

Reg No.: _____

Name: _____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

Third semester B.Tech examinations (S) September 2020

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

Max. Marks: 100

Duration: 3 Hours

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

Marks

- 1 a) What is a production possibility curve? Suppose a country's production is at a point inside the PPC. What does it imply? Draw a diagram and explain? (6)
b) State the law of diminishing marginal utility. Explain any three of its limitations. (4)
- 2 a) Define Economics in terms of scarcity of resources? Why does the problem of choice arise in an economy? (6)
b) Identify the type of goods from the sign of elasticity. (4)
i) positive price elasticity ii) negative income elasticity iii) positive cross elasticity iv) negative cross elasticity
- 3 a) Suppose population increases. How does it affect equilibrium price and quantity? Draw a diagram and explain. (6)
b) Suppose price of 'Y' increased from Rs.10 to 12 and the demand for its related good 'X' increased from 50 units to 60 units. Estimate cross elasticity of demand. What type of goods are 'X' and 'Y'? (4)
- 4 a) State the law of variable proportion. Explain the law with the help of a schedule. (6)
b) A production function is given as $Q = AL^{\alpha}K^{\beta}$. What does α and β represent? (4)
What is constant returns to scale? Cobb-Douglas production function represent constant returns to scale. Why?

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

- 5 a) Suppose $AVC < P < AC$. Will this firm produce or shutdown in the short run? Draw a diagram and explain. (6)
b) What is social cost? (4)

- 6 a) Suppose the TFC of a firm is Rs.50000/- and its current sales is for Rs.75000/-. (6)
If the TVC of the firm is Rs.60000/- and price equals Rs.25/- per unit calculate the following.
i) Contribution ii) P.V Ratio iii) Break-even sales iv) Break-even output (4)
b) What are the features of perfect competition? (4)
- 7 a) Define GDP. How will you derive the following from GDPmp? (6)
i) NDPmp ii) GNPmp iii) GNPfc
b) Prepare a chart and explain the circular flow in a two sector model with saving and investment. (4)
- 8 a) What are the effects of inflation on production and distribution? (6)
b) What is repo and reverse repo rate? (4)

PART C

Answer any four questions, each carries 10 marks.

- 9 Suppose the capital outlay on a project is Rs.10000/- and the cost of capital is 10%. The cash flows from year 1 to 5 are Rs.2000, 3000, 4000, 3000 and 2000. Estimate NPV and payback. (10)
- 10 a) What is IRR? What is the decision rule when IRR is the criteria for investment decision making? Point out any two merits and demerits of IRR (6)
b) What is cost-benefit analysis? (4)
- 11 a) A payoff matrix is given below. Which alternative a manager will select according to i) Maximin principle ii) Maximax principle iii) Laplace principle under conditions of uncertainty. Give reason for your selection. (6)

Alternatives	Possible future Demand		
	Low	Medium	High
Small facility	20	20	20
Medium facility	18	24	24
Large facility	6	8	28

- b) What is a decision tree? (4)
- 12 a) Explain the components of a balance sheet. (6)
b) What are the limitations of a balance sheet? (4)

13 a) Distinguish between foreign direct investment and foreign port-folio investment. (6)

b) What are the merits and demerits of direct taxes? (4)

14 a) The data given below shows the number of cars sold in a showroom. Predict the sales for the year 2020 by using the method of least squares. (6)

Year	2012	2013	2014	2015	2016
No. of cars sold	50	70	60	80	100

b) Explain any two qualitative methods of demand forecasting. (4)

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APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
THIRD/FOURTH SEMESTER B.TECH DEGREE EXAMINATION, DECEMBER 2018

Course Code: HS200
Course Name: BUSINESS ECONOMICS

Max. Marks: 100

Duration: 3 Hours

PART A

Answer any three questions, each carries 10 marks.

- | | | Marks |
|---|---|-------|
| 1 | a) With the help of a figure demonstrate the relationship between total and marginal utility. | (5) |
| | b) Marginal analysis is the basis for several theories in Business Economics. Do you support this view? | (5) |
| 2 | a) Mention the relevance of the concept of scarcity in business economics. | (5) |
| | b) Mark the point on a graph of the PPC, showing underutilization of resources. Using the PPC, explain the concept of trade off. | (5) |
| 3 | a) If the production function of a firm is $Q = 10 L^{1/2} K^{1/2}$, find out the maximum output that can be produced, if 144 units of labour is combined with 169 units of capital. Also calculate the average and marginal product of labour from the function | (5) |
| | b) In July, Parle sold 40,000 bottles of their mango juice when the price of Tropicana was Rs.35 per bottle. In August, they sold 45,000 bottles when the price of Tropicana was Rs.40. Calculate the cross elasticity of demand of mango juice for Parle. | (5) |
| 4 | a) State and explain the law of variable proportions | (4) |
| | b) The following schedule shows the number of laptops purchased by offices and homes at different market prices. | |

Price(Rs)	purchased by offices(units)	Purchased by homes(units)
50000	3400	2500
55000	3300	2100
60000	3200	1600
65000	3100	1200

(6)

As the price of laptops increases from 55000 to 60000, what is the price elasticity of demand for (i) offices and (ii) homes?

