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| **Course Name** | **:** | Economics for Engineers |
| **Corse Code** | **:** | HSMC 604 |
| **Regulation** | **:** |  |

**Group-A**

**(Multiple Choice Questions)**

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| **Question No.** | | | **Questions** | **Marks** | **Module No.** | **CO No.** | **BT Level** |
| 1 |  |  | .  When price floor is set above equilibrium price it will result in?  a) Shortage  b) Surpluses  c) Equilibrium  d) None of the above | 1 | 1 | 2 | 1 |
| 2 |  |  | The goal of a pure market economy is to meet the desire of \_\_\_\_\_\_ .  a) Consumers  b) Companies  c) Workers  d) The government | 1 | 3 | 2 | 3 |
| 3 |  |  | Which of the following is an example of an agricultural price support program?  a) A price ceiling  b) A price floor  c) Equilibrium pricing  d) None of the above | 1 | 2 | 1 | 2 |
| 4 |  |  | What does the law of demand mean?  a) As the quantity demanded rises, the price rises.  b) As the price rises, the quantity demanded rises.  c) As the price rises, the quantity demanded falls.  d) As the supply rises, the demand rises. | 1 | 6 | 3 | 1 |
| 5 |  |  | What does “Capitalism” refer to?  a) The use of market  b) Government ownership of capital  c) Private ownership of capital goods  d) Private ownership of homes and cars | 1 | 4 | 2 | 3 |
| 6 |  |  | What is the main economic problem faced by the society?  a) Unemployment  b) Inequality  c) Poverty  d) Scarcity | 1 | 5 | 4 | 1 |
| 7 |  |  | What does the bowed-out shape of the production possibilities curve illustrate?  a) Law of increasing opportunity cost  b) The production is inefficient  c) The production is unattainable  d) The demand is relatively elastic | 1 | 2 | 1 | 1 |
| 8 |  |  | Why is the unemployment rate low in India statistically?   1. Unemployment is calculated only from the age group of 15 years to 59 years. 2. Unemployment survives only when an individual cannot find a job. 3. People are not interested in working outside the domestic area.   Choose the correct option.  a) Only 3  b) 2 and 3  c) Only 2  d) All of the above | 1 | 5 | 3 | 2 |
| 9 |  |  | What is Gross Domestic Product?  a) The total value of goods and services manufactured in the country  b) The total value of all the transactions in the country  c) The reduction in the total value of goods and services produced in the country  d) The monetary value of all finished goods and services made within a country during a specific period. | 1 | 7 | 2 | 2 |
| 10 |  |  | In India, which banks/institutions have the highest share in the disbursement of credit to agriculture and allied activities?  a) Cooperative banks  b) Regional Rural Banks  c) Commercial banks  d) Microfinance institutions | 1 | 3 | 1 | 1 |
| 11 |  |  | What do you mean by the supply of goods?  a) Stock available for sale  b) Total stock in the warehouse  c) The actual production of the goods  d) Quantity of the goods offered for sale at a particular price per unit of time | 1 | 1 | 3 | 3 |
| 12 |  |  | What do you mean by ‘under conditions of a perfect competition in the product market’?  a) MRP = VMP  b) MRP > VMP  c) VMP > MRP  d) None of the above | 1 | 3 | 2 | 2 |
| 13 |  |  | Which of the following is the relation that the law of demand defines?  a) Income and price of a commodity  b) Price and quantity of a commodity  c) Income and quantity demanded  d) Quantity demanded and quantity supplied | 1 | 2 | 2 | 1 |
| 14 |  |  | What do you mean by a mixed economy?  a) Modern and traditional industries  b) Public and private sectors  c) Foreign and domestic investments  d) Commercial and subsistence farming | 1 | 7 | 1 | 3 |
| 15 |  |  | What do you mean by the demand of a commodity?  a) Desire for the commodity  b) Need for the commodity  c) Quantity demanded of that commodity  d) Quantity that consumers are able and willing to buy at various prices during any particular period of time | 1 | 4 | 3 | 3 |
| 16 |  |  | Which of the following is/are linked with the financial sector of India and controlled by the Reserve Bank of India (RBI)?  a) Commercial bank  b) Money lenders  c) Stock exchange operations  d) All of the above | 1 | 3 | 2 | 1 |
