

Total number of printed pages – 6

MCA
MCC 104

First Semester Examination – 2008

ENGINEERING ECONOMICS AND COSTING

Full Marks – 70

Time – 3 Hours



Answer Question No. 1 which is compulsory
and any five from the rest.

Figures in the right hand margin indicate marks.

1. Answer the following questions : 2×10
 - (a) Give one method of measuring price elasticity of demand.
 - (b) What do you mean by Time Value of Money ?

P.T.O.

- (c) Write one feature of IRR method.
- (d) Draw a cash flow diagram with imaginary figures.
- (e) What do you mean by depletion ?
- (f) Write one function of a Commercial Bank.
- (g) How do you classify cost according to nature of elements ?
- (h) Distinguish between fixed cost and variable cost.
- (i) Write any two factors influencing supply of commodity.
- (j) Give one distinction between Straight line method and Diminishing balance method.

2. Discuss the laws of returns to scale in all three technical possibilities. 10

MCC 104

2

Contd.

3. What do you mean by Engineering Economics ? Discuss its objectives and scope in the current Indian scenario. 2+8
4. Describe the important functions of Reserve Bank of India. 10
5. The following data are available in respect of two mutually exclusive projects. Which project is more suitable on the basis of future worth method of comparison at $i = 20\%$? 10

Particulars	Project A	Project B
Initial Cost (Rs.)	80,00,000	70,00,000
Life (years)	12	12
Annual maintenance Cost (Rs.)	8,00,000	9,00,000
Salvage value after usable life	5,00,00	4,00,000

The future worth table values :

$$F/P, 20\%, 12 = 8.916$$

$$F/A, 20\%, 12 = 39.581$$

MCC 104

3

P.T.O.

6. From the following particulars prepare a cost statement showing the component of Total Cost and the profit for the year ended 31st December, 2005. 10

	<u>1.1.2005</u>	<u>31.12.2005</u>
	(Rs.)	(Rs.)
Stock of Raw materials	40,000	50,000
Stock of W.I.P.	15,000	10,000
Stock of Finished goods	6,000	15,000

Other Transactions :

	Rs.		Rs.
Purchase of Raw material	4,75,000	Power Expenses	9,500
Carriage inwards	12,000	Other production exp.	43,000
Wages	1,75,000	General Expenses	32,500
Works Manager's Salary	30,000	Sales for the year	8,60,000
Factory employee's Salary	60,000	Selling expenses	9,250
Factory rent, rates	7,250		

7. (a) Calculate P/V ratio from the following data : 4

	2002	2003
	(Rs.)	(Rs.)
Sales	1,50,000	1,70,000
Profit	20,000	25,000

- (b) From the following particulars, calculate (i) P/V ratio, (ii) B.E.P. (sales), (iii) Selling price per unit when B.E.P. is brought down to 25,000 units. 6

	Rs.
Fixed Expenses	1,50,000
Variable cost per unit	10
Selling price per unit	15

8. Explain the causes of Depreciation. Also discuss the factors which influence the choice of Depreciation method. 5+5

