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Total Number of Pages: 02

Course: M.Sc.I
Sub_Code: FHM409

4th Semester Back Examination: 2024-25

SUBJECT: Economics

BRANCH(S): M.Sc.I(AC)

Time: 3 Hours

Max Marks: 70

Q.Code: S215

Answer Question No.1 (Part-I) which is compulsory, any five from rest (Part-II)

The figures in the right hand margin indicate marks.

Part-I

- Q1** Answer the following questions : (2 x 10)
- a) Give three reasons for a shift in the demand curve
 - b) A 50% decrease in the price of salt caused the quantity demanded to increase by 10%. Calculate the price elasticity of demand for salt, explain the meaning of your result and tell if the demand for salt is elastic or inelastic.
 - c) What do you mean by short-run production function?
 - d) Distinguish between simple interest and compound interest.
 - e) What is capitalized Cost?
 - f) What is MARR?
 - g) Define Depreciation.
 - h) Distinguish between selling cost and distribution cost
 - i) How do you calculate "Break-even Point"?
 - j) What do you mean by recurring deposit?

Part-II

Long Answer Type Questions (Answer Any five)

- Q2** a) Distinguish between a change in demand and change in quantity demanded. Explain the concept with the help of diagrams. (5 + 5)
- b) Yesterday, the price of envelopes was Rs. 30 a box, and Julie was willing to buy 10 boxes. Today, the price has gone up to Rs. 40 a box, and Julie is now willing to buy 8 boxes. Is Julie's demand for envelopes elastic or inelastic? What is Julie's elasticity of demand?
- Q3** a) The annual income from a rented house is Rs. 12, 000. The annual expenses are Rs. 3000. If the house can be sold for Rs. 145, 000 at the end of 10 years, how much could you afford to pay for it now, if you considered 12 % to be a suitable interest rate? (5 + 5)
- b) A person is just 30 years old. He plans to invest an equal sum of Rs. 20,000 every year for the next 30 years from the end of next year. The bank gives 10 % interest compounded annually. Find the maturity value of his account when he is 60 years old.
- Q4** a) What are the various causes of depreciation? (5 + 5)
- b) What are the two basic methods of depreciation? Explain by giving examples.

- Q5** a) What is the P/ V ratio? What are the various applications of P/ V ratio? (5 + 5)
b) A company earned a profit of Rs. 30,000 during the year 2023-24. If the marginal cost and selling price of the product is Rs. 8 and Rs. 10 respectively, find out the amount of margin of safety.

- Q6** a) Explain in brief the agency functions of a commercial bank. (5 + 5)
b) Discuss the principal methods adopted by a central bank to control credit.

- Q7** a) How do total product, average product, and marginal product change due to a change in the use of one input, keeping other inputs constant? (5 + 5)
b) Explain the concept "Fixed Cost" and "Variable Cost" through the graph. How do you segregate semi-variable overheads into fixed and variable elements by scatter graph method?

- Q8** a) From the given table find IRR: (5 + 5)

End of Year	0	1	2	3	4	5
Cash Flows (Rs).	-1000	-800	500	500	500	1200

- b) Compare the general underlying objective of public decision making versus private decision making