

INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
DEC-2010 **Graduate Diploma in Materials Management**
PAPER No. 3
Business Economics, Accounting & Finance

Date : 13.12.2010
Time : 2.00 pm to 5.00 pm

Max. Marks :100
Duration :3 Hrs.

Instructions :

1. From Part A – answer all questions (compulsory). **Total: 32 Marks**
 2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 16 marks **Total: 48 Marks**
 3. Part C is a case study (compulsory). Read the case study carefully and answer the questions **Total: 20 Marks**
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PART A

1. Cartel Means:-
 - a) A group of firms jointly set output and price so as to exercise monopoly power.
 - b) It refers to a movement along a given demand curve due to change in the own experience.
 - c) Cartel is a vehicle of pooling material from all the stores to deliver to production.
2. Cross Price effect is effect in which:-
 - a) It is the effect in exchange ratio between goods that exists within a Country in the absence of trades.
 - b) It is an effect of change in the price of one product on the quantity
 - c) Its an effect shows inflationary situation in the economy. Demanded of another.
3. Macro Economics is a study of .
 - a) Broad economy wide aggregates like real GDP, GNP, employment, Price level & inflation etc.,
 - b) It is truly a study of economy wide aggregates like real GDP, GNP, Employment ,Un-employment, price level, inflation in a micro level.
 - c) It's a study of minute, financial pilferage in export front, in the Country.
4. Marginal Revenue is.
 - a) It is same as the marginal Physical products total.
 - b) It is the increase in total revenue, when one extra unit is sold.
 - c) It's an income earned by exporting countries in foreign exchange transactions.
5. Normal goods Means in Economics:-
 - a) Is a goods in Economics who's quantity demanded increase as income increase.
 - b) It is a goods in Economics who's quantity demanded decreases as income increases.
 - c) Its demand do not increase even there is deflation in the economy.

6. Total Cost:-
 - a) It is a cost, the total cost of which are same as overhead cost.
 - b) It is the total of all costs, equal to the sum of total fixed cost and total variable costs.
 - c) It is the cost of total goods and services in the country.
7. The Business Economics deals with .
 - a) It is a branch of Economics which deals with economical theory in a mathematical form or in a Statistical method.
 - b) It is a branch of Economics deals with the analysis or behaviour of firms in a market & industries.
 - c) It is branch of Economics deals with people behaviour in the country.
8. The finance Manager is one who is responsible for ;
 - a) The finance availability and entire gamut of finance and accounts In an organisation.
 - b) It is a key responsibility to take care of abnormal profits and prevention of abnormal loss.
 - c) Is a person responsible for the profit of the organisation.

QUESTION -2- PART -A-

State True or Falls:-

1. Human wants are limitless, therefore Robbins says 'want' is need or desire may be taken preciously its equivalent term as 'Ends' .
2. In Micro Economic behaviour an aggregate economic study like Household, firms, Industry and market is carried on.
3. If a market economy involves a system of private ownership of the means Of production, so it is called a mixed economy.
4. An Industries with a few sellers where the products of all sellers are identical or homogeneous is a pure oligopoly.
5. The demand for an item depends on buyers expectations about the present price of the goods.
6. Price effects = Quantity demanded and scarcity of the products.
7. Ricardo's theory talks about more wages for the employed skilled, un-skilled, semiskilled employees in an organisation.
8. The sum of total fixed costs and total variable costs = total cost.

QUESTION -3- PART -A-

Fill in the blanks with appropriate words:-

1. Rs. 10000/- loan borrowed from a bank is shown in the side of the balance sheet.
2. RBI is lender of the lost resort, therefore it is the liabilities of every bank to deposit with the RBI is called Ratio.

3. The availability of Land, Labour, Capital and the Organisation(entrepreneurship) is calledmarkets.
4. It's a facility allowed by banker to the customer to draw more than what he has deposited is called.....facility.
5. the face value of the money is far above the value of the metal contained in them is calledof money.
6. TC =
TFC =
TVC =
7. The ability to convert an asset into money quickly and without loss of value is known asmoney.
8. The market economic has very powerful tool is known asand
-----for its exisistance.

QUESTION- 4- PART -A-

Explain the importance of risk management in Business Economics.

PART - B

QUESTION- 5-

Answer any three question each question carries 16 marks. (3x16)= 48 marks.

5. Compare and contrast with distinction between Market Price and Normal Price.

QUESTION-6-

6. Write Short Notes on (any four):-
 - a) RBI is a controller of credit explain.
 - b) Indian economy is predominantly of rural life elucidate.
 - c) What is subsidiary books, what are its features and advantages.
 - d) Explain the importance of foreign aids to India.
 - e) What do you mean by Veblen effect, how sellers take advantage of pricing.
 - f) What do you mean by costing and cost accounting.

QUESTION-7-

Journalise the following transaction :-

1. On 1.1.2010. Siddu commenced Business with cash of Rs.13000/-
2. On 5.1.2010 He purchased goods for cash Rs.2500/-
3. On 10.1.2010 He bought goods on credit from Mr. Manish, Rs.1000/-
4. On 15.1.2010 Sold goods for cash Rs.7000/-.
5. On 20.1.2010 he deposited cash into ICICI Bank Rs.5000/-.
6. On 25.1.2010 He paid salary Rs.400/-.

QUESTION-8-

Illustrate with an example, the distinction between Fund flow and cash flow Anglos.

QUESTION-9-

The following balances were extracted from the books of MPS & CO. ON 31ST December,2009.

PARTICULARS	RS.
MPS's Capital	15000.00
MPS's drawings	2700.00
Stock on 1.1.2009	11000.00
Purchases	35000.00
Sales	62000.00
Return Inwards	1200.00
Return Outwards	800.00
Wages	5740.00
Salaries	8200.00
Electric Charges	1120.00
Discount paid	770.00
Discount received	300.00
Depreciation	750.00
Bills Payable	4500.00
Plant & Machinery	15000.00
Provision for bad debts	1000.00
Debtors	8000.00
Creditors	19800.00
Cash in hand	700.00
Cash at Bank	12800.00
Bills Receivable	420

Prepare the trading & profit & loss account for the year ended 31st December 2009 and a balance sheet as on that date. The value of the closing stock on 31st December,2009 was Rs.13500/-.

10.QUESTION -10- COMPULSORY.-PART -C-

Mr. Kiran furnishes the following data relating to the manufacture of Parma product during the month of April, 2009.

1. Raw materials consumed	50000.00
2. Direct Labour charges	35000.00

3. Machine hours worked	3000.00
4. Machine hour rate	Rs.6/
5. Administration overheads	25% on work cost.
6. Selling Overheads	Rs.2/ unit.
7. Units produced	15000
8. Units sold	100000 @ Rs. 20 per unit.

Continue.

You are required to prepare a cost sheet from the above, showing:-

a) Cost Per Unit.

Profit per unit sold and profit for the period.