B.E./B.Tech. (Full Time) DEGREE END SEMESTER EXAMINATIONS, MAY 2012

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)

21

1. Define Microeconomics
2. What are the objectives of the managerial economics?
3. What is Law of Diminishing Returns
4. Define Cobb Douglas Function
5. How will you calculate the GNP?
6. What are the advantages of MRTP?
7. What are the limitations of fund flow analysis?
8. What are the components of Short term assets and liabilities?
9. Define Risk and Return.
10. What are the applications of IRR Method?

PART-B (5 X 16 = 80 Marks)

11. 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: (16)

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

12 (a) (i) Explain the Important factors influencing managerial decisions? (8)

(ii) Briefly discuss on managerial economics and other disciplines? (8)

OR

12 (b) (i) Explain the significance and objectives of the firm? (8)

(ii) Discuss the steps involved in fund flow analysis? (8)

13 (a) (i) Describe the Least cost combination of Inputs and factor productivities with suitable examples? (16)

OR

13 (b) Discuss statistical production function and long-run cost curves with an example? (16)

14 (a) Explain the Four-phase business cycle with an example? (16)

OR

14 (b) Show that balance of payments always balances with appropriate example? (16)

15 (a) (i) Describe the steps involved in the computation of ARR and Payback Period? (8)

(ii) Discuss the procedure of Balance sheet statement? (8)

OR

15 (b) Show how the IRR and NPV can be computed for the solving the capital budgeting problems? (16)