| 17 |  |  | What factors are taken into consideration while revising the poverty line periodically?  a) By conducting a survey every five years  b) Survey carried out by National Sample Survey Organisation  c) Both a and b  d) None of the above | 1 | 2 | 4 | 2 |
| 18 |  |  | Starting from the time of independence, why did India follow a planned economy?  1.India followed a five-year plan and required an outlook.  2.Directive Principles of Indian Constitution  indicated the planned vision of India.  3.There was no indication whatsoever from the five year plans regarding how much of each and every good and service is to be produced.  Choose the correct statements from the given options       a) Only 2       b) 2 and 3      c) 1 and 3      d) All of the above | 1 | 5 | 1 | 2 |
| 19 |  |  | Which of the following is the reason for the decline in the child sex ratio in India?  a) Low fertility rate.  b) Female foeticide  c) Incentives for a boy child from the government  d) None of the above | 1 | 4 | 3 | 3 |
| 20 |  |  | What do you mean by Gross National Product?  a) The total value of goods and services produced in the country  b) The total value of all the transactions in the country  c) The depreciation in the total value of goods and services produced in the country  d) The total value of goods and services produced in the country and the net factor income from abroad | 1 | 3 | 2 | 1 |
| 21 |  |  | Time value of money indicates that  A. A unit of money obtained today is worth more than a unit of money obtained in future  B. A unit of money obtained today is worth less than a unit of money obtained in future  C. There is no difference in the value of money obtained today and tomorrow  D. None of the above | 1 | 1 | 2 | 1 |
| 22 |  |  | Cash flow statement is based upon \_\_\_\_\_\_\_\_\_ while Funds Flow Statement recognizes \_\_\_\_\_\_\_.  A. Cash basis of accounting, accrual basis of accounting  B. Accrual basis of accounting, cash basis of accounting  C. Both are based on cash basis of accounting  D. None of the above | 1 | 6 | 2 | 3 |
| 23 |  |  | Statement of changes in working capital is prepared separately in  A. Cash Flow Statement  B. Funds Flow Statement  C. Both a and b  D. None of the above | 1 | 2 | 1 | 2 |
| 24 |  |  | Cash Flow Statement studies causes of change in working capital.  A. True  B. False  C. none  D. all | 1 | 6 | 3 | 1 |
| 25 |  |  | \_\_\_\_\_\_\_\_\_ reconciles the opening cash balance with the closing cash balance of a given period on the basis of net decrease or increase in cash during that period.  A. Cash Flow Statement  B. Funds Flow Statement  C. Both a and b  D. None of the above | 1 | 4 | 2 | 3 |
| 26 |  |  | Which of the following statements are true? A) Cash flow statement is more useful for short term cash planning. B) Funds Flow statement is more useful in planning medium term and long term financing. C) Cash Flow statement discloses the position of liquidity in a better way  A. Only A  B. Only B  C. Only C  D. A, B and C | 1 | 1 | 4 | 2 |
| 27 |  |  | \_\_\_\_\_ has/have accepted cash flow statement is more useful than funds flow statement, particularly from view of analysis of liquidity of a firm.  A. Institute Of Chartered Accountants of India  B. FASB, America  C. SEBI  D. All of the above | 1 | 2 | 1 | 1 |
| 28 |  |  | Time value of money supports the comparison of cash flows recorded at different time period by  A. Discounting all cash flows to a common point of time  B. Compounding all cash flows to a common point of time  C. Using either a or b  D. None of the above. | 1 | 5 | 3 | 2 |
| 29 |  |  | Which of the following statements are true?  A. Cash flow reveals only the inflow of cash  B. Cash flow reveals only the outflow of cash  C. Cash flow is a substitute for income statement  D. Cash flow statement is not a replacement of funds flow statement. | 1 | 4 | 2 | 2 |
| 30 |  |  | Which of the following statements are false? A) Cash Flow Statement is helpful in the formation of policies. B) Cash Flow Statement is useful for external analysis C) Cash Flow Statement is helpful in estimating future cash flow  A. Both A and B  B. Both A and C  C. Both B and C  D. None of the above | 1 | 3 | 1 | 1 |
