



B.E./B.TECH. DEGREE EXAMINATIONS: APRIL / MAY 2023

(Regulation 2015)

Seventh Semester

COMMON TO CSE / ECE / MECH / TEX

U15GST005: Engineering Economics and Financial Management

COURSE OUTCOMES

CO1: Evaluate the economic theories, cost concepts and pricing policies.

CO2: Analyze the market structures and integration concepts.

CO3: Apply the concepts of national income and understand the functions of banks and concepts of globalization.

CO4: Apply the concepts of financial management for project appraisal and working capital management.

CO5: Understand accounting systems.

CO6: Analyze financial statements using ratio analysis.

Time: Three Hours

Maximum Marks: 100

Answer all the Questions:-

PART A (10 x 1 = 10 Marks)

1. Matching type item with multiple choice code

CO4 [K₂]

List I	List II
A. Capital budgeting	i. Delphi Method
B. Pricing Policy	ii. Bonds valuation
C. Demand forecasting	iii. Skimming
D. Time value of money	iv. Discounted Payment Period

- | | A | B | C | D |
|----|-----|-----|-----|----|
| a) | ii | i | iii | iv |
| b) | iv | iii | i | ii |
| c) | ii | iv | iii | i |
| d) | iii | i | ii | iv |

2. A graph that shows the earnings or losses of a company in relation to its volume of sales.

CO1 [K₁]

- | | |
|--------------------|-----------------------|
| a) P-V ratio | b) Market value ratio |
| c) Liquidity ratio | d) Coverage ratio |

3. Economic market structures can be grouped as CO2 [K₂]
1. Corporation
 2. Monopolistic competition
 3. Oligopoly
 4. Sole proprietorship
- a) 1,3 b) 1,4
c) 1,2 d) 2,3
4. The monetary value of finished goods and services produced by a country's citizens, overseas and domestically, in each period is called as CO3 [K₂]
- a) Gross National Product b) Net National Product
c) Inflation d) Deflation
5. Assertion (A): A merger occurs when two separate entities combine forces to create a new, joint organization. CO4 [K₂]
Reason (R): An acquisition refers to the takeover of one entity by another.
- a) Both A and R are Individually true, and R is the correct explanation of A b) Both A and R are Individually true, but R is not the correct explanation of A
c) A is true but R is false d) A is false but R is true
6. Ratio of the present value of project cash inflow to the present value of initial cost. CO4 [K₁]
- a) Profitability Index b) Diversification ratio
c) Efficiency ratio d) Integration index
7. The Five Stages of a Capital Budgeting Process CO5 [K₂]
1. Identification of Investment Opportunities
 2. Evaluation of Net Benefits.
 3. Development and Forecast of Benefits and Costs.
 4. Control of Capital Projects.
 5. Authorization for Progressing and Spending Capital Expenditure
- a) 2-3-4-1-5 b) 1-3-2-5-4
c) 5-3-4-2-1 d) 4-1-3-2-5
8. The _____ is a metric used in financial analysis to estimate the profitability of potential investments. CO5 [K₁]
- a) Profitability Index b) Net Present Value
c) Internal rate of return d) Payback Period

9. **Assertion (A):** Special variable working capital is the temporary rise in the working capital due to any unforeseen or occurrence of a special event. CO6 [K₂]

Reason (R): Apart from the money needed for everyday operations, firms must also keep some amount of capital for unforeseen circumstances which is special variable working capital

- a) Both A and R are Individually true and R is the correct explanation of A b) Both A and R are Individually true but R is not the correct explanation of A
c) A is true but R is false d) A is false but R is true

10. The process of recording company's financial transactions into organized accounts on a daily basis is called as CO6 [K₁]

- a) Accounting b) Economic analysis
c) Bookkeeping d) Financial analysis

PART B (10 x 2 = 20 Marks)
(Answer not more than 40 words)

11. What is break-even analysis and what it reveals? CO1 [K₂]
12. What is meant by sunk cost? CO1 [K₁]
13. What do you mean by conglomerate diversification? CO2 [K₂]
14. Is deflation good for a nation's economy? Discuss in brief. CO3 [K₂]
15. List out the features of economic liberalization? CO3 [K₂]
16. List out the applications of time value of money? CO4 [K₁]
17. Name any four methods of appraising project profitability in capital budgeting? CO4 [K₁]
18. What is trial balance CO5 [K₂]
19. What Is Ratio Analysis? CO5 [K₂]
20. List any four different types of journal books? CO6 [K₁]

Answer any FIVE Questions:-
PART C (5 x 14 = 70 Marks)
(Answer not more than 300 words)

Q.No. 21 is Compulsory

21. Describe any four types of demand forecasting techniques in detail with a real time example comparing the techniques. 14 CO1 [K₃]
22. What is vertical integration strategy? Explain the vertical integration strategy types with an example. 14 CO2 [K₃]

23. What is GDP? Explain any three methods available for measuring gross domestic product in detail? 14 CO3 [K₃]
24. Explain in detail about the fundamental elements of working capital management? 14 CO4 [K₃]
25. Explain the features of perfect competition and discuss how price and output can be determined under perfect competition. 14 CO5 [K₃]
26. Differentiate cash flow and fund flow statement. Discuss the advantages and limitations of financial statement analysis 14 CO6 [K₃]
27. Explain the types of elasticity of supply and list out the various factors affecting the same. 14 CO1 [K₃]
