

# CBCS SCHEME

USN

--	--	--	--	--	--	--	--	--	--

15AU752

## Seventh Semester B.E. Degree Examination, Feb./Mar. 2022 Engineering Economy

Time: 3 hrs.

Max. Marks: 80

Note: Answer any FIVE full questions, choosing ONE full question from each module.

### Module-1

- 1 a. Explain with a neat figure the law of demand and supply. (08 Marks)  
b. Describe the law of returns with a neat diagram. (08 Marks)

OR

- 2 a. A person wants to gift a car to his daughter when she would turn 18 years, six years from now. He decides to put away money in her name during her next six birthdays. He wants to deposit Rs.25,000/- in the first year and go on increasing it by Rs.5,000/- every year for next 6 years. If he estimates that a car would cost Rs.5 lakhs when he wants to buy one. How much more money should be added to the maturity amount that he receives from the bank, if it is assumed to grow at 11.5% compounded annually? (12 Marks)  
b. List the factors influencing elasticity of demand. (04 Marks)

### Module-2

- 3 a. List and explain conditions for present worth comparison. (08 Marks)  
b. Explain briefly :  
i) Present worth equivalence  
ii) Net present worth. (08 Marks)

OR

- 4 a. Discuss briefly the assets with unequal lives. (08 Marks)  
b. Two holiday cottages are under consideration. Compare the present worth of the cost of 24 years service, at an interest rate of 5 percent. When neither cottage has a realizable salvage value.

	Cottage 1	Cottage 2
First Cost	Rs. 4500	Rs. 10,000
Estimated Life	12 years	24 years
Annual Maintenance Cost	Rs. 1000	Rs. 720

(08 Marks)

### Module-3

- 5 a. What is depreciation? Explain the different methods of depreciation charges. (10 Marks)  
b. List the causes of depreciation. (06 Marks)

OR

- 6 a. A CNC machine costs Rs.30,00,000 is estimated to serve for 8 years after which its salvage value is estimated to be Rs.2,50,000. Find :  
i) Depreciation fund at the end of the 5<sup>th</sup> year and by fixed percentage method.  
ii) Book value of the machine after 4<sup>th</sup> year and 6<sup>th</sup> year by declining balancing method. (10 Marks)  
b. List and explain the interest rate of return misconceptions. (06 Marks)

**Module-4**

- 7 a. List and explain the need for estimating and costing. (08 Marks)  
b. Explain in detail how selling price is calculated. (08 Marks)

OR

- 8 a. Discuss in detail the methods of costing. (08 Marks)  
b. List and explain the elements of product cost. (08 Marks)

**Module-5**

- 9 a. Explain briefly the types of sources of finance. (08 Marks)  
b. Discuss in detail the source of financial information. (08 Marks)

OR

- 10 a. What is profit planning? What are the objectives of profit planning? (08 Marks)  
b. What are the types of budgets? Explain them with examples. (08 Marks)

\*\*\*\*\*