National Institute of Technology, Delhi

Name of the Examination: B. Tech

Branch	:EEE	Semester	: 6th
Title of the Course	:Engineering Economics and Accountancy	Course Code	: HML351

Time: 2 Hours   **Maximum Marks: 25**

Note: All questions are compulsory.

Q1. Define economics. Also discuss the flow of goods, services, resources and money payments in a simple two sector economy with the help of a suitable diagram?   (2.5)

Q2. What is Capital Budgeting? Explain the features and importance of capital budgeting.   (5)

Q3. Suppose Mr. Jai Singh deposited Rs. 1,00,000 in financial institute which pays him 8% compound interest annually for a period of 5 years. Show how the deposit would grow.   (2.5)

Q4. X limited company is considering the purchase of a machine. Two machines are available, E and F. The cost of each machine is Rs. 60,000. Each machine has an expected life of 5 years. Net profits before tax during the expected life of the machines are given below. Tax is 50%.   (5)

Years	Machine E	Machine F	@ 15% discount factor
1	15,000	5,000	.870
2	20,000	15,000	.756
3	25,000	20,000	.658
4	15,000	30,000	.572
5	10,000	20,000	.497

Calculate the (a) Average rate of return and average investment and (b) Net Present Value of both the machines.

Q5. A company has purchased equipment whose first cost is Rs. 1,75,000 with an estimated life of 10 years. The estimated salvage value of the equipment at the end of its lifetime is Rs.25,000. Determine the depreciation charge and book value at the end of various years using the sum-of-the-years-digit method of depreciation.   (5)

Q6. Explain in detail the components of national income. What are the various methods of estimation of national income accounting?   (5)

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