| 31 |  |  | Cash Flow Statement is based upon  A. Cash basis of accounting  B. Accrual basis of accounting  C. Credit basis of accounting  D. None of the above | 1 | 1 | 3 | 3 |
| 32 |  |  | In cash flow statement, the item of interest is shown in A) Operating Activities B) Financing Activities C) Investing Activities  A. Both A and B  B. Both A and C  C. Both B and C  D. A, B, C | 1 | 3 | 2 | 2 |
| 33 |  |  | The objectives of Cash Flow Statement are  A. Analysis of cash position  B. Short-term cash planning  C. Evaluation of liquidity  D. Comparison of operating Performance | 1 | 2 | 2 | 1 |
| 34 |  |  | Cash Flow Statement is also known as  A. Statement of Changes in Financial Position on Cash basis  B. Statement accounting for variation in cash  C. Both a and b  D. None of the above. | 1 | 6 | 1 | 3 |
| 35 |  |  | As per Accounting Standard-3, Cash Flow is classified into  A. Operating activities and investing activities  B. Investing activities and financing activities  C. Operating activities and financing activities  D. Operating activities, financing activities and investing activities | 1 | 4 | 3 | 2 |
| 36 |  |  | The costs those which neither contributes to function nor the appearance of the product is called  A. Extra cost  B. Unnecessary cost  C. Esteem cost  D. Exchange cost | 1 | 2 | 2 | 1 |
| 37 |  |  | Important reason(s) for arising unnecessary costs are  A. Poor design of product  B. Too tight specifications  C. Lack of standardization  D. All of the above | 1 | 2 | 4 | 2 |
| 38 |  |  | Who is named as Father of Value Analysis?  A. Lawrence D. Miles  B. George Terborgh  C. Michael Jucius  D. Edwin B. Flippo | 1 | 5 | 1 | 2 |
| 39 |  |  | Value analysis should be applied when the following symptom(s) is (are) present  A. Rate of return on investment is reducing  B. Reduction in sales of the product  C. Firm is unable to meet delivery promises  D. All of the above | 1 | 4 | 3 | 3 |
| 40 |  |  | Value analysis is a \_\_\_\_ process  A. Remedial  B. Preventive  C. Continuous  D. None of the above | 1 | 3 | 2 | 1 |
| 41 |  |  | Value analysis is normally applied to  A. New products  B. Old products  C. Future products  D. Both (A) and (B) | 1 | 3 | 1 | 1 |
| 42 |  |  | Value analysis examines the  A. Design of every component  B. Method of manufacturing  C. Material used  D. All of the above | 1 | 1 | 3 | 3 |
| 43 |  |  | Which of the following concept is just opposite to deflation?  A. Stagflation  B. Inflation  C. Recession  D. Disinflation | 1 | 4 | 2 | 2 |
| 44 |  |  | Which of the following measure is adopted to reduce inflation?  A. Reduction in bank rate  B. Reduction in Repo rate  C. Increase in government expenditure  D. Cuts in government spending | 1 | 6 | 2 | 1 |
| 45 |  |  | What is a stagflation?  A. A situation in which the economy experiences recession.  B. A situation in which the economy have inflation and recession altogether  C. An economy where unemployment is high  D. Both b and c | 1 | 4 | 1 | 3 |
| 46 |  |  | When there is high inflation in the economy, how will it affect the supply of money in the economy?  A. No effect on the money supply  B. Supply of money decreases  C. Supply of money increases  D. None of the above | 1 | 4 | 3 | 2 |
| 47 |  |  | Value can be defined as the combination of \_\_\_\_\_\_\_ which ensures the ultimate economy and satisfaction of the customer.  A. Efficiency, quality, service and price  B. Efficiency, quality, service and size  C. Economy, quality, service and price  D. Efficiency, material, service and price | 1 | 1 | 2 | 1 |
| 48 |  |  | Value is the cost directly proportionate to  A. Price  B. Function  C. Product Material  D. All of the above | 1 | 2 | 4 | 2 |
| 49 |  |  | The price paid by the buyer is  A. Cost value  B. Use value  C. Esteem value  D. Exchange value | 1 | 5 | 1 | 2 |
| 50 |  |  | The cost incurred by the manufacturer beyond use value is called  A. Cost value  B. Esteem value  C. Exchange value  D. None of the above | 1 | 4 | 3 | 3 |

