

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

Fourth Semester B.Tech Degree (S,FE) Examination August 2021 (2015 Scheme)

**Course Code: HS200****Course Name: BUSINESS ECONOMICS**

Max. Marks: 100

Duration: 3 Hours

PART A*Answer any three full questions, each carries 10 marks.*

Marks

- 1 a) Explain the meaning and relevance of business economics. (7)
- b) What are the three central problems of an economy? (3)
- 2 a) Define price elasticity of demand and explain five types price elasticity. (6)
- b) Briefly explain any two factors determining demand of a product. (4)
- 3 a) Explain opportunity cost with the help of a PPC. (4)
- b) Define Marginal utility? Explain the law of diminishing marginal utility with diagram. (6)
- 4 a) Distinguish between fixed proportion and variable proportion. (4)
- b) Suppose the production function is given as $Q = 2L^{1/2}K^{1/2}$
 - i) When output equals 70 and labour 25 what should be the capital? (6)
 - ii) Estimate MP_L and AP_K

PART B*Answer any three full questions, each carries 10marks.*

- 5 a) Explain break even analysis with a diagram. (4)
- b) Suppose the monthly fixed cost of a firm is Rs 25000/- and its monthly total variable cost is Rs 35000/- if the monthly sales is Rs 75000/-. Estimate PV ratio and break even sales? (6)
- 6 a) Make a comparison between perfect competition and monopoly. (6)
- b) Distinguish between marginal cost and variable cost. (4)
- 7 a) Discuss the circular flow of income in a three sector model with a diagram. (4)
- b) Explain any four concepts of national income. (6)
- 8 a) What are the functions of money? (6)
- b) What is repo rate and reverse repo rate. (4)

PART C

Answer any four full questions, each carries 10 marks.

- 9 a) From the following data choose the best project based on payback period. The initial investment on all projects is rupees 15000/-

Cash flows (before depreciation but after taxes)	Project A	Project B
1 year	4000	4000
2 year	5000	4000
3 year	6000	6000
4 year	3000	3000
5 year	2000	1500
6 year	2000	1500

(6)

- b) What are the limitations of payback method? (4)
- 10 a) What is a decision tree? (4)
- b) What is a risky situation? How is decision taken under a situation of risk? (6)
- 11 What is cost benefit analysis? State any two limitations of cost benefit analysis? (10)
- 12 The data given below shows the demand for bicycle (in '00' units) in a city for the last five years. Develop a trend equation and forecast the demand for bicycle for the next three years.

Year	2015	2016	2017	2018	2019
Demand for bicycle	140	160	150	180	200

(10)

- 13 a) Prepare the format of a balance sheet and arrange the following items in it.
Cash in hand, Interest payable, Machinery, Wages payable, Goodwill, Sundry creditors, Inventories. (6)
- b) Point out any two uses and limitations of a balance sheet. (4)
- 14 a) What are the advantages of foreign direct investment? (4)
- b) Elucidate the four main canons of taxation? (6)