PART B

Answer any three questions, each carries 10 marks.

- | | | |
|---|---|-----|
| 5 | a) Define average and marginal revenue. With the help of a figure demonstrate the relationship between average and marginal revenue. | (6) |
| | b) Distinguish between Perfect Competition and Monopoly. | (4) |
| 6 | a) Draw a diagram showing AFC, AVC and TC curves. | (4) |
| | b) A small-scale company, engaged in the production of manufacturing biodegradable carry bags has total sales of Rs. 20000. Its fixed cost is Rs. 6000, while its variable cost is at Rs.12000. Calculate (i) the P/V ratio (ii) breakeven point (iii) Margin of safety at this level of sales (iv) If it sells each bag for Rs.5, how many bags should the company sell to break even? (v) Find out the sales required to earn a profit of Rs. 4000. | (6) |
| 7 | a) Examine the various phases of a trade cycle. Draw a neat diagram to substantiate | (5) |

your view.

- b) Define GNP, NNP, NI, PI and DPI. (5)
- 8 a) Examine the various functions of the Reserve Bank of India. (5)
- b) A mobile manufacturing company makes Rs.100000 every day by selling them. (5)
During this time, the machinery of the company depreciates by 10000. The company pays GST of Rs.6000, gives the owner Rs. 40000 and retains Rs. 44000 for its expansion activities. The owner pays Rs. 45000 as income tax from his income. Compute the firm's contribution to the following measures of national income. (i) GDP (ii) NDP (iii) NI (iv) Personal income (v) Disposable Personal income.

PART C

Answer any four questions, each carries 10 marks.

- 9 a) What is Capital budgeting? (4)
- b) The following table gives the annual sales and cost for two machines, which a company is planning to purchase. Machine A costs 2,60,000 while machine B costs Rs. 90,000. (6)

	Machine A	Machine B
Sales	1,70,000	1,70,000
Raw Materials	60,000	60,000
Labour	15,000	60,000
Electricity	30,000	20,000

Use the payback method to determine which machine the company should buy?

- 10 a) Define payback period and average rate of return. (4)
- b) Examine the various sources of capital for a business firm. (6)
- 11 a) What is cost benefit analysis? Mention the difficulties encountered while carrying out this analysis. (4)
- b) A project has been started by a company with an initial investment of Rs.10,00,000. The company gets a cash inflow of Rs. 2,00,000 in year 1, Rs. 2,00,000 in year 2, Rs.3,00,000 in year 3, Rs.2,00,000 in year 4, and Rs. 3,50,000 in year 5. The cost of capital for the firm is 10 percent. Use the NPV method to determine whether the company should go ahead with the project. (6)
- 12 a) What is the balance sheet? Distinguish between assets and liabilities. (5)
- b) What is the money market? What are the various instruments in the money market? (5)
- 13 a) Mention the canons of taxation. (4)
- b) . The following table gives the demand of a company for five years. Use the trend method to project the demand for the years of 2018, 2019 and 2020. (6)

Year	Demand
2013	200
2014	220
2015	210
2016	230
2017	210

- 14 a) What are the major techniques used in forecasting? (6)
- b) What is FII? Mention its disadvantages. (4)

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

Course Code: HS200
Course Name: BUSINESS ECONOMICS

Max. Marks: 100

Duration: 3 Hours

PART A

Answer any three questions, each carries 10 marks.

Marks

- | | | |
|---|---|------|
| 1 | a) How does Business Economics help a business man? | (5) |
| | b) What are the three central problems of an economy? | (3) |
| | c) How is Economics defined in terms of scarcity of resources? | (2) |
| 2 | a) Draw a total utility curve and marginal utility curve and derive three relations between MU and TU. | (5) |
| | b) Explain the law of demand with the help of a demand schedule. | (3) |
| | c) Give any two exceptions of law of demand. | (2) |
| 3 | a) How is equilibrium price of a commodity determined? Suppose cost of production of a commodity increases. How does it affect supply as well as equilibrium price? Substantiate your answer with a diagram. | (6) |
| | b) Suppose 50 units of commodity X was demanded when its price was Rs.10 per unit. Later its demand decreased to 40 units without any change in its price. It has been found that the price of a similar product Y decreased from Rs.10 to 8. Estimate cross elasticity of demand between the products X and Y. | (4) |
| 4 | a) State the law of variable proportions. Explain the law with the help of a diagram. | (6) |
| | b) i) A production function is given as $Q = 3 L^{1/4} K^{3/4}$. This is a linearly homogeneous production function. Why? ii) If $L=16$ and $K=6$, what will be the output? | (4) |

PART B

Answer any three questions, each carries 10 marks.

