above
 - D. None of the Above

3. The name 'Industrial economics' was adopted in the early fifties perhaps through the writings of
 - A. P W S Andrews.
 - B. Keynes
 - C. Marshall
 - D. Ricardo

4. . The name 'Industrial economics' was adopted in the early
 - A. Fifth
 - B. Thirties
 - C. Nineties
 - D. Fifties

5. Which element is concerned with the information content of the subject?
 - A. Analytical element
 - B. Descriptive element
 - C. Observation element
 - D. None of these

6. It is a field that builds on the theory of the firm by examining the structure of (and, therefore, the boundaries between) firms and markets.
 - A. Industrial organization
 - B. Industrial structure
 - C. Industrial proforma
 - D. Industrial Pyramid

7. The business behavior were “rules of game”, affect the dispersion of efficiency between firms and the rate of technical progress is the theory of
 - A. JB Say
 - B. Marris
 - C. Penrose
 - D. Downie

8. Downie used which concept to explain his theory
 - A. Transfer mechanism
 - B. Coded mechanism
 - C. Growth mechanism
 - D. Decoded mecanism

9. A firm operating at that scale at which in existing conditions of techniques and organizing capacity in which it has the lowest average cost of production per unit is called
 - A. Optimum firm
 - B. Equilibrium
 - C. average
 - D. None of these

10. The performance which determined by the conduct of firms, which in turn is determined by the structural characteristics of the market is called
 - A. SCP approach
 - B. PCS approach
 - C. COD approach
 - D. None of these

11. SCP approach was first formalized by
 - A. Keynes
 - B. Pigou
 - C. Marshall

D. Mason

12. SCP approach means

- A. Structure
- B. Conduct
- C. Both A and B
- D. None of the above

13. The considerations involve in the pricing policy

- A. Competitive situation
- B. Goal of profit and sales
- C. All of these
- D. None of the above

14. The considerations involve in the pricing policy

- A. Price sensitivity
- B. Routinization of pricing
- C. Both A and B
- D. None of the above

15. The considerations involve in the pricing policy

- A. Government policy
- B. Flexibility
- C. Price sensitivity
- D. All of these

16. The objectives of pricing policy involves

- A. Price-Profit Satisfaction
- B. Sales Maximisation and Growth
- C. All of these
- D. None of the above

17. The objectives of pricing policy involves

- A. Making Money
- B. Preventing Competition
- C. All of these
- D. None of the above

18. The objectives of pricing policy involves

- A. Market Share

- B. Survival
 - C. All of these
 - D. None of the above
19. The objectives of pricing policy involves
- A. Market Penetration
 - B. Marketing Skimming
 - C. All of these
 - D. None of the above
20. The objectives of pricing policy involves
- A. Early Cash Recovery
 - B. Satisfactory Rate of Return
 - C. All of these
 - D. None of the above
21. The factors involved in pricing policy includes
- A. Cost Data
 - B. Demand factor
 - C. All of these
 - D. None of the above
22. The factors involved in pricing policy includes
- A. Consumer Psychology
 - B. Competition
 - C. All of these
 - D. None of the above
23. The factors involved in pricing policy includes
- A. Profit
 - B. Government policy
 - C. All of these
 - D. None of the above
24. There are two alternatives before a marketing manager in respect of pricing strategy, they are
- A. Skimming price strategy
 - B. Penetration price strategy
 - C. All of these
 - D. None of the above
25. The price of a new product is fixed high at the initial stage is called

- A. Skimming price strategy
 - B. Penetration price
 - C. None of these
 - D. All of the above
26. The price of a product is fixed low at the initial stage and gradually its price is increased when the product gets popularity in the market is called
- A. Skimming price
 - B. Penetration price
 - C. Cost plus pricing
 - D. Transfer Pricing
27. The price at which inputs of one department are transferred to another, in order to maximize the overall profits of the company is called
- A. Cost plus price
 - B. Transfer pricing
 - C. Cost oriented pricing
 - D. Skimming Price
28. A method of setting prices that takes into account the company's profit objectives and that covers its costs of production is called
- A. Production oriented pricing
 - B. Skimming price
 - C. Transfer pricing
 - D. Cost oriented pricing
29. The policy of fixing the prices mainly on the basis of prices fixed by competitors is called
- A. Competition oriented pricing
 - B. Mark up pricing
 - C. Cost plus pricing
 - D. Going Rate Pricing
30. Under this method, prices are maintained at par with the average level of prices in the industry, it is called
- A. Skimming price
 - B. Going rate price
 - C. Cost plus price
 - D. Average cost Pricing

