Code : 241606

B.Tech 6th Semester Exam., 2019

INDUSTRIAL ECONOMICS AND ACCOUNTANCY

Time : 3 hours   *Full Marks* : 70

Instructions :

(i) *The marks are indicated in the right-hand margin.*

(ii) *There are **NINE** questions in this paper.*

(iii) *Attempt **FIVE** questions in all.*

(iv) *Question No. **1** is compulsory.*

1. Short answer-type questions (any *seven*) :

                                 2×7=14

(a) List the conditions under which a Nominal Account will become a representative Personal Account.

(b) List two factors that influence the quantity of a commodity demanded by a consumer.

(c) Name two assumptions under which an individual's demand curve is formulated.

(d) State briefly the law of diminishing returns.

(e) Give the formula for computation of net present value (NPV).

(f) State the three golden rules of accountancy.

(g) State and explain the convention of conservatism.

(h) All of the following are examples of cash outflows, except

    (i) asset salvage value

    (ii) income taxes

(iii) operating cost of asset

(iv) initial cost of asset

(Choose the correct answer)

(i) Find the equivalent principal that will amount to ₹ 10,000 in a period of one year, at an interest rate of 10% per annum.

(j) All of the following are examples of equity financing, except

   (i) mortgage

   (ii) money from savings

   (iii) cash on hand

   (iv) retained earnings

(Choose the correct answer)

2. Define imperfect competition. What are the traits of imperfect competition? List its advantages and disadvantages, and give examples. 14

3. List and explain the three stages of the law of variable proportions. Illustrate your answer diagrammatically. 14

4. Given that the production function is defined as $Q = 0 \cdot 5 * K * L$, where Q represents the quantity of output, K represents capital, and L represents labour, K and L being the inputs. What kind of returns to scale will be generated? Elaborate upon your answer giving reasons. http://www.akubihar.com 14

5. (a) What are Giffen goods? How do they differ from inferior goods? Are all inferior goods Giffen goods?

(b) Explain the terms 'substitute goods' and 'complementary goods', and differentiate between them giving examples of each. 14

6. Suppose a firm produces and sells a single product with these values :

   F : Total fixed costs per annum—
                ₹ 16,000

   V : Variable cost per unit—₹ 24

   P = Selling price per unit—₹ 40

(Continued)

Find—

(a) P/V ratio;

(b) breakeven sales;

(c) sales level that will generate a profit of ₹ 2,000;

(d) profit at sales of ₹ 60,000;

(e) new breakeven sales, if price is reduced by 10%.

Also illustrate your response diagrammatically. 14

7. Do you feel that the e-commerce market in India can presently be considered an oligopoly? Give reasons in support of your response. 14

8. Consider a project with the following cash flows :

Time (Years)		1	2	3
CF (₹)	– 1,50,000	– 1,50,000	– 1,50,000	10,00,000

You are required to estimate internal rate of return (IRR) of the given project, and comment upon its acceptability, based on IRR criterion.

Given that—

(i) the minimum required rate of return of the company is 22% on all capital investments. This is also the firm's cost of capital;

(ii) PVIF for 01, 02 and 03 years is as given below :

Rate(r)	18%	19%	20%	21%	22%
PVIF(r,1)	0·847	0·840	0·833	0·826	0·820
PVIF(r,2)	0·718	0·706	0·694	0·683	0·672
PVIF(r,3)	0·609	0·593	0·579	0·564	0·551

Rate(r)	23%	24%	25%	26%	27%
PVIF(r,1)	0·813	0·806	0·800	0·794	0·787
PVIF(r,2)	0·661	0·650	0·640	0·630	0·620
PVIF(r,3)	0·537	0·524	0·512	0·500	0·488

14

9. Journalize the following transactions, post them into Ledger and prepare Trial Balance : 14

		(₹)
2015		
Jan 01	Ashok commenced business with cash	50,000
02	Purchased goods on credit from B	20,000
10	Sold all the goods to C	27,000
10	Telephone expenses	1,000
11	Cash paid to B	12,000
18	Cash received from C	18,000
31	Withdrew cash for personal use	10,000

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