

R18

Code No: 155BD

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

B. Tech III Year I Semester Examinations, March - 2024

ENGINEERING ECONOMICS AND ACCOUNTANCY

(Common to CE, MMT)

Time: 3 Hours

Max. Marks: 75

Note: i) Question paper consists of Part A, Part B.

ii) Part A is compulsory, which carries 25 marks. In Part A, Answer all questions.

iii) In Part B, Answer any one question from each unit. Each question carries 10 marks and may have a, b as sub questions.

PART – A

(25 Marks)

- 1.a) What is the law of equi- marginal utility? [2]
- b) Define elasticity of supply. [3]
- c) What is stagflation? [2]
- d) Why do fixed income group people suffer due to inflation more than the traders? [3]
- e) Define IRR. [2]
- f) What is the significance of capital budgeting? [3]
- g) Define operating leverage. [2]
- h) What is the significance of debt-to-equity ratio? [3]
- i) Define opportunity cost. [2]
- j) What is a double entry system of book keeping? [3]

PART – B

(50 Marks)

- 2.a) An Open University for its popular degree programme faces the following demand function:
 $P = 12000 - 0.04Q$ where P is the price, which, in the context is tuition fee.
Q is the number of students seeking admission. The current price is Rs.10,000. The university is considering a 1 percent hike in the tuition fee. Is it a wise decision? Show your working and substantiate your answer.
- b) Describe the basic principles of engineering economics. [6+4]

OR

- 3.a) What are the advantages and limitations of moving average method of demand forecasting?
- b) What are the exceptions to law of demand? Briefly explain. [6+4]
- 4.a) What is the meaning of 'recession'? What is its relevance for the economy?
- b) What is the approach of monetary policy in controlling inflation? [5+5]

OR

5. Explain how the Economic policy of 1991 changed the course of our economic history. [10]

- 6.a) At the time of his retirement Mr. X is given a choice between two alternatives;
i) annual pension of 10,00,000 as long as he lives, and ii) lump sum payment of Rs.60,00,000. If Mr. X expects to live for 15 years more, and the rate of interest is 10%, which alternative should he select?
b) Describe the capital budgeting methods. [5+5]

OR.

- 7.a) What is payback period method of capital budgeting? Explain the advantage of the method. What are its limitations?
b) Brief on profitability index. [6+4]

8. Calculate the degree of operating leverage, financial leverage, and the combined leverage from the following data:
Sales 1,00,000 units @ Rs.2 per unit = Rs.2,00,000.
Variable cost per unit @ Rs.0.70.
Fixed cost Rs.1,00,000. Interest charges Rs.3668. [10]

OR

9. Explain the type of leverages. State their significance with suitable examples. [10]
10. State the nature of the a/c as to which of the following is nominal, real, and personal and show which account will be debited and which account will be credited.
a) rent received b) machinery purchased c) interest paid d) commission paid
e) Discount received f) building sold g) capital introduced h) rent paid i) interest received in advance j) goods sold. [10]

OR

- 11.a) A firm sells each unit of its output for Rs.20. Its variable cost per unit is Rs.15 and fixed cost is Rs.2,40,000. It wishes to earn a profit of 30,000. How much should it produce? What will be the profit or loss when the company produces and sells 80,000 units?
b) What is the nature of cost accounting? [7+3]

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