



B.E./B.Tech. (Full Time) DEGREE END SEMESTER EXAMINATIONS, APRIL/MAY 2011

INDUSTRIAL ENGINEERING

SIXTH SEMESTER – (REGULATIONS 2004)

IE385 ENGINEERING ECONOMIC DECISIONS

Time : 3 hr

Max Mark : 100

Answer ALL Questions

PART-A (10 X 2 = 20 Mark)

1. When do you use normative economics?
2. What are the techniques adopted in the process of decision making?
3. What are the inputs for Production Function?
4. State the reasons for Average cost (AC) not equal to Average Revenue (AR) at its Minimum Point?
5. How will you calculate the NNP?
6. What are the implications of FERA?
7. State any five users of accounting information?
8. Define Hyper Inflation.
9. Define Risks and Return
10. What are the advantages of IRR?

PART-B (5 X 16 = 80 Mark)

11. Explain the procedure involved in the preparation of trading account, profit and loss account and balance sheet with suitable illustrations?

12 (a) (i) Explain and discuss the returns to scale and economies of scale with appropriate examples? (16)

OR

12 (b) (i) Describe short-run and long-run cost curves with an example? (16)

13 (a) Describe the four-phase business cycle with an example? (16)

OR

13 (b) (i) Explain the various measures taken for correcting disequilibrium? (8)

(ii) Show that balance of payments always balances? (8)

14 (a) (i) Paul & Lehman company has sold goods worth Rs 5,00,000 and its gross profit is 20 percent of sales value. The inventory at the beginning of the year was Rs 16000 and at the end of the year was 14000. Compute inventory turnover ratio and also the inventory holding period ? (6)

(ii) A Company has reported a current profit of Rs 270000 after taking into consideration the following: Calculate funds from operation. And show the cash flow statement format (10)

Particulars	Amount (Rs)
Loss on sale of furniture	20000
Premium of redemption of debentures	10000
Discount on issue of debentures	20000
Depreciation on machinery	25000
Goodwill written off	20000
Interim dividend paid	30000
Gain from sale of land	40000
Dividend income on investments	5000
Transfer to general reserve	50000
Preliminary expenses written off	20000
Profit on revaluation of investments	15000

OR

14 (b) Describe the steps, advantages & limitations of cash flow analysis? (16)

15 (a) (i) Explain the Objectives of the firm and Managerial economics? (8)

(ii) Explain the pricing strategies in Times of stiff price competition? (8)

OR

15 (b) Describe the important features of IRR & NPV method with suitable illustrations? (16)