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APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY
THIRD SEMESTER B.TECH DEGREE EXAMINATION, DECEMBER 2017

Course Code: HS200
Course Name: BUSINESS ECONOMICS

Max. Marks: 100   Duration: 3 Hours

PART A
Answer any three questions, each carries 10 marks.

1 a) What is a PPC? Explain opportunity cost concept using Production Possibility Curve. (6)

 b) What is Price Elasticity of demand? (4)

2 a) Explain the market equilibrium concept using a schedule and diagram. (6)

 b) Calculate marginal utility from the following data. (4)

X	1	2	3	4	5	6	7	6
TU	10	18	25	30	33	35	35	30

3 a) Give examples of any three business decisions which can be taken effectively using the concepts in business economics. (6)

 b) Comment on the nature of elasticity from the following data (4)
  i) Ep =1 ii) Ep=0 iii) Ep=2 iv) Ep=.85

4 a) Given below are the production function of Firm A (4)
  $Q = 100 K^{0.3}L^{0.7}$,
  The firm use 20 units of Labour (L) and 10 units of Capital (K).
  Calculate the output

 b) State and explain the Law of variable proportions (6)

PART B
Answer any three questions, each carries 10 marks.

5 a) Elucidate the features of a perfect market structure 6)

 b) What will happen if a firm cut price in an oligopoly market (4)

6 a) (i)Calculate Break Even Quantity from the following data (6)
  Fixed Cost:Rs. 25,000 ; Average Variable Cost : Rs. 12; Selling Price Rs. 17
  (ii) What will be the Break-Even Quantity, if selling price increases by Rs.3?

 b) What are the limitations of Break-even analysis? (4)

7 a) Describe the Circular Flow Concept using a three-sector model. (6)

 b) Differentiate between GDP and GNP. (4)

8 a) What is inflation? What adjustments can be made in CRR and SLR to bring down the level of inflation? (5)

 b) Describe the different phases of Trade Cycle (5)

PART C
Answer any four questions, each carries 10 marks.

9 a) What are the advantages of NPV method (4)

 b) Mr. Keynes, an investor is evaluating two projects with an objective of selecting (6)

one among these for making an investment. From the following data, recommend which project to be selected using Pay Back Period Method

Project	Initial Outlay	Year1	Year 2	Year3	Year4
A	90,000	20,000	30,000	50,000	50,000
B	90,000	30,000	40,000	50,000	20,000

10 a) What is GST?   (5)

    b) Distinguish between a money market and capital market.   (5)

11 a) Elucidate the four main cannons of taxation.   (6)

    b) What are the uses of demand forcasting?   (4)

12 a) Prepare a balance sheet and arrange the following items in it   (6)
       Cash, Interest Payable, Machinery, Wages Payable, Goodwill, Sundry Creditors, Inventories

    b) Why is it important to preparea balance sheet?   (4)

13 a) What is Cost Benefit Analysis?   (6)

    b) Discuss Delphi Technique of demand forecasting?   (4)

14 a) "Business always operate in an environment of uncertainty". Do you agree? (5)
       Give three reasons.

    b) What are the benefits of FDI?   (5)

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