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Total Number of Pages : 2

AR-18

B.TECH

B.TECH 3rd SEMESTER EXAMINATIONS, NOV/DEC 2019
BMSHS3062 ENGINEERING ECONOMICS AND COSTING
 Common to AEIE,CSE,ECE,IT

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 termed Economics as science of ‘Household Management’ ? [CO1][PO6]
 a) Adam Smith b) Aristotle c) Plato d) Marshall
- b Which one is not a type of demand? [CO1][PO6]
 a) Cross Demand b) Supply Demand c) Derived Demand d) Joint Demand
- c In case of perfectly elastic demand, the numerical measure of elasticity is [CO2][PO2]
 a) Zero b) Infinite c) Equal to one d) Greater than zero but less than infinity
- d If the price increases, the quantity of supply will be [CO2][PO12]
 a) Decreases b) Increases c) Remains same d) Any of the above
- e Market with one buyer and one seller is called [CO3][PO11]
 a) Oligopoly b) Monopoly c) Duopoly d) Bilateral monopoly
- f The cost of one thing in terms of the alternative given up is called: [CO3][PO6]
 a) Real cost b) Production cost c) Physical cost d) Opportunity cost
- g Depreciation is charged on [CO4][PO11]
 a) Current asset b) Current liability c) Intangible asset d) Fixed asset
- h Which of the following capital budgeting method do not consider time factor while evaluating the [CO4][PO12]
 feasibility of a project?
 a) NPV b) IRR c) ARR d) Profitability Index
- i Time value of money indicates that [CO5][PO11]
 a) A unit of money obtained today is worth more than a unit of money obtained in future
 b) A unit of money obtained today is worth less than a unit of money obtained in future
 c) There is no difference in the value of money obtained today and tomorrow
 d) None of the above
- j National Income is [CO5][PO12]
 a) Net dividend b) Net Output c) Net Interest d) Net Income

PART – B: (Short Answer Questions) 10X2=20 Marks**Q.2. Answer ALL questions**

- a Scarcity definition of Economics? [CO1][PO6]
- b What is Law of Demand? [CO1][PO11]
- c Explain Elasticity of Demand. [CO2][PO12]
- d What is Marginal cost? [CO2][PO12]
- e What is Depreciation? [CO2][PO11]
- f Payback period [CO3][PO6]
- g What is effective rate of interest? [CO3][PO11]
- h What is margin of safety? [CO4][PO12]
- i Define the term National Income [CO5][PO6]
- j What are the components of Financial System? [CO5][PO6]

**PART – C: (Long Answer Questions) 4X15=60 Marks****Answer ALL questions**

- Q.3**
- a Describe the concept of Demand and explain its determinants? 7 [CO1][PO6]
- b What is Elasticity of Demand and discuss various types of Elasticity of Demand? 8 [CO1][PO12]
- OR
- c What is the concept of Supply and discuss its determinants ? 8 [CO1][PO11]
- d What is Law of Supply and exceptions of Law of Supply? 7 [CO1][PO11]
- Q.4**
- a Explain the concept of market and discuss the characteristics of perfect competition? 7 [CO2][PO6]
- b What is depreciation? Explain Written Down Value method of depreciation. 8 [CO2][PO12]
- OR
- c The following particulars are relating to a product of a company: [CO3][PO11]
- Selling Price per unit Rs.60, Variable Cost per unit Rs.40/-
- Fixed Cost Rs.40,000 10
- Find out the following :
- a) P/V Ratio b) BEP units c) BEP sales
- d Write the difference between fixed costs and variable costs .? 5 [CO3][PO12]
- Q.5**
- a What is time value of money and explain the uses of time value of money ? 8 [CO4][PO6]
- b What is the economic equivalence concept and discuss its principles? 7 [CO4][PO11]
- OR
- c Explain the concept of internal rate of return with an example. 5 [CO4][PO12]
- d From the following information calculate the Net Present Value of the Project X, 10 [CO4][PO12]
- Initial Investment-- Rs.200,000, Estimated Life-- 5 yrs, Scrap Value Rs. 10,000,
- Discount rate --10%.

The Cash flows after taxes are as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Project X	50,000	70,000	80,000	40,000	30,000

- Q.6**
- a Discuss the Role of Financial System in Economic development of the country? 10 [CO5][PO6]
- b What is the meaning of Commercial Bank and explain the functions of Commercial Banks? 5 [CO5][PO11]
- OR
- c Discuss various measures adopted by RBI to control the inflation? 8 [CO5][PO6]
- d Define National Income and what are the methods used to calculate the National Income ? 7 [CO5][PO12]

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