Question Paper Code : **50945**

B.E./B.Tech. DEGREE EXAMINATIONS, APRIL/MAY 2024.

Third Semester

Computer Science and Business Systems

CW 3301 – FUNDAMENTALS OF ECONOMICS

(Regulations 2021)

Time : Three hours   Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1.   Define Normative Economics Give an example.

2.   Define Advertising Elasticity.

3.   Recall the meaning of Producer Surplus.

4.   What do you understand by the term consumer behavior?

5.   Define Isoquants Give an example.

6.   What is the Least Cost Combination of Inputs?

7.   Write the components that made up for National Income.

8.   Define NNP.

9.   Recall the meaning of Monetary Policy.

10. What is fiscal policy?

PART B — (5 × 13 = 65 marks)

11. (a) (i)   Show the key differences between Macro and Micro Economics.   (3)

          (ii) Discuss the various methods of measurement of Elasticity of
                Demand.   (10)

Or

     (b) Explain the Demand schedule, demand curve and demand function with
          an example.   (13)

12. (a) Highlight the consumers equilibrium, effects of a price change and Income and Substitution effects with an example. (13)

Or

(b) What are Price ceilings and Price Floors? How will you explain the budget constraints and Indifference Curve? Show the derivation of a Demand Curve. (13)

13. (a) Describe short-run and long-run cost curves with an example. (13)

Or

(b) What is Production function? Explain the equilibrium of firm under perfect competition and Monopolistic Competition. (13)

14. (a) Explain the various term used in National Income and also the Keynesian model of Income Determination with an example. (13)

Or

(b) Write short notes for the following
 (i) Exports and Imports (5)
 (ii) Demand for Money Transaction and Speculative Demand (5)
 (iii) Supply of Money and Banks Credit (3)

15. (a) Discuss in detail the role of central bank and the Government. (13)

Or

(b) Explain the Two-phase business cycle with an example. (13)

PART C — (1 × 15 = 15 marks)

16. (a) Mr X has a Rs 1,50,000 investment in a business. He wants a 15% return on his money. From an analysis of recent cost figures he finds that his variable cost of operating is 60% of sales; his fixed costs are Rs. 75000/year. Show supporting computations for each answer.

 (i) What sales volume must be obtained to break-even? (5)

 (ii) What sales volume must be obtained to get his 15% return on investment? (5)

 (ii) Mr X estimates that even if he closed the doors of his business he would incur Rs 25,000 expenses per year. At what sales would he be better off by locking his sales up? (5)

Or

(b) From the following information calculate (i) P/V Ratio (ii) Sales Required to earn a profit of Rs. 20,000, (iii) Profit when sales are Rs. 60,000. (5+5+5)

Year	Sales (Rs.)	Profit (Rs.)
2021	70,000	7,500
2022	80,000	10,000

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