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Total number of printed pages – 3

B. Tech  
HSSM 3204

**Third Semester Back Examination – 2014**

**ENGINEERING ECONOMICS AND COSTING**

**BRANCH (S) : AEIE, AUTO, BIOMED, BIOTECH, CHEM, CIVIL, CSE, EC, EEE, EIE, ELECTRICAL, ENV, ETC, FASHION, FAT, IEE, IT, MANUFACT, MANUTECH, MECH, MM, MME, PLASTIC, TEXTILE**

**QUESTION CODE : L 307**

**Full Marks – 70**

**Time : 3 Hours**

*Answer Question No. 1 which is compulsory and any five from the rest.*

*The figures in the right-hand margin indicate marks.*



1. Answer the following questions :

2×10

- (a) How and when is capital recovery factor used ?
- (b) How do you define economy of a country ?
- (c) Explain law of supply ? Does it hold good all the time ?
- (d) What is equilibrium price ? How is it determined ?
- (e) What is law of variable proportion ? What is its relevance ?
- (f) Explain the difference between bank notes and currency notes.
- (g) Explain the differences between public projects and private projects.
- (h) What are the constituents of Indian Financial System ?
- (i) Explain with examples the concept of opportunity cost.
- (j) Explain the concept of 'overhead'.

P.T.O.

2. Distinguish between Economics and Engineering Economics. Discuss the scope of Engineering Economics. 10
3. KK Ltd. has the following figures : 10
- (a) Fixed Cost : Rs. 40,00,000
  - (b) Variable Cost : Rs. 300 per unit.
  - (c) Billing Price : Rs. 500 per unit.
- (a) The Break-even sales quantity.
- (b) The Break-even sales.
- (c) If the actual production quantity is 1,20,000 Units, find the following :
- (i) Contribution.
  - (ii) MOS by all methods.
4. Explain these following costs with examples : 10
- (a) Sunk Cost.
  - (b) Marginal cost.
  - (c) Fixed Cost.
  - (d) Incremental Cost.
5. Two mutually exclusive projects are being considered for investment. Project A1 requires an initial outlay of Rs. 50,00,000 with net receipts of Rs. 11,00,000 per year for next 8 years. The initial outlay for the project A2 is Rs. 80,00,000 and net receipts have been estimated at Rs. 18,00,000 per year for the next 8 years. There is no salvage value associated with the projects. Using BC Ratio, suggest which one to be accepted at 15% rate of interest. 10
6. What are the roles of commercial banks in the development of the economy of a country ? 10

7. Explain the concept of Elasticity of demand with particular reference to price elasticity and income elasticity of demand with examples. What are the factors influencing elasticity of demand ? 10

8. Write short notes on any **two** : 5×2

(a) Elements of Cost

(b) Measures to control inflation by RBI

(c) Economics of scale

(d) IRR Vs NPV.

