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Total Number of Pages : 02

B.Tech
HSSM3204

4th Semester Back Examination 2018-19
ENGINEERING ECONOMICS & COSTING

BRANCH : AEIE, AUTO, BIOMED, BIOTECH, CHEM, CIVIL, CSE, ECE, EEE, EIE, ELECTRICAL, ENV, ETC, FASHION, FAT, IEE, IT, ITE, MARINE, MECH, METTA, MINERAL, MINING, MME, PLASTIC, TEXTILE

Time : 3 Hours

Max Marks : 70

Q.CODE : F489

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

The figures in the right hand margin indicate marks.

- Q1** Answer the following questions : (2 x 10)
- a) State two reasons for the calculation of time value of money?
 - b) Write the two determinants of price elasticity of demand.
 - c) Define IRR. How is different from NPV?
 - d) State the difference between Law of Variable Proportions and Laws of Returns to Scale?
 - e) Why there is a need for charge of depreciation? State two methods of determining the depreciation.
 - f) Define "Benefit-Cost ratio" as a method of evaluating public projects.
 - g) How GDP is different from GNP?
 - h) Explain the difference between public projects and private projects.
 - i) If the price of a pen decreases from ₹ to ₹1 and the quantity demand for pens increases from 40 to 50 units, calculate the price elasticity of demand.
 - j) Define opportunity cost.
- Q2** a) Define economics? (5)
b) Explain demand in economics? Analyze the various factors influencing demand. (5)
- Q3** a) Discuss the present worth and future worth method of evaluating engineering alternatives. (5)
b) Analyze the various determinants of supply. (5)
- Q4** a) Differentiate fixed cost with variable cost with suitable example and diagram. (5)
b) What is monopoly of note issue and lender of the last resort? (5)
- Q5** a) How equilibrium price is determined under perfect competition? (5)
b) Draw graphical picture showing the various components of break-even analysis. (5)

Q6 Evaluate : You are given the following information : **(10)**

Fixed Cost : ₹4,00,000

Break-even Sales : ₹20,00,000

Profit : ₹1,00,000

Selling Price per unit : ₹2,000

- a) What is P/V ratio?
- b) Calculate Total Sales.
- c) Calculate the variable cost per unit.
- d) What should be the sales to achieve a profit of ₹ 1, 50,000?
- e) What will be the new b-e-p, if selling price is reduced by 10%?

Q7 A company is planning to expand its present business activity. It has two alternatives for the expansion programme and the corresponding cash flows are tabulated below. Each alternative has a life of 5 years and no salvage value. The MARR of the company is 12%. Suggest the best alternative to the company by IRR method. **(10)**

company by IRR method.

	Initial Investment ()	Yearly Revenue ()
Alternative - 1	5,00,000	1,70,000
Alternative - 2	8,00,000	2,70,000

Q8 Discuss the various functions of a commercial bank. **(10)**