31. The length of time that it takes for a project to recover its initial cost out of the cash receipts that it generates over the time is called
- A. Average rate of return method
 - B. Pay back period method
 - C. Discounted cash flow method
 - D. Pay Period
32. Payback period method is also known as
- A. Pay off
 - B. Pay out
 - C. All of these
 - D. None of the above
33. Net investment divided by cash inflow is called
- A. Pay period
 - B. Average rate of return method
 - C. Discounted cash flow method
 - D. Payback period
34. Average rate of return method is also called
- A. Accounting rate of return method
 - B. Financial statement method
 - C. All of these
 - D. None of these
35. Average rate of return method is also called
- A. Return on investment method
 - B. Financial statement method
 - C. All of these
 - D. None of these
36. The method of valuing a project, or asset using the concepts of time value of the money is called
- A. Return on investment method
 - B. Discounted cash flow method
 - C. Pay back method
 - D. Financial statement method

37. Which method is considered to be the best method, for evaluating capital investment proposals?
- A. Net present value method
 - B. Return on investment method
 - C. Financial statement method
 - D. Pay back statement method
38. The difference between the total present value of future cash inflows and the total present value of future cash outflow is called
- A. NPV method
 - B. Profitability index
 - C. Pay back period method
 - D. None of the above
39. Profitability index is also known as
- A. Benefit cost ratio method
 - B. Desirability factor method
 - C. All of these
 - D. None of the Above
40. The ratio between the present value of benefit and the present value of cost which indicates benefit per rupee of cost is called
- A. NPV method
 - B. Non-Profitability method
 - C. Pay back period method
 - D. Profitability method
41. Internal rate of return method is also called
- A. Time adjusted return on investment method
 - B. Discounted rate of return method
 - C. All of these
 - D. None of the Above
42. The maximum rate of interest that could be paid for the life of investment without loss on the projects is called
- A. IRR method
 - B. NPV method
 - C. Profitability method
 - D. LES Method

43. Different forms of industrial organization includes
- A. Proprietorship
 - B. Partnership
 - C. All of these
 - D. None of these
44. Public sector companies includes:
- A. Departmental
 - B. Government companies
 - C. All the above
 - D. None of the Above
45. Public sector companies includes:
- A. Government companies
 - B. Joint sector
 - C. All the above
 - D. None of the Above
46. On the basis of ownership business can be divided into
- A. Five
 - B. Four
 - C. Two
 - D. Three
47. On the basis of ownership business can be divided into
- A. Private sector
 - B. Joint sector
 - C. All of these
 - D. Public sector
48. The international airport in Kochi was envisaged as a
- A. Private sector
 - B. Public sector
 - C. Cooperate sector
 - D. public-private venture
49. Private sector can be divided into
- A. Individual ownership

- B. Collective ownership
- C. Joint Venture
- D. All the above

50. Collective ownership can be divided into

- A. Partnership
- B. Joint Hindu family
- C. All of these
- D. None of these

51. Industrial productivity is the result of economic use of

- A. Technology
- B. Manpower
- C. Both a and b
- D. Education

52. Productivity integration of production processes, is an example of ----- factor influencing
Industrial productivity.

- A. Managerial
- B. Technological
- C. Financial
- D. Social

53. The Industrialization in India started in 1854 with

- A. Sugar mill industry in Maharashtra
- B. Fertilizer industry in Punjab
- C. Cotton mill industry in Bombay
- D. Iron industry in Rurkala

54. The first industrial policy in India

- A. Industrial policy resolution 1948
- B. Industrial policy resolution 1947
- C. Industrial policy 1956
- D. Industrial policy resolution 1935

55. The causes of structural deceleration during the second phase of the industrial growth pattern in India is

- A. Oil crisis
- B. Stagnation in demand for consumer goods
- C. Both a and b
- D. None of the Above

56. The fourth phase of industrial growth covers

- A. 1994-95 to 2000-2001
- B. 1991-92 to 1997-98
- C. 1992-93 to 1998-99
- D. 2000-2001 to 2021-22

