

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

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

**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**

B.Tech Degree S6 (R,S) / S6 (PT) (R,S) Examination May 2024 (2019 Scheme)

**Course Code: HUT300****Course Name: INDUSTRIAL ECONOMICS & FOREIGN TRADE**

Max. Marks: 100

Duration: 3 Hours

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

Marks

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|----|---|-----|
| 1  | Point out any three advantages of proprietorship.                       | (3) |
| 2  | What is consumer surplus? Draw a diagram to represent consumer surplus. | (3) |
| 3  | Describe production function.   | (3) |
| 4  | State any three properties of an isoquant.                              | (3) |
| 5  | List out any six non-price competition methods followed in oligopoly.   | (3) |
| 6  | What is price skimming?   | (3) |
| 7  | What are stocks and flows in an economy?                                | (3) |
| 8  | Distinguish between a bond and share                                    | (3) |
| 9  | Point out any three advantages and disadvantages of foreign trade       | (3) |
| 10 | What is Marshall-Lerner condition?                                      | (3) |

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

- 11 a) What is a production possibility curve? How will you use a PPC to explain, underutilisation, full employment and scarcity of resources. (10)
- b) What is elasticity of demand? Explain at least two of its applications. (4)

**OR**

- 12 a) Draw the demand curves when  $ep = 0$ ,  $ep = 1$ ,  $ep > 1$  and  $ep < 1$ . Suppose the price of a product is Rs10 and the quantity demanded is 100 units. When price decreases to Rs 8, the quantity demanded increases to 120 units. Calculate the price elasticity of demand. (10)
- b) Explain any four determinants of Demand. (4)

**Module II**

- 13 a) State the law of variable proportion. Examine its three stages of production with the help of a diagram. (10)
- b) Briefly explain any four types of internal economies from large scale production. (4)

**OR**

- 14 a) Draw a break-even chart and explain break-even point. Suppose a firm's fixed cost is Rs 50000 and they sell their product at a price of Rs.100 per unit. If the average variable cost per unit of output is Rs. 50, estimate break even output. If they sell 1500 units what will be the profit and margin of safety? (10)
- b) The Cobb-Douglas production function is given as  $Q = A K^{0.5} L^{0.5}$ , if the amount of capital (K) is 100 units, the amount of labour (L) is 64 units and A is 2, calculate total product and marginal product of capital. (4)

**Module III**

- 15 a) What is perfect competition? Examine the situations of loss, normal profit and super normal profit under perfect competition with diagrams. (10)
- b) What is collusive oligopoly? (4)

**OR**

- 16 a) Point out any four differences between monopoly and monopolistic competition. Also draw and compare the demand curves of firms under these two market situations. (10)
- b) Distinguish between predatory pricing and penetration pricing. (4)

**Module IV**

- 17 a) Calculate the national income of a hypothetical country using both the expenditure and income methods. (All figures in Rs. Crores)  
Consumption expenditure: 500, Investment expenditure: 400, Government expenditure: 200, Net exports: 50, Wages and salaries: 600, Rent:100, Interest: 150, Profits:200. NFIA: (-50), Depreciation:50, Net Indirect tax : 50 (10)
- b) List out any four activities coming under Primary and Tertiary sectors (4)

**OR**

- 18 a) Diagrammatically explain demand pull inflation. What are the quantitative measures taken by a central bank to control inflation. (10)

- b) Examine the circular flow of economic activities in a two sector model with saving and investment. (4)

**Module V**

- 19 a) What is balance of payments? Briefly explain the components of balance of payments. (10)
- b) Point out any four arguments in favour of protection. (4)

**OR**

- 20 a) Examine comparative cost theory with the help of a numerical example. (10)
- b) What is free trade? Point out any three arguments in favour of free trade. (4)

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