

**National Institute of Technology Karnataka**  
**B. Tech (Semester-III), Theory Examination, May 2019**  
**Subject: Engineering Economics (BSE-12)**

Time: 3hrs

Maximum Marks: 70

Total Number of questions: 6

Number of Pages: 1

Attempt any five questions from the following:

The candidate, before starting to write solutions, should check the question paper for any discrepancy & ensure that they have been delivered the question paper of right code and subject.

Q1. Define price elasticity of demand. Also describe various methods of its measurement. 10

Q2. State and explain the Law of returns to scale. Also describe Cobb-Douglas Production function. 10

Q3. Distinguish monopolistic competition from perfect competition market. Discuss the equilibrium for a monopolistic competition firm in short-run as well as in long-run. 10

Q4. Define Monetary Policy and discuss its objectives. Discuss the monetary policy instruments with reference to Reserve Bank of India. 10

Q5. Discuss the net present worth and internal rate of return criteria for selection of investment projects. Suggest which project is most appropriate based on NPV criteria if interest rate is 15%. 10

Project	Initial investment (₹)	Annual net cash inflows (₹)	Life years
A	6000	3870	6
B	15000	2930	9
C	6000	2080	5
D	10000	5060	3

Q6. Write short notes on the following: 10

- i. Factors of production.
- ii. Money and Capital Markets.