

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

Fourth Semester B.Tech Degree (S, FE) Examination May 2023 (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) What are the scope and importance of Business Economics? (5)
- b) "Production Possibility Curve helps an economy to solve the basic economic problems". Explain. (5)
- 2 a) Explain Law of Diminishing Marginal Utility with a schedule and a diagram. Write two assumptions also. (6)
- b) What are the factors that determine demand? (4)
- 3 a) How is equilibrium price determined? (5)
- b) When the demand for a product increases, what will happen to price and supply? Explain with a diagram. (5)
- 4 a) Suppose a farmer has a fixed area of land. Land is considered as the fixed factor and labour is the variable factor. If the farmer is employing more and more units of labour, explain the changes in TP, MP, and AP with a schedule and a diagram. (6)
- b) If the production function is given as $Q=2L^{1/2}K^{1/2}$ Find output when $L=16$ and $K=25$. What is representing by ' α & β '? (4)

If $\alpha + \beta > 1$ what does it mean?**PART B***Answer any three questions, each carries 10 marks.*

- 5 a) The fixed cost of a firm is Rs.45000. It produces batteries and sells it at a price of Rs.25. If the average variable cost is Rs.10. Estimate Break Even level of output and find out the profit when it sells 4000 batteries. (6)

- b) The price of a firm is less than Average Cost, will the firm shut down in a short period? Explain. (4)
- 6 a) Distinguish between the features of Monopoly and Monopolistic Competition (6)
- b) Explain Kinked Demand Curve with a diagram. (4)
- 7 a) Explain the four sector model of circular flow of income with the suitable diagram. (6)
- b) How the National Income is measured under income method? (4)
- 8 a) Explain the measures to control inflation? (6)
- b) What are the functions of money? (4)

PART C

Answer any four questions, each carries 10 marks.

- 9 a) From the following data choose the best project based on payback period. (6)
The initial investment is Rs. 17000.

Year	Cash flows in	
	Project A	Project B
1	4000	4000
2	6000	5000
3	7000	7000
4	6000	5000
5	3000	4000

- b) What are the advantages and disadvantages of NPV method? (4)
- 10 a) Basic Principles of Taxation (6)
- b) Explain GST. (4)
- 11 a) Difference between money market and capital market (6)
- b) Explain cost benefit analysis, What are its limitations? (4)

- 12 a) The data given below shows the demand for cars in a firm for the last five years. Develop a trend equation and forecast the demand for the next two years (10)

Year	2010	2011	2012	2013	2014
Sales (in '000')	120	140	150	140	160

- 13 a) Distinguish between FDI and FPI. (6)
b) What are the advantages and disadvantages of FDI? (4)
- 14 a) How decision tree helps in decision making? Explain with a diagram. (6)
b) How to make decisions under certainty (4)
