Reg No.:_____   Name:_____

APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY

Fourth semester B.Tech examinations (S), September 2020

Course Code: HS200

Course Name: BUSINESS ECONOMICS

Max. Marks: 100   Duration: 3 Hours

PART A

Answer any three full questions, each carries 10 marks.   Marks

1	a)	Explain the scope of business economics.	(3)
	b)	How is economics defined in terms of scarcity of resources?	(2)
	c)	What is marginal analysis? Explain any two marginal concepts?	(5)
2	a)	State and explain the law of demand with the help of a demand schedule and a demand curve. Point out any two exceptions of law of demand	(6)
	b)	What is income elasticity of demand? What is the meaning of negative income elasticity?	(4)
3	a)	Explain production possibility frontier with diagram. Also write a note on opportunity cost.	(6)
	b)	What is utility? "utility is not usefulness" explain this statement with example	(4)
4	a)	Diagrammatically explain the law of variable proportion.	(6)
	b)	Explain Cobb – Douglas production function.	(4)

PART B

Answer any three full questions, each carries 10marks.

5	a)	Draw a diagram and explain AFC, AVC and MC.	(6)
	b)	What is social cost?	(4)
6	a)	What is the meaning of Shutdown point? Draw a diagram and explain.	(6)
	b)	Explain collusion and cartel.	(4)
7	a)	Examine the various phases of a trade cycle with the help of a diagram.	(6)
	b)	What is inflation? What are the fiscal policy measures to control inflation?	(4)
8	a)	Explain the expenditure method of measuring national income.	(6)
	b)	State any four difficulties in the measurement of national income.	(4)

PART C

Answer any four full questions, each carries 10 marks.

9   a)   A company is considering the purchases of new machine. Two alternative models are available. Earnings after taxation are expected to be as follows. (Cash inflows in Rs.). If the total investment of Model A is Rs. 80000/- and Model B is Rs. 70000/- which alternative company will select on the basis of ARR of two models?   (6)

Year	Model A	Model B
1	8000	24000
2	24000	32000
3	32000	40000
4	48000	24000
5	32000	16000

   b)   Point out any two merits and demerits of NPV method.   (4)

10   a)   How is decision taken under a situation of uncertainty?   (8)

   b)   What is sensitivity analysis?   (2)

11   a)   What are the advantages and disadvantages of Direct tax?   (6)

   b)   How does a decision tree helps an investor to take a decision?   (4)

12   The data given below shows the sales of cars in a showroom from 2012 to 2016. Develop a trend equation and predict the sales for the years 2017 and 2018.   (10)

Year	2012	2013	2014	2015	2016
Sales	85	92	89	105	108

13   a)   What is a balance sheet? Distinguish between assets and liabilities.   (6)

   b)   What are the domestic sources of finance?   (4)

14   a)   Distinguish between FDI and FPI.   (6)

   b)   State any four disadvantages of FDI.   (4)

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