APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
Scheme for Valuation/Answer Key
Scheme of evaluation (marks in brackets) and answers of problems/key
FIFTH SEMESTER B.TECH DEGREE EXAMINATION, DECEMBER 2021
Course Code: HUT 300
Course Name: INDUSTRIAL ECONOMICS & FOREIGN TRADE

Max. Marks: 100   Duration: 3 Hours

PART A
(Answer all questions; each question carries 3 marks)

Marks

1	Three basic problems 1×3=3 marks. Key points: What to produce, How to produce, For whom to produce.	3
2	Explanation of Production Possibility Curve: 2 mark PPC graph:1 mark	3
3	Explanation of expansion path: 1×3=3 marks	3
4	Explanation of Margin of safety: 2 marks Explanation of effects of low margin of safety:1 mark	3
5	Explanation of collusive oligopoly: 3 marks Key point: To avoid price war and loss, firms enter into an agreement regarding uniform price and output. This agreement is collusion	3
6	Explanation price skimming: 3 marks Key point: A high price is charged at the time of introduction of the product and a lower price during maturity.	3
7	Explanation of GDP calculation: 3marks Key point: Gross Domestic Product It is the sum total of all final goods and services produced with in the domestic territory of a country during a financial year (For any explanation regarding GDP marks should be given)	3
8	Any three differences: 1×3 = 3marks	3
9	Explanation of free trade: 3 marks	3
10	Explanation of devaluation: 3 marks	3

PART B
(Answer one full question from each module, each question carries 14 marks)
Module -1

11	a)	Any 3 advantages: 4×1=4 marks	7
		Any 3 disadvantages: 3×1=3 marks	
	b)	Cross elasticity of demand: 2 marks	7
		Key points: (1000/8000) / (10/70) = 0.875: 4 marks	
		Substitutes since cross elasticity is positive: 1 mark	
12	a)	Price elasticity: 2 marks	7
		Key points: (100/1000) / (2/22) = -1.1 : 3 marks	
		Demand is elastic since the value of price elasticity is greater than 1: 2 marks	
	b)	Explanation of Deadweight loss: 3 marks	7
		Diagram and explanation: 4 marks	

Module -2

13	a)	Definition of law of variable proportion : 2 marks	7
		Explanation with diagram: 5 marks	
	b)	Explanation of MR and AR in perfect competition: 3 marks	7
		Explanation of MR and AR in imperfect competition: 4 marks	
14	a)	Explanation of Isoquant curve: 3marks	7
		Any four properties 1×4 = 4 marks.	
	b)	P/V ratio=C/S=(S-V)/S=12000/20000=0.6 : 2 marks	7
		Breakeven point=F/PVratio=6000/0.6=Rs 10000 : 5 marks	

Module -3

15	a)	Features of monopoly: 3 marks, Features of oligopoly: 4 marks	7
	b)	Condition of equilibrium : 2 marks Diagram: 3 marks	7
		Explanation of equilibrium under monopolistic competition: 2 marks	
		(Five distinguish points – full marks)	
16	a)	Explanation of kinked demand curve under oligopoly: 3 marks	7
		Representation of kinked demand curve: 4 marks	
	b)	Non-price competition: 2 marks	7
		Any five non price competition methods: 5 marks	

Module -4

17	a)	Explanation of circular flow income in two-sector model: 3 marks	7
		Explanation of circular flow income in three-sector model: 4 marks	
	b)	Income method: W+R+I+P=2000+500+500+1000=4000: 3 marks	7
		Expenditure method: C+I+G+X-M=3000+2000+700+600-300=6000-2000 (Intermediate Cons.)=4000: 4 marks (For 4000 or 6000 -full marks)	
18	a)	Explanation of methods to control inflation: 7 marks	7
		Key points: monetary policy measures and fiscal policy measures	
	b)	GNP: 2marks, NNP: 2 marks, NI: 3 marks	7
		Key points: GNP = 4950, NNP = 4920, NI = 4870	

Module -5

19	a)	International trade: 1 mark Any six advantages: 1×6 = 6 marks	7
	b)	Explanation of tariff barriers: 3 marks	7
		Any four effects of tariff barriers on economy: 4 marks	
20	a)	Arguments in favour of foreign trade: 1×7=7marks	7
	b)	Explanation of absolute advantage theory: 3 marks	7
		Example of absolute advantage theory: 4 marks	

****