

B.E. & B. Arch. (5th Semester Civil, Mechanical, Metallurgy and Mining)
Examinations, November-December 2012

Subject: Economics and Accounts, HU 5601

Full Marks: 35

Time: 2 hrs

Please answer each half in separate answer sheets.

First Half (Economics) (17.5 marks)

Please do not write more than is necessary.

1. What is the name of the following phenomena:
 - a. A travel agency is making losses and the owner decides to sack two of her employees and reduce the other resources like computers and office space commensurately. The output per unit input goes up.
 - b. In Punjab in the 1970s farmers introduced high yield variety seeds and increased the use of fertilizers, pesticides and irrigation on their land. This resulted in a rise in production per unit land. However, the ratio of *additional* production to *additional* inputs kept falling with further increases in these inputs.

Discuss the difference between these two phenomena.

OR

What type of industry do the following products belong to (explain your answer):

- a. handbags
- b. window grills
- c. sal leaf plates
- d. wall paint
- e. lawyers' services
- f. bricks

Some of these products may, depending on their characteristics, belong to two types of industry. How can that happen?

(5 marks)

2. Why do the AR and MR curves faced by a perfectly competitive firm have infinite elasticity? Why would a firm continue to produce even when it is making negative profits?

OR

Explain what happens when each of the firms are making negative profits in a perfectly competitive industry. Why does the expression 'survival of the fittest' appropriately describe this story?

(4 marks)

3. Discuss three situations (and products) in which the knowledge of either price elasticity or income elasticity or cross elasticity is useful to the seller.

OR

Can the income elasticity of demand for a product be both negative and positive? Explain with two examples. Why does the definition of price elasticity of demand include a negative sign?

(4 marks)

4. a) Would India's GDP increase if housewives were paid for their services? Give reasons for your answer.
b) The value of MPC ('b') lies between 0 and 1. What does it imply?

OR

Which of the following items of expenditure would you consider to be final/intermediate output and why?

- i) the purchase of an exercise book by a stationary shop
- ii) airfare paid for travel from Kolkata to Mumbai

(4.5 marks)

B.E. Part III 5th Semester Final Examination, 2012

Economics & Accounts(2nd Half)

Code No: Hu-5601

Branch: CE/ME/MET/MIN/Aerospace

i) Use separate scripts for each half

Full Marks : 17.5

ii) All questions have equal value

iii) Attempt any one

1. The following is the trial balance of Indo Kozaqui Ltd as on 31.12.2010.

(Rs in '000)

Particulars	Debit(Rs)	Credit (Rs)
Capital		48370
Sundry creditors		9200
Plant and Machinery	5000	
Office Furniture and Fittings	280	
Stock as on 1.1.10	4800	
Motor Van	1200	
Sundry Debtors	4570	
cash in hand	40	
Cash at Bank	650	
Wages	15000	
Salaries	1400	
Purchases	21350	
Bills payable		560
Bills Recievable	720	
Returns Inwards	930	
Drawings	700	
Returns Outwards		550
Rent	600	
Factory Lighting and heating	80	

Insurance	630	
General Expenses	100	
Bad debts	250	
Discount	650	250
Sales		50000
Land	50000	
Total	108930	108930

The following adjustments are to be made.

- a) Stock as on 31.12.2010 is Rs 5200
- b) Three months factory lighting and heating is due but not paid.
- c) 5% depreciation to be written off from furniture.
- d) Write off further bad debts Rs 70
- e) During the year machinery was purchased for Rs 2000 but was wrongly debited to purchase account.

Required :

- a. Trading Account
- b. P&L Account
- c. Balance Sheet

OR

Write notes on (any Four)

- a. Transaction
- b. Double Entry System
- c. Balance Sheet
- d. Gross Profit & Net Profit
- e. Trial Balance