

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

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

**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**  
**THIRD/FOURTH SEMESTER B.TECH DEGREE EXAMINATION, JULY 2017**

Course Code: **HS200**Course Name: **BUSINESS ECONOMICS**

Max. Marks: 100

Duration: 3 Hours

**PART A***Answer any three Questions. Each carries 10 marks*

- |   |   | Marks |
|---|---|-------|
| 1 | a) State and illustrate the concept of equilibrium price                              | (5)   |
|   | b) What are the fundamental economic problems   | (5)   |
| 2 | Explain the law of diminishing marginal utility with its assumptions                  | (10)  |
| 3 | Explain a) Marginal cost                      b) Marginal Revenue                     | (10)  |
|   | c) Sunk cost              d) Opportunity cost              e) Private and social cost |       |
| 4 | a) What are the different types of elasticity?  | (6)   |
|   | b) What are the methods of measuring elasticity?                                      | (4)   |

**PART B***Answer any three Questions. Each carries 10 marks*

- |   |   |      |
|---|---|------|
| 5 | Consider the following data of a company for the year 2015  | (10) |
|   | Sales = Rs. 80,000, Fixed Cost = Rs. 15,000, Variable cost = Rs. 35,000   |      |
|   | Find 1). Margin of safety 2). Profit 3). Breakeven sales 4). Contribution   |      |
| 6 | a) 'A firm under monopolistic competition will get only normal profit in the long run'. Substantiate the statement with illustrations | (7)  |
|   | b) What are the features of perfect competition   | (3)  |
| 7 | What are the causes and effects of inflation?   | (10) |
| 8 | a) Explain Fisher's equation to the quantity theory of money  | (5)  |
|   | b) What are the quantitative methods of credit control?   | (5)  |

**PART C***Answer any four Questions. Each carries 10 marks*

- |    |  |      |
|----|--|------|
| 9  | a) What is payback period? How we analyse a business project in payback period method? | (4)  |
|    | b) What are the merits and demerits of payback method?                                 | (6)  |
| 10 | a) Explain the IRR method of project analysis  | (5)  |
|    | b) Explain the profitability index method  | (5)  |
| 11 | What are the qualitative and quantitative techniques of demand forecasting?            | (10) |
| 12 | a) Distinguish between FPI and FDI   | (5)  |

- b) What are the internal sources of capital? (5)
- 13 a) What is a balance sheet? (5)
- b) What are the steps in capital budgeting? (5)
- 14 a) Write about the canons of taxation (5)
- b) List out the advantages and disadvantages of direct and indirect taxes (5)

\*\*\*\*