Reg. No.______________ Name:________________________

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

FOURTH SEMESTER B.TECH DEGREE EXAMINATIONS, MAY 2017

HS200: BUSINESS ECONOMICS

Max. Marks: 100 Time: 3 Hours

PART A

Answer any 3 Questions. Each carries 10 Marks.

1. Define marginal utility. Explain the Law of diminishing marginal utility with diagram.
2. Explain Production possibility frontier with diagram. Also write a note on opportunity cost.
3. a. Explain the concept of equilibrium. (4)
   b. Write notes about the following
      i) Elasticity of Demand. (3)
      ii) Factors affecting demand. (3)
4. a. Diagrammatically explain the Law of Variable Proportions. (5)
   b. Assume the production function $Q = 2L^{½}. K^{½}$ (5)
      i) If L=100, K=200, what is the maximum quantity that can be produced?
      ii) If the firm changes the amount of labour and capital by 10 times what will happen to the output? Why?

PART B

Answer any 3 Questions. Each carries 10 Marks.

5. Compare the market situation of perfect competition with monopoly
6. a. Explain break even analysis with diagram. (4)
   b. If a company has the following details
      Fixed cost = Rs. 40,00,000
      Variable cost per unit = Rs 100
      Selling price per unit = Rs 200
   Calculate i) Break even quantity. (2)
   ii) If the actual production quantity is 1,20,000, what will be the profit? (4)
7. Discuss Circular flow of income in a two sector economy with diagram.
8. a) Explain the methods of national income calculation. (8)
   b) What is the implication of the following statement? (2)
      GNP is Rs. 58, 33,558 crore and NNP is Rs. 55, 01,067 crore.

PART C

Answer any 4 Questions. Each carries 10 Marks.

9. a) From the following data choose the best project based on payback period. (6)

	Project A	Project B
Capital cost :	15,000	15,000

Cash flows(saving before depreciation but after taxes)	Project A	Project B
1 year	5000	4000
2 year	5000	4000
3 year	5000	4000
4 year	2000	3000
5 year	1500	2000
6 year	1500	8000

b) What are the limitations of payback method? (4)

10. 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 Rs.)

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

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?

11. Distinguish risk and uncertainty situations. Explain about the decision making under uncertainty.
12. a) What is meant by demand forecasting? (2)
    b) Explain
       i) Trend projection method. (5)
       ii) Delphi method. (3)
13. a) What are the uses and limitations of a balance sheet? (5)
    b) Distinguish between money market and capital market. (5)
14. a) What is foreign direct invest? (4)
    b) Distinguish between direct tax and indirect tax. (6)

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