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| **Scheme of Valuation/Answer Key**(Scheme of evaluation (marks in brackets) and answers of problems/key) |
| **APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY**FOURTH SEMESTER B.TECH DEGREE EXAMINATION, APRIL 2019 |
| **Course Code: HS200** |
| **Course Name: BUSINESS ECONOMICS** |
| Max. Marks: 100 |  | Duration: 3 Hours |
| **PART A** |
|  | ***Answer any three questions, each carries10 marks.*** | Marks |
| 1 | a) | Micro and Macroeconomics - Any 2 differences  | (4 ) |
|  | b) | Any four relevant points (1.5 \* 4)(Various tools in business economics enables a businessman to take decision regarding product, price, technology- to understand the relationship between economic variables- to co-ordinate the activities of various department-to understand and solve business problems, etc.  | (6 ) |
| 2 | a) | Definition-2 marks diagram -1mark - yes. Concave to the orign-1mark, marginal opportunity cost goes on increasing-2marks | (6 ) |
|  | b) | Meaning of utility -1mark, explanation with an example( cigarette, liquor etc) -3marks | ( 4) |
| 3 | a) | Explanation for equilibrium price determination-market demand equals market supply-2marks, diagram showing initial equilibrium point and the new equilibrium point when supply curve shifts leftwards - 2 marks, explanation of the diagram -2marks | ( 6) |
|  | b) | Cross elasticity - meaning with explanation -3marks, X and Y are substitute goods - 1mark | (4 ) |
| 4 | a) | Any three with explanation and diagram - 2\*3 | (6 ) |
|  | b) |

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| Units of labour  | Total product | Average product | Marginal product |
| 1 | 40 | 40 | 40 |
| 2 | 88 | 44 | 48 |
| 3 | 138 | 46 | 50 |
| 4 | 176 | 44 | 38 |
| 5 | 200 | 40 | 24 |
| 6 | 210 | 35 | 10 |
| 7 | 203 | 29 | -7 |
| 8 | 176 | 22 | -27 |

 | ( 4) |
| **PART B** |
| ***Answer any three questions, each carries10 marks.*** |
| 5 | a) | Meaning of explicit and implicit cost - 2\*2(If a student write the definition of cost 1 mark can be given) | (4 ) |
|  | b) | Diagram (separate or together) - 2marks, meaning of AFC, AVC, MC and AC - 4marks | (6 ) |
| 6 | a) | Meaning of collusion and cartel - 1.5\*2 | (3) |
|  | b) | Kinked demand curve model or output sharing cartel or any other oligopoly model with diagram and explanation. (If a student give only a description of oligopoly 4 marks can be awarded) | (7) |
| 7 | a) | Monopoly, monopolistic competition and perfect competition-4 differences - 1.5\*4 | (6) |
|  | b) | Two sector model with or without financial sector - Diagram 2 marks, explanation- 2 marks | (4) |
| 8 | a) | Inflation - meaning - 2marks, quantitative measures -3 marks, qualitative method 1-mark. | (6) |
|  | b) | GDP+NFIA = GNP (with meaning of NFIA)- 2 marksGDP-Depreciation = NDP (with meaning of depreciation) - 2 marks | (4) |
| **PART C** |
| ***Answer any four questions, each carries10 marks.*** |
| 9 | a) | capital budgeting – 2 marks | ( 2) |
|  | b) | Explanation of any four methods with at least 2 merits and demerits each - 2\*4 | (8) |
| 10 | a) | Formula of NPV -1markNPV of Project A = 10909.1+10743.8+10518.4+10245.2+9934.7 - 50000 = 52351.2 - 50000 = 2351.2 (Rank 2)NPV of Project B= 9090.9+12396.7+12772.4+13660.3+15523 - 50000 = 63443.3 - 50000 = 13443.3 ( Rank 1)4 marks for calculation of NPV of each project – 4\*2=8Ranking – 1 mark (If the substitution of values are correct and calculation is wrong 2 marks each can be given) - Slight differences in NPV while rounding the values can be ignored) | (10) |
| 11 | a) | Explanation of sensitivity analysis -3 marks2 merits and2demerits 2 marks  | ( 5) |
|  | b) | Explanation - 3 marks, diagram -2 marks | ( 5) |
| 12 | a) | ∑x=0, ∑X2=10, ∑XY=6260, N=5 , ∑Y=8130,a=∑Y/N = 8130/5 = 1626, b=∑XY/∑X2 = 6260/10 = 626 Trend equation - Y = 1626 + 626X = 4756 (Trend equation may change according to shifting of origin)Estimated sales in 2021= Rs.4756 lakhsIf the steps are correct 3marks can be givenConstruction of trend equation -2marksEstimation of sales for 2021 - 1 mark(For the construction of trend equation students can follow any method) | ( 6) |
|  | b) | Liabilities + Owner's equity(Capital) = Assets orAssets - Liabilities = Owners equity - 1 markMeaning of assets, liabilities and owner's equity - 3 marks | (4) |
| 13 | a) | Any four distinguishing features | ( 5) |
|  | b) | Any four advantages of direct tax | ( 5) |
| 14 | a) | Any four distinguishing features | (5) |
|  | b) | Any four differences | ( 5) |
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