57. Industrial Policy Resolution, 1948 declared India as a

- A. Socialist economy
- B. Capitalist economy
- C. Joint venture
- D. mixed economy

58. Which Industrial policy is also known as the Economic Constitution of India?

- A. Industrial Policy Resolution, 1948
- B. Industrial Policy Resolution, 1956

C. New Industrial Policy, 1991

D. Industrial Policy Resolution, 1978

59. Which was the first Iron and Steel plant in India

A. Patna

B. Birla

C. Rourkela

D. Tisco

60. The term liberalisation under New Industrial policy implies

A. Reduction of government control

B. Reduction of the role of private sector

C. Reduction of trade relations with other countries

D. Increase of the role of private sector

61. The MRTP Act was introduced under

A. Industrial Policy Statement, 1977

B. Industrial Policy Statement, 1980

C. New Industrial Policy, 1991

D. Industrial Policy Statement, 2000

62. LPG policies were the main goals of

A. New Industrial Policy, 1991

B. Industrial Policy Resolution, 1948

C. Industrial Policy Resolution, 1956 (IPR 1956)

D. Industrial Policy Resolution, 1978

63. B I F R implies

A. Board for Industrial and Financial Reconstruction

B. Board for Investment and Financial Restructuring

C. Board for Institutional and Financial Reconstruction

D. Board for Investment and Financial Regulation

64. The BIFR was established under

A. Industrial development and regulation Act, 1951

B. Industrial disputes Act, 1947

C. The Sick Industrial Companies (Special Provisions) Act, 1985

D. Industrial disputes Act, 1987

65. The MNC in India after 1991 has led to

A. Increase of public sector units

B. Decrease of foreign investment

C. Decline of private investment

D. Increase of foreign investment

66. Which is the most commonly used indicator of concentration is

A. Gini coefficient

B. Coefficient of variation

C. Standard deviation

D. Median

67. While setting up a factory three factors to be considered

A.1. The scale of operations

2. Location of a factory

3. Technique to be adopted in the production process.

B. 1. The scale of operations

2. Political conditions of the region

3. Technique to be adopted in the production process.

C. 1. Religious conditions of the workforce

2. The scale of operations

3. Location of a factory

D. None of the Above

68. The geographical site selected by a firm to perform its economic functions is called

A. Economic location

B. Profitability location

C. Industrial location

D. Productivity location

69. Which city is known as the “Silicon Valley” of India?

A. Delhi

B. Bangalore

C. Mumbai

D. Chennai

70. Which among the following is a non-geographical factor influencing an industry’s location?

A. Transport

B. Convenience

C. Raw material

D. Skill level of workforce

71. 'Theory of location of industries' was published by

A. Sargent Florence

B. August Losch

C. Alfred Weber

D. Alfred Marshal

72. Which of the following is example of pure raw materials

A. Cotton

B. Gold

C. Coal

D. Silver

73. The cheapening of cost of production due to concentration of industry is termed as

A. Deglomeration

B. Location coupling

C. Agglomeration

D. Clustering

74. The formula for calculating manufacturing index is

A. Manufacturing cost

Total production cost

B. Raw material cost

Manufacturing cost

C. Production cost

Manufacturing cost

D. Transaction cost

Total production cost

75. Different types of industries is combined into one location is termed as

A. Agglomeration

B. Location coupling

C. Deglomeration

D. Clustering

76. The simple method to find transport cost

A. market concentration

B. cost triangle

C. location triangle

D. Agglomeration

77. Which among the following factors does not leads to decentralisation of industries

A. Rent of land

B. Transportation cost

C. Interest cost

D. None of the Above

78. Who proposed that the industry should be located in areas where maximum profit occurs

A. Sargent Florence

B. August Losch

C. Alfred Weber

D. Alfred Marsal

79. Who proposed that the industry should be located at the least cost point?

A. Sargent Florence

B. August Losch

C. Karl Marx

D. Alfred Weber

80. The system of wage payment in which workers are paid on the basis of the quantity and quality of work performed

A. time rate

B. piece rate

C. incentive rate

D. Tournament

81. Which among the following is the component of gain sharing incentive plan?

A. Award bonus when productivity exceeds productivity targets

