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APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

B.Tech Degree S6 (R, S) / S6 (PT) (R) Examination June 2023 (2019 Scheme)



Course Code: HUT300

Course Name: INDUSTRIAL ECONOMICS &amp; FOREIGN TRADE

Max. Marks: 100

Duration: 3 Hours

**PART A***Answer all questions, each carries 3 marks.*

Marks

- 1 Describe about opportunity cost with an example. (3)
- 2 List out the advantages and disadvantages of Joint Stock Company. (3)
- 3 Given below are the production function of firm A,  $Q = 2K^{0.25}L^{0.75}$ . The firm uses 5 units of labour (L) and 5 units of capital (K). Calculate the output. If we reduce L by 10%, how much K would be increased to produce the same output. (3)
- 4 Explain how equilibrium price of a commodity is determined. (3)
- 5 Elucidate the features of a monopolistic competition. (3)
- 6 Explain cost-plus pricing. (3)
- 7 Differentiate between GDP and GNP. (3)
- 8 Write a note on stock indices in India. (3)
- 9 Explain Heckscher-Ohlin theory. (3)
- 10 Summarize on Balance of Invisibles. (3)

**PART B***Answer one question from each module, each carries 14 marks.***Module I**

- 11 a) What is a production possibility curve? With the help of a production possibility curve, explain (i) Trade Off (ii) Why PPC is concave to the origin? (10)
- b) Calculate the marginal utility from the following data (4)

X	1	2	3	4	5	6	7	8
TU	11	19	26	31	34	36	36	30

**OR**

- 12 a) With a diagram explain deadweight loss and how it is related to taxation. Also explain how the imposition of a tax affects consumer and producer surplus. (10)
- b) Suppose the price of coffee rises from Rs. 4.50 per hundred grams to Rs. 5 per (4)

hundred grams and as a result the consumer's demand for tea increases from 60 per hundred grams to 70 per hundred grams. Find the cross elasticity of demand of tea and coffee.

### Module II

- 13 a) (i) Explain break-even analysis with a diagram. (10)  
 (ii) Consider the following data of a company for the year 2022. Sales Rs. 80000, Fixed Cost is Rs. 15000, Variable cost is Rs. 35000. Find the following  
 (a) Breakeven Sales (b) Contribution (c) Margin of safety (d) Profit.  
 b) In a firm if  $AVC < P < AC$ , will the firm shutdown or continue to produce in short run? Explain in detail with diagram where, P-Price, AVC-Average Variable Cost, AC-Average Cost. (4)

### OR

- 14 a) Diagrammatically explain the law of variable proportions. (10)  
 b) A firm's total cost function is given by the equation,  $TC = 4500 + 10Q + 25Q^2$ . Write the expression for the following cost concepts. (a) AFC (b) AVC (c) AC (d) MC (4)

### Module III

- 15 a) Compare the market structures: perfect competition, monopoly and oligopoly. (10)  
 b) What is price skimming? (4)

### OR

- 16 a) Describe on product pricing and explain the different methods used for pricing. (10)  
 b) Explain kinked demand curve. (4)

### Module IV

- 17 a) Explain in detail the circular flow of income in a four sector model with a neat diagram. (10)  
 b) Estimate  $GDP_{MP}$ ,  $GNP_{MP}$  and National Income. (4)  
 Private consumption expenditure = 2000 (in 000 crores), Government consumption = 500, NFIA = -300, Investment = 800, Net exports = 700, Depreciation = 400 and Net-indirect tax = 300.

### OR

- 18 a) Define Inflation and explain cost push and demand pull inflation. Are the monetary or fiscal measures more effective in controlling inflation? (10)  
 b) Write notes on i) Bonds and Shares ii) Demat Account (4)

**Module V**

- 19 a) Compare the theory of absolute advantage and the theory of comparative advantage with examples. (10)
- b) Examine any two effects of tariff in international trade. (4)

**OR**

- 20 a) Differentiate between free trade and protectionism. Also discuss on the current account component of balance of payment. (10)
- b) What do you mean by devaluation? Explain the conditions for its success. (4)

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