

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

Fourth Semester B.Tech Degree (S,FE) Examination August 2021 (2015 Scheme)

Course Code: HS200**Course Name: BUSINESS ECONOMICS**

Max. Marks: 100

Duration: 3 Hours

PART A*Answer any three full questions, each carries 10 marks.*

Marks

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|---|---|-----|
| 1 | a) Explain the meaning and relevance of business economics. | (7) |
| | b) What are the three central problems of an economy? | (3) |
| 2 | a) Define price elasticity of demand and explain five types price elasticity. | (6) |
| | b) Briefly explain any two factors determining demand of a product. | (4) |
| 3 | a) Explain opportunity cost with the help of a PPC. | (4) |
| | b) Define Marginal utility? Explain the law of diminishing marginal utility with diagram. | (6) |
| 4 | a) Distinguish between fixed proportion and variable proportion. | (4) |
| | b) Suppose the production function is given as $Q = 2L^{1/2}K^{1/2}$ | |
| | i) When output equals 70 and labour 25 what should be the capital? | (6) |
| | ii) Estimate MP_L and AP_K | |

PART B*Answer any three full questions, each carries 10marks.*

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|---|---|-----|
| 5 | a) Explain break even analysis with a diagram. | (4) |
| | b) Suppose the monthly fixed cost of a firm is Rs 25000/- and its monthly total variable cost is Rs 35000/- if the monthly sales is Rs 75000/-. Estimate PV ratio and break even sales? | (6) |
| 6 | a) Make a comparison between perfect competition and monopoly. | (6) |
| | b) Distinguish between marginal cost and variable cost. | (4) |
| 7 | a) Discuss the circular flow of income in a three sector model with a diagram. | (4) |
| | b) Explain any four concepts of national income. | (6) |
| 8 | a) What are the functions of money? | (6) |
| | b) What is repo rate and reverse repo rate. | (4) |

PART C

Answer any four full questions, each carries 10 marks.

- 9 a) From the following data choose the best project based on payback period. The initial investment on all projects is rupees 15000/-

Cash flows (before depreciation but after taxes)	Project A	Project B
1 year	4000	4000
2 year	5000	4000
3 year	6000	6000
4 year	3000	3000
5 year	2000	1500
6 year	2000	1500

- b) What are the limitations of payback method? (4)
- 10 a) What is a decision tree? (4)
- b) What is a risky situation? How is decision taken under a situation of risk? (6)
- 11 What is cost benefit analysis? State any two limitations of cost benefit analysis? (10)
- 12 The data given below shows the demand for bicycle (in '00' units) in a city for the last five years. Develop a trend equation and forecast the demand for bicycle for the next three years. (10)

Year	2015	2016	2017	2018	2019
Demand for bicycle	140	160	150	180	200

- 13 a) Prepare the format of a balance sheet and arrange the following items in it.
Cash in hand, Interest payable, Machinery, Wages payable, Goodwill, Sundry creditors, Inventories. (6)
- b) Point out any two uses and limitations of a balance sheet. (4)
- 14 a) What are the advantages of foreign direct investment? (4)
- b) Elucidate the four main canons of taxation? (6)
