



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
Post Graduate Diploma in Materials Management

Dec 2016

Graduate Diploma in Materials Management

PAPER No. 3  
BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 13.12.2016  
Time : 2.00 p.m to 5.00 pm

Max. Marks :100  
Duration : 3 Hrs.

Instructions :

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

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**PART A (compulsory).**

**( 32 x1= 32 marks)**

**Q1. State whether the following are true or false:**

**8 marks**

- MNCs have same role in India as in other countries
- Capital market includes stock market and bond market.
- In the long-term all factors are not variable.
- Working capital =current assets + current liabilities.
- Oligopoly is a market dominated by few sellers and many buyers
- Fishing is an example of tertiary sector of the economy.
- Technical unemployment is staff reduction due to change in technology
- Disguised unemployment is less work and more people.

**Q2. Expand the abbreviations**

**8 marks**

- LRAC
- RPI
- AICPA
- AIS
- NIPM
- NPA
- STCI
- NABARD

**Q3. Fill in the blanks with appropriate words:**

**8 marks**

- a. Economic indicators fall into three categories ,leading, lagging and -----
- b. For its continuous development, India formulates and implements-----year plans.
- c. GDP Accounting is one of the ways of measuring the -----of the economy.
- d. GAPP means Generally Accepted Accounting -----
- e. Computer software is an -----asset.
- f. Economics is the science of -----
- g. The four basic factors of production are land, labour ,capital and-----
- h. -----economics concentrates on behavior of the economy on the whole.

**Q4. Match the following**

**8 marks**

<b>A</b>	<b>B</b>
1 NNP	a Non-current asset
2 SAIL	b Current asset
3 Monopoly	c Financial Institution
4 Equity share capital	d Listed companies
5 Trade marks	e National Income
6 Cash at Bank	f CPSU
7 UTI	g Sole supplier
8 SEBI	h Non-current liability

**PART B**

**(Answer any three)**

**3x16 = 48 marks**

**Q5. Write short notes on any four -**

**4 x 4= 16 marks**

- a. Quality Culture
- b. Book Keeping
- c. Perfect Competition
- d. Resonance brands
- e. Concept of demand
- f. Challenges before Indian Economy

**Q 6. Explain the Objectives and functions of Accounting**

**16 marks**

**Q 7 a. Discuss the Accounting Conventions.**

**2 X 8 = 16 marks**

- b. Discuss the significance of Accounting Principles

**Q 8. a.** Explain the factors of production **2 X 8 = 16 marks**

b. Discuss social responsibility and ethics.

**Q 9. a.** Discuss the role of public sector in economic development. **2 X 8 = 16 marks**

b. Discuss the role of SMEs in India.

**PART C** (compulsory)

**Q10.** Prepare common size balance sheet of Suresh Chemicals from the following information given for the years 2011 and 2012. **20 Marks**

**Balance Sheet of Suresh Chemicals**

Liabilities	2011 (Rs)	2012 (Rs)	Assets	2011 (Rs)	2012(Rs)
Equity Share Capital	2,00,000	3,00,000	Fixed Assets	2,25,000	4,00,000
Reserves and surplus	1,00,000	2,00,000	Stock	1,29,000	2,00,000
Bank Overdraft	60,000	2,00,000	Other current assets	46,000	2,00,000
Other current liabilities	40,000	1,00,000			
Total	4,00,000	8,00,000		4,00,000	8,00,000s

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