



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management

Dec 2017

Graduate Diploma in Materials Management

PAPER No. 3
BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 11.12.2017
Time : 2.00 p.m 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**

PART A (compulsory).

(32 x1= 32 marks)

Q 1. Expand the following abbreviations;

8 marks

- a. RPI
- b. LRAC
- c. NNP
- d. AIS
- e. PQLI
- f. NIPM
- g. GAPP
- h. AICPA

Q.2. State whether the following are true or false:

8 marks

- a. Human Development Index measures education.
- b. Working Capital is a long-term requirement of funds.
- c. Currency risk is fluctuation in foreign exchange rate.
- d. The role of MNCs in India and in other countries is different.
- e. Accounting is both a science and an art.
- f. Non-monetary benefits are considered in accounting.
- g. Banking is included in the tertiary sector of the economy.
- h. The Department of ocean development was established in 2017.

Q.3 Fill in the blanks:

8 marks

- a. Basel agreement requires capital ----- ratio.
- b. ESPP is Employee Stock Option -----.
- c. Dividend payable is a current-----.
- d. Goodwill is an ----- asset.
- e. Overhead cost is ----- cost.
- f. Financial leverage ratio is called ----- ratio.
- g. A graph of all combinations of inputs that result in the production of a given level of output is called-----.
- h. Macro economics concentrates on the behavior of the ----- as a whole.

Q4. Match the following of A with B

8 marks

A	B
1. Delegation of power	a. Foreign trade policy
2. SAIL	b. Non-current liability
3. Secondary sector	c. Current liability
4. Tertiary sector	d. Current asset
5. Protectionism	e. Insurance
6. Debentures	f. Manufacturing
7. Bank overdraft	g. CPSU
8. Cash at bank	h. Manager to subordinates

PART B

(Answer any three)

3x16 = 48 marks

Q 5. Write short notes on any four -

16 marks

- a. Quality culture
- b. Law of supply
- c. Labour productivity
- d. Macroeconomics
- e. Social infrastructure in India
- f. Financial market

Q 6. Explain in detail the concept and types of demand

16 Marks.

Q 7

. 16 marks

- a. Discuss the limitations of financial statements.
- b. Discuss the significance of accounting principles'

Q 8.

16 marks

- a. Explain the role of Government in an economy.
- b, Discuss the effects of globalization.

Q 9 Discuss the objectives and functions of Accounting.

16 Marks

PART C(compulsory)**20 Marks**

Q 10. Prepare common size balance sheet of Suresh Chemicals from the following information given for the years 2011 and 2012.

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
