

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

B.Tech Degree S3 (S,FE) / S3 (PT) (S,FE) Examination June 2024 (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) Describe the scope of Business Economics, and its impact on managerial decision making. (6)
- b) Explain how the concept of scarcity influence individual and societal choices in an economy. (4)
- 2 a) Define the Law of Diminishing Marginal Utility, and how does it influence consumer behaviour? Illustrate with a diagram. (6)
- b) Diagrammatically explain the production possibility curve. (4)
- 3 a) Explain the concepts of total product, average product, and marginal product. (6)
- b) ABC Electronics reduces the price of its smartphones from Rs. 20,000 to Rs. 18,000, resulting in an increase in demand from 10,000 units to 15,000 units per month. Calculate the price elasticity of demand for ABC Electronics smartphones using percentage method. (4)
- 4 a) Given below is the production function of Firm A: (6)
 $Q = 80 K^{0.4} L^{0.6}$. The firm uses 15 units of Labour (L) and 8 units of Capital (K). Calculate the output.
- b) Describe the Law of Variable Proportions, and how does it affect production as more units of a variable input are added while keeping other inputs fixed. (4)

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

- 5 a) Explain the following concepts of costs: marginal, average, fixed, and variable costs. (6)
- b) Diagrammatically explain the shutdown point of a firm. (4)
- 6 a) A small bakery sells cakes for Rs. 200 each. The total fixed costs for operating the bakery are Rs. 5,000, and the variable cost per cake is Rs. 100. How many cakes does the bakery need to sell to break even? (6)

- b) Compare perfect competition with monopolistic competition, highlighting four sets of distinguishing features of each. (4)
- 7 a) Explain the circular flow of income in a two-sector economy, highlighting the key components and flows of goods and money. (6)
- b) Explain any two methods of measuring national income. (4)
- 8 a) Describe the Fisher's perspective on the Quantity Theory of Money using a diagram. (6)
- b) Explain four methods of quantitative credit control, highlighting their respective impacts on the general price level. (4)

PART C

Answer any four questions, each carries 10 marks.

- 9 a) Explain the following methods of investment criterion: Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period. (6)
- b) ABC Company is considering an investment project that requires an initial investment of Rs. 60,000. The expected cash flows from the project are as follows: (4)
- | Year 1 | Year 2 | Year 3 | Year 4 |
|------------|------------|------------|------------|
| Rs. 20,000 | Rs. 25,000 | Rs. 15,000 | Rs. 10,000 |
- Calculate the payback period for this investment project.
- 10 a) Explain the Average Rate of Return method. Highlight three advantages and three disadvantages of the Average Rate of Return method. (6)
- b) XYZ Company is considering an investment project that requires an initial investment of Rs. 50,000. The project is expected to generate annual profits of Rs. 10,000 for the next 5 years. Calculate the average rate of return for this investment. (4)
- 11 a) Explain three types of risk in business. Provide a simple numerical example to illustrate decision tree analysis. (6)
- b) List four steps involved in cost-benefit analysis. (4)
- 12 a) Explain the six stages of accounting. (6)
- b) Explain a balance sheet. Examine its purpose. (4)
- 13 a) Explain at least three importance of forecasting in business. (6)
- b) Illustrate the Delphi Method and mention its features? (4)
- 14 a) Explain the time-series analysis. Specify its components? (6)
- b) Bring out four characteristics of a good forecasting method? (4)
