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Total Number of Pages : 2

B.TECH

4th Semester Regular Examination-April-May 2019**BMSHS3062_Engineering Economics & Costing**

(Regulations 2017) CIVIL/MECH/CHEM/BIOTECH ENGG.

Time : 3 Hours

Maximum : 100 Marks

Answer ALL Questions

The figures in the right hand margin indicate marks.

PART – A: (Multiple Choice Questions) 10 x 2=20 Mark**Q.1. Answer All Questions.**

- a) Who classified economics into Micro and Macro economics for the first time? [CO1][PO6]
1) Adam Smith 2) Ragnar Frisch 3) Robinson 4) Marshall
- b) What refers to desire to buy and ability pay for a product at particular time [CO1][PO6]
1) Demand 2) Supply 3) Elasticity of Demand 4) Elasticity of Supply
- c) The horizontal demand curve parallel to x-axis implies that the elasticity of demand is [CO1][PO1]
1) Zero 2) Infinite 3) Equal to one 4) Greater than zero but less than infinity
- d) Given the price, if the cost of production increases because of higher price of raw materials, the supply [CO2][PO1]
1) Decreases 2) Increases 3) Remains same 4) Any of the above
- e) Depreciation is charged on [CO2][PO1]
1) Current asset 2) Current liability 3) Intangible asset 4) Fixed asset
- f) The break-even point can be defined as? [CO2][PO12]
1) The level of activity at which there is neither profit nor loss
2) The level of activity where cash flow is zero
3) The level of activity where profits equal fixed costs
4) The level of activity where variable costs are covered by sales revenue
- g) Which market structure symbolizes the existence of ‘few sellers’? [CO3][PO4]
1) Oligopoly 2) Monopoly 3) Monopolistic competition 4) Perfect competition
- h) The cost of one thing in terms of the alternative given up is called: [CO3][PO6]
1) Real cost 2) Production cost 3) Physical cost 4) Opportunity cost
- i) Time value of money indicates that [CO3][PO1]
1) A unit of money obtained today is worth more than a unit of money obtained in future
2) A unit of money obtained today is worth less than a unit of money obtained in future
3) There is no difference in the value of money obtained today and tomorrow
4) None of the above
- j) Under Net present value criterion, a project is approved if [CO4][PO1]
1) Its net present value is negative 2) the funds are unlimited
3) Its net present value is positive 4) None of the above

PART – B: (Short Answer Questions) 10x2=20 Marks**Q.2. Answer ALL questions**

- a) What is the classification of economics? [CO1][PO6]
- b) What is the meaning of Demand and give suitable example? [CO1][PO4]
- c) Describe about the Elasticity of Supply. [CO1][PO1]
- d) Differentiate between Fixed and Variable cost. [CO2][PO12]
- e) What are the causes of Depreciation? [CO2][PO10]



- f) What is meaning of Time Value of money? [CO3][PO6]
 g) What is Capital Budgeting decision? [CO3][PO10]
 h) Briefly explain the term Inflation. [CO4][PO12]
 i) Define the term National Income [CO4][PO1]
 j) What is meaning of Financial System? [CO4][PO1]

PART – C: (Long Answer Questions) 4X 15=60 Marks

Answer ALL questions:

Q.3

- a. What is Law of Demand and state the exceptions of Law of Demand? [7][CO1][PO1]
 b. What is Elasticity of Demand and explain the various types of Elasticity of Demand? [8][CO1][PO4]
 OR
 c. What is meaning of Supply and discuss the determinants of Supply? [8][CO1][PO4]
 d. Why is it said that the market equilibrium is highly unstable one? [7][CO1][PO6]

Q.4

- a. What is meaning of market and explain the different types of market structures? [7][CO2][PO1]
 b. What is depreciation? Explain straight line method of depreciation. [8][CO2][PO4]
 OR
 c. The following particulars are relating to a product of a company:
 Selling Price per unit Rs.50, Variable Cost per unit Rs.30/-
 Fixed Cost Rs.30,000
 Find out the following :
 a) P/V Ratio b) BEP sales c) Sales required to earn a profit of Rs.10,000 [10][CO2][PO4]
 d. Discuss various costs under consideration of management in cost analysis? [5][CO2][PO12]

Q.5

- a. What is time value of money and state the uses of time value of money in project appraisal? [8][CO3][PO1]
 b. What is the economic equivalence concept and discuss its principles? [7][CO3][PO4]
 OR
 c. Differentiate between Traditional and Modern techniques of capital budgeting decisions? [5][CO3][PO12]
 d. From the following information calculate the Net Present Value of the Project X [10][CO3][PO4]
 Initial Investment-- Rs.20,000, Estimated Life-- 5 yrs, Scrap Value Rs. 1,000,
 Discount rate --10%.

The Cash flows after taxes are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Project X	5,000	10,000	10,000	3,000	2,000

Q.6

- a. What do you understand by the Financial System and explain the significance of effective Financial System for economic growth of the country in Indian context? [10 [CO4][PO1]
 b. What is meaning of Commercial Bank and State the functions of Commercial Banks? [5][CO4][PO1]
 OR
 c. What is the concept Inflation and discuss various measures adopted by the RBI to curb the Inflation? [8][CO4][PO4]
 d. Define National Income and how the National Income measured in India? [7 [CO4][PO1]