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Narula Institute of Technology
An Autonomous Institute under MAKAUT
2024

END SEMESTER EXAMINATION - EVEN 2024
HSMC604 - ECONOMICS FOR ENGINEERS

TIME ALLOTTED: 3Hours**FULL MARKS: 70**

Instructions to the candidate:

Figures to the right indicate full marks.

Draw neat sketches and diagram wherever is necessary.

Candidates are required to give their answers in their own words as far as practicable

Group A

(Multiple Choice Type Questions)

Answer any ten from the following, choosing the correct alternative of each question: 10×1=10

1.i) The subject matter of economics is distributed into _____ (1) CO1 BL2
parts

- a) 2
- b) 3
- c) 4
- d) 5

1.ii) When the price elasticity of demand is equal to one, the (1) CO4 BL2
demand curve is

- a) rectangular hyperbola
- b) parallel to the horizontal axis
- c) parallel to the vertical axis
- d) negatively sloped straight line

1.iii) If the price elasticity of demand is $|0.5|$, then the commodity is (1) CO4 BL5

- a) Luxury
- b) Necessary
- c) Inferior
- d) Giffen

1.iv) . The concept of 'Consumer Surplus' was introduced in Economics (1) CO2 BL1
by

- a) Prof. Robbins
- b) Prof. Samuelson
- c) Prof. Smith
- d) Prof. Marshall

1.v) Which one of the following is not a factor of production? (1) CO5 BL5

- a) Land
- b) Labour
- c) Capital

d) Bank Loan

1.vi) Which one of the following cost can never become zero? (1) CO3 BL1

- a) Average cost
- b) Fixed cost**
- c) Marginal cost
- d) Variable cost

1.vii) According to the 'Law of Demand, demand varies _____ with price. (1) CO5 BL5

- a) Directly
- b) Indirectly
- c) Proportionately
- d) Inversely**

1.viii) Which of the first order condition for the profit of a firm be maximum? (1) CO2 BL2

- a) $AC = MR$
- b) $MC = MR$**
- c) $MR = AR$
- d) $AC = AR$

1.ix) In the case of rare coins, supply curve will be (1) CO4 BL2

- a) Horizontal
- b) Vertical**
- c) backward bending
- d) positively sloped

1.x) Opportunity cost is measured in terms of the (1) CO1 BL4

- a) optional cost that has been avoided
- b) negative cost that has been sacrificed
- c) accounting cost that has been paid
- d) next best alternative that has been foregone**

1.xi) The AR curve and industry demand curve are identical (1) CO2 BL3

- a) in case of monopoly**
- b) in case of oligopoly
- c) in case of monopolistic competition
- d) in case of perfect competition

1.xii) _____ defined economics as a science which deals with wealth. (1) CO2 BL2

- a) J.B. Say**
- b) A.C.Pigou
- c) Alfred Marshall
- d) Lionel Robbins

Group B
(Short Answer Type Questions)
(Answer any three of the following) 3x5=15

2. What is elasticity of Demand? (5) CO1 BL4

3. A project costs Rs 15,00,000 and gives an annual profit of Rs 3,00,000 before tax @ 50% and after depreciation @ 10%. Calculate the Pay back Period (5) CO5 BL6
4. How managerial decisions are taken care with the help of Decision Tree? (5) CO4 BL4
5. From the following information prepare a Trading a/c as on 31/12/2023: - (5) CO4 BL3

Fixed Assets a/c – Rs 110,000, Capital- Rs 200,000, Purchase's a/c- Rs 63,000, Return outward- Rs 3,000, Sales- Rs 83,000, Return inward- Rs 3,000, Wages- Rs 5,000, Opening Stock-Rs 10,000.

Adjustments: -

Closing stock as on 31/12/2023 is Rs 10,000

Prepaid wages Rs 1,000

6. State the difference between Microeconomics and Macroeconomics. (5) CO2 BL2

Group C
(Long Answer Type Questions)
(Answer any three of the following) 3x15=45

7. Define P/V ratio (15)
- a) Define P/V ratio (3) CO4 BL5
- b)

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Equity Share Capital		Land & Building	1,00,000
Preference share capital	5,00,000	Machinery	4,00,000
General Reserve	2,00,000	Furniture	50,000
Secured Loan	1,00,000	Inventory	3,00,000
Sundry Creditors	3,00,000	Sundry Debtors	3,00,000
	1,00,000	Cash/Bank	50,000
		Balance	
	12,00,000		12,00,000
- Calculate Following Ratios from the above balance sheet:
1. Current Ratio
 2. Liquid Ratio
 3. Proprietary Ratio
 4. Stock Working capital Ratio

8. Briefly explain about element of cost and its classification? (15) CO3 BL4
9. Define Journal. write three characters of Journal (15)
- a) Define Journal. write three characters of Journal (5) CO1 BL2
- b) Record the following transactions in the books of "M/s Albert & Brothers". (10) CO1 BL2
1. Albert starts business with Rs. 50,000.
 2. He opens a SBI saving bank account and deposits Rs. 20,000.
 3. Bought furniture for Rs. 5,000, machinery for Rs. 10,000.
 4. Purchased goods for Rs. 14,000.
 5. Sold goods for Rs. 8,000.
 6. Purchased goods from Malhotra & Company for Rs. 11,000.
 7. Paid telephone rent for the year by Cheque Rs. 500
 8. Bought one typewriter for Rs. 2,100 from 'Universal Typewriter Co' on credit.
 9. Sold goods to Keshav Ram for Rs. 12,000.
 10. Sold goods to Rajesh Kumar for Rs. 2000 cash.
- .Pass the Journal entries
10. What is demand forecasting? Explain any four method of forecasting (15) CO1 BL2
11. Answer both a and b (15)
- a) Let demand and supply curve are (5) CO3 BL2
- $$D = -0.02P + 2, S = 0.07P + 0.2$$
- Find out equilibrium price and quantity demanded
- b) Calculate National income: (10) CO4 BL4
- | Item | Amount (In Crore) |
|---------------------------------------|-------------------|
| Private final consumption expenditure | 750 |
| Govt. final consumption expenditure | 100 |
| Consumption of fixed capital | 25 |
| Net Export | -(25) |
| Net factor Income from Abroad | -(20) |
| Gross fixed capital formation | 300 |

Change in stock	50
Direct purchase abroad by resident household	50
Direct purchase by nonresidents in domestic market	5
Net Indirect tax	100

a. 1100 b. 1130 c. 1200 d. 1250

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