QP Code:HU2T01-4 **(Pages:3)**

Reg No : .... Name : ....

MAR ATHANASIUS COLLEGE OF ENGINEERING, KOTHAMANGALAM

(Govt. Aided Autonomous Institution)

Fourth Semester B.Tech. Degree Examination, May, 2026

Course Code: B24HU2T01

Course Name: BUSINESS ECONOMICS AND FINANCIAL MANAGEMENT

Max. Marks: 100 Duration:3 Hours

PART - A: 30 Marks (10 Qns x 3 Marks)

Answer all questions

1. Define consumer surplus.
2. For which product, eg. perfectly elastic or perfectly inelastic should the finance minister increase taxes to ensure additional revenue. Give reason.
3. What are cartels? Give an example.
4. Define implicit cost. Give an example.
5. Distinguish between PI and DPI.
6. Define GNP. What is its significance to an economy?
7. Distinguish between wants and needs. Give an example of each.
8. Give three examples of short-term cash equivalents.
9. What do stock market indices tell investors? Name the index of the NSE?
10. Define insider trading.

PART - B: 70 Marks (5 Qns x 14 Marks)

Answer any One full question from each module.

Module 1

11. a. With the help of a figure, examine the law of demand. Mention the assumptions and exceptions of the law of demand. (7 Marks)

    b. What is supply? Draw the supply curve of a product and examine the factors influencing the supply of a product. (7 Marks)

OR

12. a. With the help of a figure, bring out the relationship between total, average and marginal product. (7 Marks)

b. In a production function, $Q = 2 L^{1/2} K^{1/2}$ if L = 36, how many units of capital are needed to produce 60 units of output? (7 Marks)

Module 2

13. a. What is perfect competition? State the features of a firm under perfect competition. (7 Marks)

b. What is going rate pricing? Mention its advantages and disadvantages. (7 Marks)

OR

14. a. The following values of a firm are available. Draw a breakeven chart of the firm and mark the breakeven quantity and breakeven sales. (7 Marks)

Output (units)	500	1000	1500
FC (Rs.)	1000	1000	1000
VC (Rs.)	500	1000	1500
TC (Rs.)	1500	2000	2500
TR (Rs.)	1000	2000	3000

b. Consider the following data of a company for the last year. (7 Marks)
Sales = Rs. 80000, Variable costs = Rs. 35000, Fixed costs = Rs.15000. Find: (i) Margin of safety. (ii) Profit of the firm (iii) Breakeven sales.

Module 3

15. a. State the necessary condition for devaluation. Also examine the main objectives of devaluation. (7 Marks)

b. Examine the various monetary, trade policy and non-monetary measures used by India to control a deficit in the BoP. (7 Marks)

OR

16. a. Mention the advantages and disadvantages of non-tariff barriers in international trade. (7 Marks)

b. State the major arguments in favour of international trade. (7 Marks)

Module 4

17. a. List the main functions of the RBI. (7 Marks)

b. What is working capital management? Mention the factors influencing working capital requirements. (7 Marks)

OR

18. a. Mention the different types of bonds. What are the advantages that bonds have over shares? (7 Marks)

b. Distinguish between shares and bonds. Bring out the advantages of each. (7 Marks)

Module 5

19. a. What are the various sources of long-term finance available to firms? (7 Marks)

b. Mention the distinguishing feature of the money market. What the major instruments in the money market? (7 Marks)

OR

20. a. Derivatives are widely used by investors to transfer risk. Elucidate. (7 Marks)

b. Distinguish between a demat and a trading account. (7 Marks)

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