

**Total Pages:2**

Reg No.: \_\_\_\_\_

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**APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**  
THIRD/FOURTH SEMESTER B.TECH DEGREE EXAMINATION, JULY 2017

**Course Code: HS200**  
**Course Name: BUSINESS ECONOMICS**

Max. Marks: 100

Duration: 3 Hours

**PART A***Answer any three Questions. Each carries 10 marks*

- |   |   | Marks |
|---|---|-------|
| 1 | a) State and illustrate the concept of equilibrium price                                      | (5)   |
|   | b) What are the fundamental economic problems   | (5)   |
| 2 | Explain the law of diminishing marginal utility with its assumptions                          | (10)  |
| 3 | Explain a) Marginal cost                  b) Marginal Revenue                                 | (10)  |
|   | c) Sunk cost                  d) Opportunity cost                  e) Private and social cost |       |
| 4 | a) What are the different types of elasticity?  | (6)   |
|   | b) What are the methods of measuring elasticity?  | (4)   |

**PART B***Answer any three Questions. Each carries 10 marks*

- |   |   |      |
|---|---|------|
| 5 | Consider the following data of a company for the year 2015  | (10) |
|   | Sales = Rs. 80,000, Fixed Cost = Rs. 15,000, Variable cost = Rs. 35,000   |      |
|   | Find 1). Margin of safety 2). Profit 3). Breakeven sales 4). Contribution   |      |
| 6 | a) 'A firm under monopolistic competition will get only normal profit in the long run'. Substantiate the statement with illustrations | (7)  |
|   | b) What are the features of perfect competition   | (3)  |
| 7 | What are the causes and effects of inflation?   | (10) |
| 8 | a) Explain Fisher's equation to the quantity theory of money  | (5)  |
|   | b) What are the quantitative methods of credit control?   | (5)  |

**PART C***Answer any four Questions. Each carries 10 marks*

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|----|--|------|
| 9  | a) What is payback period? How we analyse a business project in payback period method? | (4)  |
|    | b) What are the merits and demerits of payback method?                                 | (6)  |
| 10 | a) Explain the IRR method of project analysis  | (5)  |
|    | b) Explain the profitability index method  | (5)  |
| 11 | What are the qualitative and quantitative techniques of demand forecasting?            | (10) |

- 12 a) Distinguish between FPI and FDI (5)  
b) What are the internal sources of capital? (5)
- 13 a) What is a balance sheet? (5)  
b) What are the steps in capital budgeting? (5)
- 14 a) Write about the canons of taxation (5)  
b) List out the advantages and disadvantages of direct and indirect taxes (5)

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