VEER SURENDRA SAI UNIVERSITY OF TECHNOLOGY (VSSUT), ODISHA
Even Mid Semester Examination for Academic Session 2024-25

COURSE NAME: BTech   SEMESTER: 4th

BRANCH NAME: CE, CM, ME, MME, PE
SUBJECT NAME: Engineering Economics

FULL MARKS: 30   TIME: **90 Minutes**

Answer **All** Questions.
The figures in the right hand margin indicate Marks. *Symbols carry usual meaning.*

Q1.   Answer all Questions.   [2 × 3]

  a)   What is the difference between a change in demand and a change in quantity   - CO1
       demanded?

  b)   If GDP_{MP} of an economy is ₹12,000 crores where the Indirect taxes collected   - CO2
       amount is ₹1,500 crores and subsidies provided are ₹500 crores. Calculate GDP_{FC}

  c)   Define cross elasticity of demand. What does a positive cross elasticity coefficient   - CO3
       signify?

Q2.   [8]

  a)   Compare and contrast the Law of Diminishing Marginal Utility and the Equi-   - CO1
       Marginal Utility Principle. How are they interconnected?

                                        OR

  b)   Define National Income Accounting and discuss its significance in macroeconomic   - CO1
       analysis. Explain the three primary methods used to measure national income, along
       with the precautions to be taken during their measurement.

Q3.   [8]

  a)   Explain the conditions for consumer equilibrium using the indifference curve   - CO2
       approach. Additionally, analyze how a change in the consumer's income influences
       their equilibrium.

                                        OR

  b)   Discuss the role of expected utility in consumer decision-making under risk. How   - CO2
       does it assist in classifying consumers based on their risk attitudes? Explain the
       concept of risk aversion using the concavity of the utility function, and compare it
       with risk neutrality and risk-loving behavior.

Q4.   [8]

  a)   Explain the Revealed Preference Theory and how it differs from the Utility Theory   - CO3
       in consumer behavior analysis.

                                        OR

  b)   What is the Neumann-Morgenstern Utility Index under risky conditions? How is it   - CO3
       constructed?

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