



B.E./B.Tech. (Full Time) DEGREE END SEMESTER EXAMINATIONS, NOV/DEC 2011

MECHANICAL ENGINEERING  
EIGHTH SEMESTER – (REGULATIONS 2004)

**ME505 ENGINEERING ECONOMICS & COST ANALYSIS**

Time : 3 hr

Max Mark : 100

Answer ALL Questions

PART-A (10 X 2 = 20 Mark)

1. Define Economics.
2. Define Marginal Cost
3. What are the benefits of Value Engineering
4. What are the applications of Time value of money?
5. What is present worth method?
6. Why do we apply rate of return method in the financial analysis?
7. What is Replacement analysis?
8. In what ways do you determine economic life of an asset?
9. What are the causes of depreciation?
10. What are the limitations of Inflation.

PART-B (5 X 16 = 80 Mark)

11. From the following data, which product would you recommend to be manufactured in a factory, time being the key factor: (16)

Details	Per Unit of Product A	Per Unit of Product B
Direct Material	Rs 24	Rs 14
Direct Labor (Rs 1 / hr)	2	3
Variable OH (Rs 2/hr)	4	6
Selling Price	Rs 100	Rs 110
Std Time to Produce	2 hours	3 hours

12 (a) Describe the aims, function and procedure of value engineering? (16)

OR