Code : 241406

B.Tech. 4th Semester Exam., 2015

INDUSTRIAL ECONOMICS AND ACCOUNTING

Time : 3 hours *Full Marks* : 70

Instructions :

(i) *All questions carry equal marks.*

(ii) *There are* ***NINE*** *questions in this paper.*

(iii) *Attempt* ***FIVE*** *questions in all.*

(iv) *Question No.* ***1*** *is compulsory.*

1. State whether the following statements are True or False (*any seven*) :

(a) T Capital refers to man-made means of production as a result of which there can be more production. T

(b) F Long-run or long period may be defined as that period of time in which one or more factors of production or inputs are variable. F

(c) F Price elasticity of demand is the ratio of percentage change in quantity demanded to the percentage change in consumer's income. F

(d) Assets have debit balance where as liabilities have credit balance. T

(e) Trial balance is prepared to check the arithmetical accuracy in the book of account. F

(f) F Trade discount is not shown in journal entry. F

(g) The present value of a future payment is obtained by compounding process, whereas the future value of a present amount is obtained by discounting process. F

(h) T An economic man is one who is fully aware of his self-interest and who makes continuous effort to achieve his selfish ends to the maximum. T

(i) T In the case of perishable goods, the seller will like to sell as more quantity as possible even though the price may be falling. F

(j) The production possibility curve (PPC) is having upward slope.

2. Discuss the definition of economics as stated by Lord Robbins.

3. Define capital as a production factor and discuss briefly the functions it performs.

4. Define elasticity of demand. Discuss various types of demand elasticities.

5. What do you understand by perfect competition? Describe the main characteristics of perfect competition.

6. Explain the relationship between average cost and marginal cost. Why is the short-run average cost curve is U-shaped?

7. Explain the various accounting concepts.

8. Brief the following :

(a) Nominal interest rate and effective interest rate

(b) Simple interest and compound interest

(c) Double-entry Bookkeeping

9. An entrepreneur has two technologies for expanding its production facilities. The initial outlay and annual revenues of both the technologies are summarised below :

	Initial outlay (₹)	*Annual revenue* (₹)	*Life year*
Technology I	20,00,000	6,00,000	10
Technology II	18,00,000	5,00,000	10

Suggest the best alternative which is to be implemented based on the present worth method, assuming 20% interest rate compounded annually.

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