

CBCS SCHEME

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18AU751

Seventh Semester B.E. Degree Examination, June/July 2023 Engineering Economics and Cost Estimation

Time: 3 hrs.

Max. Marks: 100

**Note: 1. Answer any FIVE full questions, choosing ONE full question from each module.
2. Use of interest factor tables is permitted.**

Module-1

- 1 a. Briefly explain the law of demand and supply. (10 Marks)
b. Define the following economic terms:
i) Economic goods
ii) Utility
iii) Value in exchange
iv) Price and wealth
v) Rent and profit. (10 Marks)

OR

- 2 a. Explain the law of returns and law of substitution with examples. (10 Marks)
b. Explain elasticity of demand and supply. What are the factors influencing the elasticity of demand and supply? (10 Marks)

Module-2

- 3 a. Define money. Explain the functions of money. (10 Marks)
b. State and explain Gresham's law. What are the limitations of this law? (10 Marks)

OR

- 4 a. Define principle of taxation. Briefly explain different kinds of taxes. (10 Marks)
b. Write short notes on:
i) Value of money
ii) Vehicle insurance
iii) Index numbers (10 Marks)

Module-3

- 5 a. State and explain Classical Theory of Interest. (10 Marks)
b. Find the effective rate of Interest for an actual rate of interest of 10% when compounded :
i) Annually
ii) Bi – annually
iii) Quarterly
iv) Monthly
v) Daily. (10 Marks)

OR

- 6 a. What is the need for Depreciation? Explain. (10 Marks)
b. What are the causes of Depreciation? Explain. (10 Marks)

Module-4

- 7 a. Explain the following :
- Standard cost
 - Estimated cost
 - Fixed cost
 - Sunk cost.
- (08 Marks)
- b. What is Breakeven and Minimum Cost Analysis? Explain. (06 Marks)
- c. From the following information, calculate the break-even point in units and in sales value.
- | | | |
|------------------------|----------------|------------|
| Output | = 3000 units | |
| Selling price per unit | = Rs 30/- | |
| Variable cost per unit | = Rs 20/- | |
| Total fixed cost | = Rs 20,000/-. | (06 Marks) |

OR

- 8 a. What are the objectives of Cost Accounting? Explain. (10 Marks)
- b. What are the Elements of cost? Explain. (10 Marks)

Module-5

- 9 a. Following is the financial states of a company as on 31st March 2021.

Sundry debtors	Rs.10,000
Cash in hand	Rs.22,000
Bank loans	Rs.40,000
Bills payable	Rs.20,000
Equity shares	Rs.1,13,000
Land and Buildings	Rs.50,000
Plant and machinery	Rs.15,000
Creditors	Rs.30,000
Bank balance	Rs.16,000

- Prepare a balance sheet as on 31st March 2021. (10 Marks)
- b. Define book keeping. Explain the systems of book keeping. (10 Marks)

OR

- 10 a. Explain the different steps involved in estimating procedure. (10 Marks)
- b. Define cost estimation. What are the objectives and functions of cost estimation? (10 Marks)

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