3rd Semester Regular / Back Examination 2017-18
Engineering Economics

BRANCH: AEIE, AUTO, BIOTECH, CHEM, CIVIL, CSE, ECE, EEE, EIE, ELECTRICAL, ENV, ETC, FAT, IEE, IT, MANUTECH, MECH, METTA, MINING, MME, PE, PLASTIC, PT

Time: 3 Hours
Max Marks: 100
Q.CODE: B1041

Answer Part-A which is compulsory and any four from Part-B.
The figures in the right hand margin indicate marks.

Part – A (Answer all the questions)

Q1   **Answer the following questions:**   **(2 x 10)**
   a) Two important methods to evaluate the engineering projects are ------- and ------.
   b) The study of a national economy as a whole is called as ------ and the study of economics at an individual, group or company level is called as ------.
   c) ------ is the custodian of cash reserves of commercial banks.
   d) Normal goods have -----income elasticity of demand whereas inferior goods have a ------ elasticity of demand.
   e) A market structure where the competition is at its greatest possible level is called as--------and here ------ types of products are produced.
   f) The interest rate before taking inflation into account is called as --------.
   g) To calculate depreciation, methods used are ------ and ------.
   h) When the coefficient is exactly one then the good is said to be ------.and when the coefficient is greater than one the supply can be called as-------.
   i) Two main features of production function are ------ and ------.
   j) A market where sellers deal with similar products is called as ------ and where one seller exists it is called as a-------- market.

Q2   **Answer the following questions:**   **(2 x 10)**
   a) What is opportunity Cost?
   b) What are the Micro economic elements?
   c) What is a cross elasticity of demand?
   d) Write the difference between fixed cost and variable cost?
   e) What do you mean by constant return to scale?
   f) What is capital market?
   g) What is IRR?
   h) What is the importance of cash flow?
   i) How national income is measured?
   j) What is a commercial bank?

Part – B (Answer Any Four questions)

Q3 **a)** What are the nature and scope of economics? Elucidate.   **(10)**
      b) Cost-benefit analysis   **(5)**

Q4 **a)** Discuss the law of variable proportion with suitable examples. **(10)**
b) Maturity transformation **(5)**

Q5 **a)** What are the causes of Inflation? Write the measures to control inflation. **(10)**
b) Causes of depreciation **(5)**

Q6 **a)** Describe the determinants of demand and the exceptions in the law of demand. **(10)**
b) Break even analysis (with graphical representation) **(5)**

Q7 **a)** What is Principle of Economic Equivalence? Describe it with a proper schematic representation. **(10)**
b) Functions of a Commercial Bank **(5)**

Q8 **a)** Discuss the functions of central bank (min. five). **(10)**
b) CAGR and FVM **(5)**

Q9 **a)** What is Elasticity of supply? Write the law of supply with examples. **(10)**
b) Diminishing return to scale **(5)**