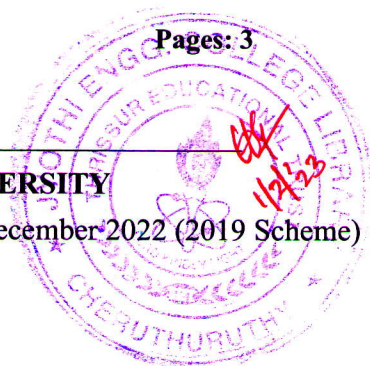


Reg No.: \_\_\_\_\_

Name: \_\_\_\_\_

**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**

Fifth Semester B.Tech Degree Regular and Supplementary Examination December 2022 (2019 Scheme)

**Course Code: HUT 300****Course Name: INDUSTRIAL ECONOMICS & FOREIGN TRADE**

Max. Marks: 100

Duration: 3 Hours

**PART A***(Answer all questions; each question carries 3 marks)*

		Marks
1	Why does the problem of choice arise in an economy?	3
2	What is inelastic demand?	3
3	What do you mean by labour augmenting technical progress?	3
4	Suppose $AC > Price > AVC$ . Will a producer produce or shutdown in the short run? Give reason.	3
5	Why a firm under perfect competition is called a price taker?	3
6	What is collusive oligopoly?	3
7	Distinguish between final goods and intermediate goods.	3
8	What is a Trading account?	3
9	Point out any three items coming under unilateral transfers account.	3
10	What is balance of payments?	3

**PART B***(Answer one full question from each module, each question carries 14 marks)***Module -1**

- 11 a) Draw total utility and marginal utility curves and derive the three relations between marginal utility and total utility. 7
- b) What is cross elasticity of demand? Suppose cross elasticity of demand between X and Y is 0.5. If there is a 50 percent change in the price of Y, what will be the percentage change in the quantity demanded of X? 7

**OR**

- 12 a) What is deadweight loss of a tax? Examine the consumer and producer surplus before and after a tax with the help of a diagram. 7

- b) The demand function of a product is given as  $D = 60 - 2P$  and the supply function  $S = 30 + 4P$ . Estimate equilibrium price and equilibrium quantity. Also find the excess supply when Price equals Rs.6? 7

**Module -2**

- 13 a) What do you mean by returns to scale? Represent it using a figure. 7  
 b) Suppose a firm pays Rs.10000 as monthly rent and Rs.10000 as interest payment. Its monthly expenditure on raw materials is Rs.40000 and it get monthly sales revenue of Rs.80000. The price of one unit of output is Rs.40. Estimate i) PV Ratio ii) Break even sales iii) Break-even output iv) Profit earned v) Margin of safety 7

OR

- 14 a) How will you explain producer's equilibrium with the help of an isoquant and isocost line? 7  
 b) The total cost function of firm is given as  $TC = 500 + 5Q - 4Q^2 + Q^3$ . Estimate TVC, TFC and MC when output equals 10 units. 7

**Module -3**

- 15 a) Make a comparison between monopoly and monopolistic competition. Draw figures showing the determination of equilibrium under both. 7  
 b) Explain cost plus and going rate pricing. 7

OR

- 16 a) What are the major features of monopolistic competition? Suppose a firm under monopolistic competition is getting supernormal profit. Draw a diagram and explain this situation. 7  
 b) State the features of Oligopoly. Why price is rigid under oligopoly? 7

**Module -4**

- 17 a) What is monetary policy? What are the monetary policy measures? 7  
 b) How is national income estimated according to the income method? Estimate NDP and NNP from the given data (all figures in Rs. Crores). 7  
 Wages and salaries = 800, Rent = 300, Depreciation = 200, Interest = 400, Net Indirect tax = 400, NFIA = 100, Profit = 400.

OR

- 18 a) Distinguish between the money market and the capital market 7

- b) Suppose the national income of a country is Rs1000 and depreciation equals Rs300. If NFIA equals Rs (-400) and Indirect Taxes equals Rs300, estimate NNP, NDP, GDP and GNP (all figures in Rs. Crores). 7

**Module -5**

- 19 a) Examine the comparative cost theory. Point out any two criticisms against this theory. 7
- b) What is protection? State any five arguments in favour of protection. 7

OR

- 20 a) What are the disadvantages of foreign trade? Examine the effects of quotas on international trade. 7
- b) Evaluate the success or failure of devaluation when the demand for import is more elastic or less elastic. 7

\*\*\*

Ktunotes.in