- | | | |
|---|--|-----|
| 5 | a) Distinguish between TFC and TVC. Draw TFC and TVC and TC curves | (5) |
| | b) Suppose the average cost of a product is Rs.20 and average variable cost is Rs.15. If price of the product is Rs.18, will the firm continue its production in the short run or shutdown? Give reason. | (3) |
| | c) Suppose P.V ratio is 0.2 and fixed cost is Rs.10000. What is the break-even sales? If the price per unit is Rs.50 what is the break-even level of output? | (2) |
| 6 | a) Make a comparison between perfect competition and monopolistic competition. | (6) |
| | b) What is collusive oligopoly? | (4) |

- 7 a) Estimate GDP_{mp} and GNP_{fc} from the following data(given in crores) according to the expenditure method. Private final consumption expenditure(C) = 6000, Investment(I)=4000, Government consumption expenditure(G)=1400, Net-exports(X-M)=600, Net indirect tax =500, Net factor income from abroad = 1000 (6)
- b) In a three sector model what are the money flows between the government sector and firms, and the government sector and household sector. (4)
- 8 a) What is inflation? What are the monetary policy measures to control inflation (10)

PART C

Answer any four questions, each carries 10 marks.

- 9 a) Suppose the initial cash outlay on a project is Rs.1,00,000 and life of the project is 5 years. The salvage value is Rs.6000 and the annual income after tax and depreciation are Rs.6000, 10000, 14000, 18000 and 22000 from year 1 to 5 respectively. Estimate ARR. (6)
- b) What is a decision tree? (4)
- 10 a) The initial investment on a project is Rs.50000 and the cost of borrowing is 10%. If the cash flows after tax are Rs.30000, 20000 and 10000 from year 1 to 3, estimate NPV of the project. (6)
- b) Give any two merits and demerits of NPV method (4)
- 11 a) What is savage principle? A pay off matrix is given below. Which alternative will be selected according to the savage principle or minimax regret?(estimate regrets) 10
- Possible future demand
- | Alternatives | Low | Medium | High |
|-----------------|-----|--------|------|
| Small facility | 15 | 15 | 15 |
| Medium facility | 14 | 17 | 17 |
| Large facility | 8 | 9 | 19 |
- 12 a) Explain accounting equation? (6)
- b) Give any two uses and limitations of a balance sheet. (4)
- 13 a) Explain any three qualitative methods of demand forecasting. (6)
- b) Give any four advantages and disadvantages of foreign capital (4)
- 14 a) What are the major differences between a money market and capital market? (6)
- b) Distinguish between direct tax and indirect tax. (4)

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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 carries 10 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 illustrate 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 carries 10 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 carries 10 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 for each project. Cost of capital is 10%. (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 equation of the trend line and estimate annual sales for 2021. (6)

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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APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

Fourth semester B.Tech examinations (S), September 2020

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

- | | | | |
|---|----|--|-----|
| 1 | a) | Explain the scope of business economics. | (3) |
| | b) | How is economics defined in terms of scarcity of resources? | (2) |
| | c) | What is marginal analysis? Explain any two marginal concepts? | (5) |
| 2 | a) | State and explain the law of demand with the help of a demand schedule and a demand curve. Point out any two exceptions of law of demand | (6) |
| | b) | What is income elasticity of demand? What is the meaning of negative income elasticity? | (4) |
| 3 | a) | Explain production possibility frontier with diagram. Also write a note on opportunity cost. | (6) |
| | b) | What is utility? "utility is not usefulness" explain this statement with example | (4) |
| 4 | a) | Diagrammatically explain the law of variable proportion. | (6) |
| | b) | Explain Cobb – Douglas production function. | (4) |

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

- | | | | |
|---|----|--|-----|
| 5 | a) | Draw a diagram and explain AFC, AVC and MC. | (6) |
| | b) | What is social cost? | (4) |
| 6 | a) | What is the meaning of Shutdown point? Draw a diagram and explain. | (6) |
| | b) | Explain collusion and cartel. | (4) |
| 7 | a) | Examine the various phases of a trade cycle with the help of a diagram. | (6) |
| | b) | What is inflation? What are the fiscal policy measures to control inflation? | (4) |
| 8 | a) | Explain the expenditure method of measuring national income. | (6) |
| | b) | State any four difficulties in the measurement of national income. | (4) |

PART C

Answer any four full questions, each carries 10 marks.

- 9 a) A company is considering the purchases of new machine. Two alternative models are available. Earnings after taxation are expected to be as follows. (Cash inflows in Rs.). If the total investment of Model A is Rs. 80000/- and Model B is Rs. 70000/- which alternative company will select on the basis of ARR of two models?

Year	Model A	Model B
1	8000	24000
2	24000	32000
3	32000	40000
4	48000	24000
5	32000	16000

(6)

- b) Point out any two merits and demerits of NPV method. (4)
- 10 a) How is decision taken under a situation of uncertainty? (8)
- b) What is sensitivity analysis? (2)
- 11 a) What are the advantages and disadvantages of Direct tax? (6)
- b) How does a decision tree helps an investor to take a decision? (4)

The data given below shows the sales of cars in a showroom from 2012 to 2016.

Develop a trend equation and predict the sales for the years 2017 and 2018.

- 12 (10)

Year	2012	2013	2014	2015	2016
Sales	85	92	89	105	108

- 13 a) What is a balance sheet? Distinguish between assets and liabilities. (6)
- b) What are the domestic sources of finance? (4)
- 14 a) Distinguish between FDI and FPI. (6)
- b) State any four disadvantages of FDI. (4)
