ECONOMICS FOR ENGINEERS
(HMTS 3101)

Time Allotted : 3 hrs   **Full Marks : 70**

Figures out of the right margin indicate full marks.

Candidates are required to answer Group A and
<u>any 5 (five)</u> from Group B to E, taking <u>at least one</u> from each group.

Candidates are required to give answer in their own words as far as practicable.

Group – A
(Multiple Choice Type Questions)

1. Choose the correct alternative for the following: **10 × 1 = 10**

   (i)   The market having infinite number of buyers and sellers is an example of _____.
        (a) Perfect competition   (b) Monopolistic competition
        (c) Oligopoly   (d) Duopoly

   (ii)   Human wants are _____
        (a) Limited   (b) Unlimited
        (c) Predictable   (d) Simple

   (iii)   This is not a central problem of Economics
        (a) What to produce   (b) How to produce
        (c) Why to produce   (d) For whom to produce

   (iv)   In Proprietorship business
        (a) Liability is limited   (b) Large capital can be raised
        (c) There is ease of formation   (d) Decisions are time taking

   (v)   When demand for a product exceeds its supply it is called _____
        (a) Demand-pull inflation   (b) Cost-push inflation
        (c) Hyperinflation   (d) Demand-push inflation

   (vi)   This does not feature in the P&L account
        (a) Salaries   (b) Head office rent
        (c) Wages   (d) Advertising expenses

   (vii)   At B.E.P. always
        (a) Variable cost is equal Fixed cost   (b) Sales value is more than total cost
        (c) Contribution is equal to Fixed cost   (d) Sales value is equal to fixed cost

   (viii) Capital invested by a trader in business is shown as _____ in his books of accounts.
        (a) Asset   (b) Income   (c) Expense   (d) Liability

(ix) This is characteristic of Equity share capital
(a) Repayable over a stipulated period of time
(b) More risky than Debt capital
(c) Less expensive than Debt capital
(d) Rate of dividend is fixed

(x) This is not a DCF method of capital evaluation
(a) NPV (b) IRR (c) ARR (d) BCR

Group – B

2. (a) What are the characteristic features of a monopoly market?
   (b) Briefly discuss micro and macro economics.

   6 + 6 = 12

3. (a) Discuss three exceptions to the Law of demand.
   (b) Discuss any three causes that may cause inflation.

   6 + 6 = 12

Group – C

4. (a) Discuss any three advantages of Sole proprietorship business.
   (b) Discuss any three characteristics of a Joint stock company.

   6 + 6 = 12

5. (a) Briefly discuss the primary functions of commercial banks.
   (b) Discuss any three functions of RBI.

   6 + 6 = 12

Group – D

6. (a) Given:
      Selling price   Rs. 80 per unit
      Variable cost   Rs. 60 per unit
      Fixed cost   Rs. 32,000
   Calculate:
      i. P/V ratio
      ii. Break-even point in units
      iii. Break-even point in rupees
   (b) Prepare journal entries for the following transactions.
      2021
      3rd Sep   Introduced Rs. 5,00,000by cheque as capital
      4th Sep   Withdrew Rs. 90,000 cash from bank
      10th Sep Purchased goods for cash Rs. 30,000
      15th Sep Sold goods for cash Rs. 45,000
      25th Sep   Paid rent Rs. 5,000 by cheque
      30th Sep Sold goods to Mr. Patel on credit Rs. 10,000

   6 + 6 = 12

7. (a) Pick on any three Accounting Ratios and mention the related formula for each.
   (b) Pick on any three Material Variances and mention the related formula for each.

6 + 6 = 12

Group – E

8. (a) Following information are available in respect of a project

(figs. in Rs.lakhs)

YEAR	*Cash Flows*	*Discounting factors*
0	(100)	1.000
1	20	0.909
2	25	0.826
3	30	0.752
4	40	.0.683
5	60	0.621

Based on Net present Values of the project, comment on whether it is acceptable.

   (b) Mention any three differences between Debt and Equity share capital.

9 + 3 = 12

9. (a) What is the future value of Rs.2800 after 6 years when the rate of interest is 12%?
   (b) Briefly discuss any two methods of computing Depreciation.

6 + 6 = 12

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