



GIET UNIVERSITY, GUNUPUR – 765022

B. Tech (Third Semester - Regular) Examinations, December – 2022
21BHS20002 – Engineering Economics and Costing
 (CSE)

Time: 3 hrs

Maximum: 70 Marks

Answer ALL questions
 (The figures in the right hand margin indicate marks)

PART – A**(2 x 5 = 10 Marks)**Q.1. Answer **ALL** questions

	CO #	Blooms Level
a. State the problems of an economy.	1	1
b. Explain the concept of Law of Demand.	1	1
c. Discuss the prime difference between variable and fixed cost.	2	3
d. Enumerate the concept of Time Value of Money.	3	4
e. Highlight the causes of Inflation.	4	1

PART – B**(15 x 4 = 60 Marks)**Answer ALL questions

	Marks	CO #	Blooms Level
2. a. Describe the Nature of Economics.	8	1	1
b. Compare and contrast between Micro and Macro Economics.	7	1	2
(OR)			
c. How do you measure the Elasticity of Demand.	8	1	4
d. Explicate the concept of Law of Returns to Scale with an example.	7	1	1
3.a. Briefly discuss about any five concepts of cost with examples.	5	2	3
b. From the following particulars prepare a statement in such form as you consider most suitable for showing clearly all element of cost:	10	2	5

Opening stock of raw materials	50,000	Carriage on goods sold	4,500
Purchase of raw materials	1,00,000	Rent and rates of workshop	5,500
Raw materials returned to suppliers	5,000	Fuel, gas and water etc.	4,000
Closing stock of raw materials	60,000	Repairs to plant	1,600
Wages paid to: Productive workers	25,000	Depreciation on machinery	3,400
Non-productive workers	5,000	Office expenses	2,500
Salaries paid to office staff	15,000	Direct chargeable expenses	1,200
Carriage on raw materials purchased	1,500	Advertising	2,500

(OR)

- c. On 1st July, 2010 a company purchased a machine for Rs 3,90,000 and spent Rs 10,000 on its installation. It decided to provide depreciation @ 15% per annum, using straight line method. On 30th November, 2011 another machine was purchased for Rs 3,00,000. On 1st December, 2012 the company acquired and put into operation a new machine at a total cost of Rs 7,50,000. Depreciation was provided on the new machine on the same basis as had been used in the case of the earlier machine. The company closes its books of account every year on 31st March. Prepare machinery account up to 31st March, 2014. 10 2 4
- d. Elucidate the distinguished features of Perfect Competition. 5 2 1
- 4.a. Compare and contrast between Simple and Compound Interest with examples. 8 3 2
- b. Critically examine importance of Cash Flow Diagrams in evaluating Projects. 7 3 5

(OR)

- c. What are the various Costs and benefits in analysing engineering projects? 5 3 2
- d. A company is considering two mutually exclusive projects. Both require an initial cash outlay at Rs.1,00,000 each and have a life of five years. The company's required rate of return is 10 per cent. The expected cash flows in Rs. to be generated by the projects are as follows: 10 3 5

Year	1	2	3	4	5
Project 1	35,000	35,000	35,000	35,000	35,000
Project 2	60,000	30,000	20,000	50,000	50,000

Calculate Internal Rate of Return

- 5.a. What are the various types of Inflation in detail? 7 4 2
- b. Highlight the difference between Commercial bank and Central bank. 8 4 2

(OR)

- c. Elucidate the distinguished functions of commercial bank. 7 4 1
- d. Highlight the difference between GDP and GNP. 8 4 2

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