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4th Semester Regular Examination 2016-17**ECONOMICS****BRANCH(S): M.Sc.I(MC)****Time: 3 Hour****Max Marks: 70****Q Code : Z571**

Question No.1 which is compulsory and any five from the rest
The figures in the right hand margin indicate marks.

- Q1 Answer the following questions: (2 x 10)
- What is price elasticity of demand? Mention any 3 factors that influence price elasticity of demand
 - What is effective rate of interest?
 - How is a public project different from private project?
 - What is margin of safety and average contribution of margin?
 - What do you mean by time value equivalence?
 - How much must be deposited now at the rate of interest 5.25% to find Rs.300/- at the end of each year for 10 years?
 - How can you prepare a cost sheet?
 - What is the relevance of MARR?
 - Explain the algebraic method and graphic method of break even analysis?
 - Define three major roles of RBI.

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- Q2 a) Distinguish between Micro economics and Macro economics. Define the different aspects of Micro & Macro economics. (5)
- b) Explain the different kinds of price elasticity of demand. (5)
- Q3 An Industrial company is planning to expand its present business activity. It has two alternatives and the corresponding cash flows are given below. Each alternative has five years of life period and the MARR for the company is 12%. Suggest the better alternative to the company by using IRR method of comparison. (10)

	Initial Cost (Rs.)	Annual Revenues (Rs.)
Alternative 1	4,50,000	1,50,000
Alternative 2	7,50,000	2,60,000

- Q4 a) What do you mean by perfect competition? Describe the features of perfect competition (5)
- b) what are the techniques for adjusting time value of money? (5)
- Q5 Sales Rs, 1,00,000/- (10)
- Variable cost Rs. 60,000/-
- Fixed cost Rs. 30,000/-

You are required to calculate

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