Reg No.:_____   Name:_____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
FOURTH SEMESTER B.TECH DEGREE EXAMINATION(R&S), MAY 2019

Course Code: HS200
Course Name: BUSINESS ECONOMICS

Max. Marks: 100   Duration: 3 Hours

PART A
Answer any three questions, each carries10 marks.

Marks

1	a)	Distinguish between Micro and Macroeconomics	(4)
	b)	What is the relevance of Business Economics in business decision making?	(6)
2	a)	Define PPC and draw a PPC .Is it always concave to the origin?.If yes what is the reason?	(6)
	b)	What is utility? "Utility is not usefulness' Explain the statement with examples.	(4)
3	a)	How is the equilibrium price of a commodity determined? If supply of this commodity decreases without any change in demand how it affects equilibrium price and quantity? Substantiate your answer with a diagram.	(6)
	b)	What is cross elasticity of demand? Suppose cross elasticity of demand between two commodities X and Y are positive. What type of goods are X and Y?	(4)
4	a)	With suitable diagrams illustrates different degrees of price elasticity	(6)
	b)	Complete the following table 4	(4)

Units of labour	Total product	Average product	Marginal product
1		40	
2			48
3	138		
4		44	
5			24
6	210		
7		29	
8			(-27)

PART B
Answer any three questions, each carries10 marks.

5	a)	What is explicit and implicit cost?	(4)
	b)	Draw a diagram and explain AFC, AVC,MC &AC.	(6)
6	a)	Define Cartel. How it differs from Collusion.	(3)
	b)	With a suitable diagram explain equilibrium price and output determination of a firm under oligopoly.	(7)
7	a)	Bring out the differences in monopoly, monopolistic competition and perfect competition.	(6)
	b)	Explain the circular flow of income in a two sector model	(4)
8	a)	What is inflation? What are the monetary policy measures to control inflation?	(6)

b) Distinguish between a) GDP and GNP   b) GDP and NDP   (4)

PART C

Answer any four questions, each carries10 marks.

9 a) What is capital budgeting?   (2)

b) Describe various methods of evaluating projects. State their merits and demerits (8)

10 a) Calculate NPV of the following projects and rank them. Initial investment is Rs. 50000   (10)
for each project. Cost of capital is 10%.

Year	Project A (Net Returns)	Project B(Net Returns)
1	12000	10000
2	13000	15000
3	14000	17000
4	15000	20000
5	16000	25000

11 a) Write a note on sensitivity analysis. State two merits and two demerits   (5)

b) Explain decision tree analysis with suitable diagram.   (5)

12 a) The annual sales of 'XYZ Ltd.' for the last five years are given below. Construct the   (6)
equation of the trend line and estimate annual sales for 2021.

Year	2014	2015	2016	2017	2018
Sales (Rs. Lakhs)	450	1040	1440	2200	3000

b) What is accounting equation?   (4)

13 a) Distinguish between direct and indirect taxes   (5)

b) State four advantages of direct taxes.   (5)

14 a) Distinguish between FDI and FPI.   (5)

b) State four major differences of money market and capital market   (5)

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