Reg No.:_____   Name:_____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
Third Semester B.Tech Degree (S, FE) Examination December 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)	State the law of diminishing marginal utility. State any four limitations of the law.	(5)
	b)	What are the basic economic problems? Explain in brief.	(5)
2	a)	State five different ways in which business economics is useful to a business man.	(5)
	b)	Explain concepts of equilibrium price and equilibrium quantity with the help of a diagram.	(5)
3	a)	What are the three types of price elasticities in which value of elasticities are constants? Draw diagrams and explain.	(6)
	b)	Suppose the income of a person is Rs.20000 per month and his demand for a product is 50 units. When his income increases to Rs.25000 he demands 40 units. What is the income elasticity? What type of a product is this?	(4)
4	a)	Examine the law of variable proportion. Explain the three stages of returns with the help of a diagram.	(6)
	b)	Suppose the production function is given as $Q=2K^{1/2}L^{1/2}$. What will be the output when K=16 and L=36? What is the marginal product of labour when K=16 and L=36?	(4)

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

5	a)	Suppose the monthly fixed cost of a firm is Rs. 10000 and its monthly total variable cost is Rs. 15000. a) If the monthly sales is Rs.30000 estimate contribution and break-even sales. b) If the firm wants to get a monthly profit of Rs.10000, what should be the sales?	(6)
	b)	What is shutdown point? If AC > P and AVC < P in the short run, will the firm produce or shutdown? Give reason.	(4)
6	a)	What are the features of oligopoly?	(6)
	b)	What is the difference between demand curve under monopoly and monopolistic competition? Draw the demand curves and explain.	(4)

7 a) Examine the fiscal and monetary policy measures to control inflation. (10)

8 a) Explain the circular flow in a three sector model. (6)

b) Distinguish between NDP_{mp} and NNP_{fc} (4)

PART C

Answer any four questions, each carries10 marks.

9 a) Estimate payback of the following projects. Which project will be selected? Give reason. The initial investment on both the projects are Rs.50000 each. (6)

Project A

Year	Cashflows
1	10000
2	20000
3	25000
4	20000
5	15000

Project B

Year	Cashflows
1	10000
2	15000
3	20000
4	10000
5	5000

b) Point out any four merits of NPV method. (4)

10 a) Examine the four principles by which decisions are taken under uncertainty. (6)

b) What is a decision tree? Explain the procedure to drawing it. (4)

11 a) What are the components of a balance sheet? (6)

b) Point out any four uses of a balance sheet. (4)

12 a) Distinguish between FDI and FPI. (6)

b) What is sensitivity analysis? (4)

13 a) What is direct tax? Point out any four advantages and disadvantages of direct tax. (10)

14 a) The data given below shows the sales of a product from 2016 onwards. Develop a trend equation and predict the sales for the year 2021. (6)

Year	2016	2017	2018	2019	2020
Sales(units)	50	70	60	80	100

b) What is test marketing? (4)

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