B. Employee involvement through problem solving ideas

C. Both a and b

D. Award promotion when productivity exceeds productivity targets

82. Market structure is determined by

A. Market ratio

B. Concentration ratio

C. Demand ratio

D. Price ratio

83. If the concentration ratio ranges from 0% to 50%, then the market is

A. Monopolistic competition

B. Perfect competition

C. Monopoly

D. Oligopoly

84. According to competitive pressure school rate of innovation is _____related to the degree of market power.

A. Inversely

B. Directly

C. Neutrally

D. Vertically

85. Innovation is the process of industrial alteration in which the destruction of old creates a way to the new ones. Whose viewpoint is this?

A. Kenneth J Arrow

B. Jean Tirole

C. R J Hicks

D. J A Schumpeter

86. Two major components of market structure that determines the role of the research and development behaviour of the firms and industry are

A. Degree of market power and size of the firm

B. Location of industry and degree of market power

C. Size of the firm and location of industry

D. None of the above

87. Which among the following does not come under Schumpeter's types of innovation

A. Launching of new product

- B. Introduction of new product
- C. Opening of new factory
- D. None of the Above

88. Which among the following is the correct order in the innovation process.

- A. Invention, innovation, imitation, diffusion
- B. Invention, innovation, diffusion, imitation
- C. Innovation, invention, diffusion, imitation
- D. Invention, imitation, diffusion, innovation

89. Pepsi vs. Coca-Cola is an example of

- A. Horizontal price discrimination
- B. Vertical price discrimination
- C. Mixed differentiation
- D. Flexible price discrimination

90. If there is a three-firm concentration ratio of over 80%, it indicates

- A. there is a scope of competitiveness among firms
- B. there is a scope of cooperation
- C. there is a scope of arise of a larger firm.
- D. there is a scope of collusion

91. What is referred to the degree of concentration within the industry?

- A. market structure
- B. market concentration

C. market ratio

D. Unitary form

92. Under Herfindahl-Hirschman Index

A. higher number indicates high degree of competition, low number indicates low consumer demand.

B. higher number indicates high degree of competition and a low number indicative of a high degree of monopoly power

C. higher number indicates a high degree of monopoly power and a low number indicative of a high degree of competition.

D. None of the above

93. Which index measures the sum of the squares of the relevant company shares out of the total volume of the market?

A. Paasche's index

B. Fisher's index

C. Herfindahl index

D. B tree index

94. Which index measures the sellers be ranked by their market shares from smallest to largest and indicate the size distribution

A. Lorenz cueve

B. Gini coefficient

C. Coefficient of variation

D. Correlation

95. An agreement that unites two existing companies into one is known as

A . Monopoly

B. Oligopoly

C. Duopoly

D. Merger

96. Long term finance are provided to industries whose maturity period will exceed

A. 2 years

B. 4 years

C. 5 years

D. 3 years

97. Which among the following is the example of external source of industrial finance

A. ICICI

B. FDI

C. SBI

D. RBI

98. The first development bank of India is

A. IDBI

B. ICICI

C. IFCI

D. SBI

99. Which among the following is financial instrument used for long term industrial finance.

A. Bills of exchange

B. Shares

C. treasury bills

D. Mutual Funds

100. Which is the apex institution in development banking

A. ICICI

B. IFCI

C. SBI

D. IDBI

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Multiple Choice Questions

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Answer key

1. C

2. C

3. A

4. D

5. B

6. A

7. D

8. A

9. A

10A

11D

12C

13C

14C

15D

16C

17C

18C

19C

20C

21C

22C

23C

24C

25A

26B

27B

28D

29A

30B

31B

32C

33D

34C

35C

36B

37A

38A

39C

40D

41C

42A

43C

44C

45C

46D

47C

48D

49C

50C

51. C

52. B

53. C

54. A

55. C

56. B

57. D

58. B

59. D

60. A

61. B

62. A

63. A

64. C

65. D

66. A

67. A

68. C

69. B

70. D

71. C

72. A

73. C

74. A

75. B

76. C

77. C

78. B

79. D

80. B

81. C

82. B

83. B

84. A

85. D

86. A

87. C

88. B

89. A

90. D

91. B

92. C

93. C

94. A

95. D

96. C

97. B

98. C

99. B

100. D