**Group-B**

**(Short Answer Type Questions)**

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| **Question No.** | | | **Questions** | **Marks** | **Module No.** | **CO No.** | **BT Level** |
| 1 |  |  | Discuss about the fiscal policy. | 5 | 1 | 2 | 1 |
| 2 |  |  | Define inflation. | 5 | 3 | 2 | 3 |
| 3 |  |  | Demand function for a good is Q = 30 - 5P. Find theoretical maximum quantity - demand and price. | 5 | 2 | 1 | 2 |
| 4 |  |  | What is Cross Elasticity of demand? | 5 | 1 | 3 | 1 |
| 5 |  |  | Discuss the Law of Variable proportion. | 5 | 4 | 2 | 3 |
| 6 |  |  | a) What is opportunity cost?  b) Qd = 150 - 10P, Qs = 200 - 20P. Find the equilibrium price & quantity. | 5 | 3 | 4 | 3 |
| 7 |  |  | State the major determinants of demand for commodity. | 5 | 2 | 1 | 1 |
| 8 |  |  | The production function for an agriculture product is TP = 24L² - L³. How much labour should be employed to get the maximum Average productivity of Labour? | 5 | 5 | 3 | 2 |
| 9 |  |  | Discuss about the Veblen goods. | 5 | 4 | 2 | 2 |
| 10 |  |  | Write down the major causes of inflation. | 5 | 3 | 1 | 1 |
| 11 |  |  | Discuss about the Geffen goods. | 5 | 1 | 3 | 3 |
| 12 |  |  | How you can explain the exceptional case of Law of Demand. | 5 | 3 | 2 | 2 |
| 13 |  |  | Mention difficulty in measuring National Income. | 5 | 2 | 2 | 1 |
| 14 |  |  | Differentiate & discuss the different types of price elasticity. | 5 | 1 | 1 | 3 |
| 15 |  |  | Clearly describe the demand-pull inflation. | 5 | 4 | 3 | 3 |
| 16 |  |  | Clearly discuss about the Cost-push inflation. | 5 | 2 | 2 | 1 |
| 17 |  |  | Discuss Product method of measurement of national income. | 5 | 2 | 4 | 2 |
| 18 |  |  | Discuss difficulties in measurement of National Income. | 5 | 5 | 1 | 2 |
| 19 |  |  | Discuss major exceptions of Law of Demand. | 5 | 4 | 3 | 3 |
| 20 |  |  | A company earns a profit of Rs. 40,000 in a year. The variable cost & selling price of a product are Rs. 10 & 12 per unit respectively. Calculate the Margin of Safety. | 5 | 3 | 2 | 1 |

**Group-C**

**(Long Answer Type Questions)**

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| **Question No.** | | | **Questions** | **Marks** | **Module No.** | **CO No.** | **BT Level** |
| 1 |  |  | i) Discuss the break-even-chart.  ii) Differentiate between demand pull and cost push inflation. | 15 | 1 | 4 | 3 |
| 2 |  |  | Differentiate between GNP & GDP. What is Opportunity Cost?  Qd = 150 - 10P, Qs = 200 - 20P. Find the equilibrium price & quantity. | 15 | 2 | 1 | 1 |
| 3 |  |  | What is a suspense account and why is it prepared? What are the assumptions of profit maximization? | 15 | 5 | 3 | 2 |
| 4 |  |  | Explain the utilities of the cost volume profit analysis? Discuss the golden rule of accounting. | 15 | 4 | 2 | 2 |
| 5 |  |  | Katherine advertises to sell cookies for Rs 4 a dozen. She sells 50 dozen, and decides that she can charge more. She raises the price to Rs 6 a dozen and sells 40 dozen.  (i) What is the price elasticity of demand?  (ii) Assuming that the elasticity of demand is constant, how many would she sell if the price were Rs 10 a dozen? | 15 | 3 | 1 | 1 |
| 6 |  |  | State the major determinants of demand for a commodity.  The Production Function for an agricultural product is TP = 24L² - L³. How much labour should be employed to get the maximum Average Productivity of Labour? | 15 | 1 | 3 | 3 |
| 7 |  |  | Distinguish between short run and long run cost function.  Explain the relationship between average product and marginal product. | 15 | 3 | 2 | 2 |
| 8 |  |  | Write a short note on the following:  a) increasing returns to factor  b) diminishing returns to factor  c) constant returns to factor | 15 | 2 | 2 | 1 |
| 9 |  |  | Write short notes on any three:  a) Inflation  b) GDP & GNP  c) Law of Variable Proportions  d) Business Cycle  e) IRR | 15 | 1 | 1 | 3 |
| 10 |  |  | (a) From the following information calculate the Profit:  Sales = Rs 80,000  Variable Cost = Rs 60,000  Break-even Sales = Rs 60,000  (b) Explain the Long Run Production Function | 15 | 4 | 3 | 4 |
| 11 |  |  | "Contribution is more significant measure of profitability of a firm than sales" - Explain this statement.  \* (a) Explain the Break-Even Chart.  (b) Explain the concepts of change in demand & change in quantity demanded | 15 | 2 | 2 | 1 |
| 12 |  |  | The demand function for a good is Q = 24 - 3P. Find the theoretical maximum quantity demanded and the theoretical maximum price, with justification | 15 | 2 | 4 | 2 |
| 13 |  |  | i) Discuss 5 different types of price elasticity.  ii) The demand & supply function of a product are given by:  Qd = 100 - 2P and Qs = 20 - 4P respectively.  Calculate the Equilibrium price & Quantity. If the price change to Rs. 15 per unit, determine the amount of surplus in the market. | 15 | 5 | 1 | 2 |
| 14 |  |  | i) Difference between Return to Scale and Return to factor.  ii) Discuss the relation between Average product and average variable cost. | 15 | 4 | 3 | 3 |
| 15 |  |  | Where does a rational producer will operate and why? (Justify your answer) | 15 | 3 | 2 | 1 |