

BACHELOR OF PRINTING ENGINEERING EXAMINATION, 2017

(3rd Year, 1st Semester, Supplementary)

Engineering Economics (Old Syllabus)

Time : Three hours

Full Marks : 100

1. Fill in the blanks**1 x 16 = 16**

- (a) _____ rate is the rate at which RBI lends to commercial banks, generally, against government securities.
- (b) A fall in price of substitute leads to a _____ shift in the supply curve.
- (c) _____ is known as the 'Lender of the last Resort'.
- (d) An effective price ceiling is _____ the market price.
- (e) If the real interest rate is 4% p.a. and inflation is 3% p.a., what would be the approximate nominal interest rate p.a. as per Fisher Equation? _____.
- (f) Assets - Liabilities = _____.
- (g) The minimum number of members required for forming a Cooperative Bank is _____.
- (h) Suppose the demand equation is $P = 20 - .1Q_d$ and supply equation is $P = 5 + .05Q_s$. The equilibrium price = Rs. _____.
- (i) _____ method of depreciation is used in case of loose tools.
- (j) LIFO method is most suitable in times of _____ prices.
- (k) Discount on bulk purchase is an example of _____ degree price discrimination.
- (l) When there is an increase in the amount of 'Bills Receivable A/c', is this A/c debited or credited? -----
- (m) The _____ of Association contains the rules and regulations for the internal administration of the company.
- (n) Expenses and losses are debited in case of Nominal Accounts. Is the statement true or false? ____.
- (o) When elasticity of demand > 1 , we say the curve is _____ at that point.
- (p) Direct Labour + Direct Materials + Direct Expenses = _____ Cost.

2. Answer any three questions.**10 x 3 = 30**

(a) Write short notes on any two of the following:

5 + 5

- (i) 'Production Possibility Frontier'; (ii) 'Factors of Production', (iii) 'Measures of Inflation'; (iv) 'Super Normal Profit under Monopoly'.

(b) Provide a detailed note on 'Partnership Organization'.

10

(c) Shani Bike LTD purchased 10 bikes during January – March, 2016, and sold 8 bikes of the same manufacturer and model, details of which are as follows:

January 1: Opening stock – 2 bikes @ Rs. 30,000 each

January 2: Purchased - 5 bikes @ \$32,000 each

February 5: Sold - 3 bikes

February 27: Sold - 2 bikes

March 03: Purchased - 5 bikes @ 36,000 each

March 31: Sold - 3 bikes

Which method of stock issue pricing shall be applicable from the above pieces of information? Use that method to develop Stores Ledger A/C of Bike Ltd for stock issue pricing.

10

(d) Briefly discuss the secondary functions of Commercial Banks.

10

(e) The balances (in rupees) extracted from the books of Shiva are given below. Prepare a Trial Balance on 31st March 2016:

Cash in Hand Rs. 3,480,	Cash at Bank Rs. 4,000,	Accounts Receivable Rs. 3,700,
Service Supplies Rs. 600,	Furniture & Fixtures Rs.3,000	Service Equipment Rs. 16,000,
Accumulated Depreciation Rs. 720,	Accounts Payable Rs. 9,000	Utilities Payable Rs.1,800,
Loans Payable Rs. 12,000,	Capital Rs. 13,2000	Mr. Bose's Drawing Rs. 7,000,
Service Revenue Rs. 9,850	Rent Expense Rs. 1,500	Salaries Expense Rs.3,500,
Taxes & Licenses Rs. 370,	Utilities Expenses Rs.1,800,	Service Supplies Expense Rs. 900
Depreciation Expense Rs. 720		

3. Answer any three questions.

18 x 3 = 54

(a) Provide a detailed discussion on 'Mergers and Acquisitions'

(b) State the 'Law of Demand' and 'Law of Supply'. What are the determinants of Demand? Illustrate the market equilibrium. Explain 'Declining Balance' method of depreciation with an example. 2 + 2 + 4 + 5 = 14

(c) Explain 'Money Supply and 'Monetary Policy' of the government and the Central Bank. 9 + 5 = 14

(d) From the following trial balance extracted from the books of Hari as on 31.03.16. Prepare (I) Trading A/c, (II) Profit & Loss A/c for the year ending 31.03.16 and (III) Balance Sheet.as on 31.03.16. 4 + 8 + 6 = 18

Trial Balance as on 31.03.16

<u>Debit Balances</u>	<u>Rs.</u>	<u>Credit Balances</u>	<u>Rs.</u>
Cash in hand	3,000	Capital	2,00,000
Machinery	60,000	Sales	2,54,800
Stock (on 01.04.15)	50,000	Sundry Creditors	39,000
Bills receivable	1,600	Bank overdraft	22,000
Sundry debtors	50,000	Return outwards	3,000
Wages	80,000	Discount received	1,800
Land	40,000	Bills payable	2,800
Carriage inwards	2,400		
Purchases	1,70,000		
Salaries	24,000		
Rent	4,000		
Postage	1,000		
Return inwards	3,200		
Drawings	10,000		
Furniture	18,000		
Interest	600		
Cash at bank	5,600		
	5,23,400		5,23,400
Stock as on 31.03.16 to Rs. 1, 00,000			

e) Prepare cost sheet from the following particulars in the book of Durga Pvt. Ltd. (in Rs. '000)

Raw material purchased = Rs. 20,000;	Wages paid to labourers = Rs 8,000
Experimental expenses = Rs 450;	Directly chargeable expenses = Rs 1,250
Factory printing & stationery = Rs. 350;	Factory rent = Rs. 250
Office rent = Rs.120	Wages of fireman = Rs.1,000

Office lighting = Rs.125
Office telephone expenses =Rs.500
Market research expenses = Rs. 550
Travelling expenses = Rs. 750
Sales = Rs. 50,000

Factory audit fees = Rs.150
Advertising = Rs. 1,250
Store keeper's salary = Rs. 175
Commission of travelling agent = Rs. 500

Opening stock (Rs.)

Raw material 1,350
Finished goods 2,500

Closing stock (Rs.)

750
1,500

(f) Write short notes on the following:

6 + 6 + 6

- (i) 'Price Elasticity of Demand'; (ii) 'Movements' and 'Shifts' in relation to the supply and demand curves, (iii) 'Price Floor & Price Ceiling'