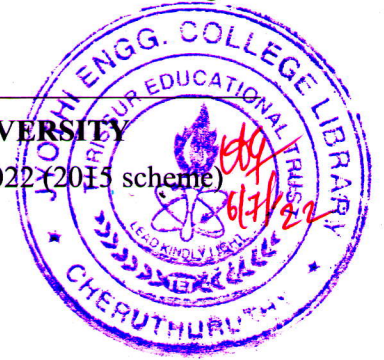


Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
Fourth Semester B.Tech Degree (S,FE) Examination June 2022 (2015 scheme)



Course Code: HS200

Course Name: BUSINESS ECONOMICS

Max. Marks: 100

Duration: 3 Hours

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

Marks

- 1 a) "Multiplicity of wants and scarcity of means are the two foundation stones of economics" Discuss (6)
- b) Define production possibility curve with the help of the curve. Why does the PPC look concave to its origin? (4)
- 2 a) State the law of diminishing marginal utility (8)
- b) A person's total utility schedule is given below. Derive his marginal utility schedule (2)

Amount consumed	0	1	2	3	4	5
Total utility	0	10	25	38	48	55

- 3 a) Draw diagrams showing elasticity equal to (a) zero, (b) one and (c) infinity. (3)
- b) How is equilibrium price of a commodity determined? What will be the effect on equilibrium price if supply is decreased without any change in demand? (7)
- 4 a) Explain the relationship between Total Product (TP) and Marginal Product (MP). Use diagram. (5)
- b) What is Cobb Douglas production function? If an estimated Cobb Douglas production function is $Q = 10 K^{0.6} L^{0.3}$ What type of return to scale does this production function indicate? (5)

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

- 5 a) Classify the following into fixed cost and variable cost (4)
- Rent for a shed, Minimum telephone bill, cost of raw materials, wages to the permanent staff, payment for transportation of goods, daily wages, interest on capital, Electricity charge

- b) What is meant by monopoly? Explain and illustrate diagrammatically the short run equilibrium of the monopoly firm (6)
- 6 a) Distinguish between long run cost and short run cost (4)
- b) **From the following data, calculate:** (6)
- (a) P/V ratio (b) Break-even sales with the help of P/V ratio.
- (c) Sales required to earn a profit of Rs. 4,50,000
- Fixed Expenses = Rs. 90,000
- Variable Cost per unit:9
- Selling Price per unit = Rs. 12.
- 7 a) Diagrammatically explain the different phases of trade cycle? (5)
- b) Define inflation .Explain the main quantitative credit control measures taken by RBI (5)
- 8 a) Distinguish between intermediate goods and final goods (2)
- b) Explain the main steps involved in measuring national income through expenditure method (8)

PART C

Answer any four questions, each carries 10 marks.

- 9 a) A project requires an investment of Rs. 10,00,000. The plant & machinery required under the project will have a scrap value of Rs. 80,000 at the end of its useful life of 5 years. Calculate ARR and evaluate the project if acceptance criteria is fixed as 15 percent. (6)

The profits after tax and depreciation are estimated to be as follows:

Year	1	2	3	4	5
Profit after tax	50,000	75,000	1,25,000	1,30,000	80,000

- b) Give any two merit and demerit of ARR method (4)
- 10 a) What is capital budgeting? Explain various capital budgeting techniques in detail. (5)
- b) Explain the steps in decision making. (5)
- 11 a) Why investment decisions are so important? (5)
- b) Compare and contrast IRR method and NPV method of evaluating investment proposals (5)
- 12 a) Name any two internal sources of business finance. (4)
- b) What are the features of money market (6)

- 13 a) Why is FPI less risky than FDI? (4)
b) Explain current assets, current liabilities and working capital (6)
- 14 a) Find the following time series data of sale and forecast the demand for the next three years (7)

Year	X	2011	2012	2013	2014	2015	2016	2017	2018
Sale (1000units)	y	80	90	92	83	94	99	92	104

- b) Write a note on Indian GST model (3)
