Nepal college of information technology

Unit Test

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| Level: Bachelor | Semester – Fall | Year : 2014 |
| Programme: BE (Elx) | | Full Marks : 70 |
|  | | Pass Marks: 35 |
| Course: Engineering Economics | | Time : 2hrs. |

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| *Candidates are required to give their answers in their own words as far as practicable.* |
| *All question carry equal marks* |

1. a) What do you mean by demand and elasticity of demand. Describe three kinds of elasticity of demand.

b) Describe usages of engineering economic for engineers.

2. a) Ram invested Rs.15000 in a high yield account. At the end of 30 years, he closed the account and received Rs.539250. Compute the effective interest rate he received on the account.

b) Ram wants to have Rs.1,50,000 for saving plan after the period of 10 years. How much rupees he deposit each year in the saving accounts that earn 10% interest annually? Make its cash flow diagram also.

3. a) State law of demand and supply. Describe the factors which affect the demand.

b) Hari wants to deposit an amount P now such that he can withdraw an equal amount of Rs. 2,000 each year for the first 5 years and then Rs. 3,000 for the following 3 years. Calculate what P is if the interest earned is 6 % per year. Draw the cash flow diagram

4. a) Define time value of money. What are the factors that influencing time value of money

b) What do you mean by nominal and effective interest rate? describe briefly.

5. **Write short notes on:**

a) Principal of engineering economics

b) Break even point

c) Marginal utility

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