



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management

Dec 2018

Graduate Diploma in Materials Management

PAPER No. 3
BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 24.12.2018
Time : 2.00 p.m to 5.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

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

Total: 32 Marks
Total: 48 Marks
Total: 20 Marks

PART A (compulsory).

(32 x1= 32 marks)

Q 1. Expand the following abbreviations;

8 marks

- a. PQLI
- b. IAS
- c. HUDCO
- d. CBD
- e. NPA
- f. HDI
- g. NHB
- h. GNP

Q2. State whether the following are true or false:

8 marks

- a. Every firm utilizes combination of all factors of production.
- b. Debenture is a short-term promissory note
- c. Currency risk is fluctuation in foreign exchange trade.
- d. RBI has no role in managing foreign exchange trade
- e. Computer software is an intangible asset.
- f. SBI issues treasury bills
- g. Retail is included in the tertiary sector of the economy
- h. The education system in India consists of primarily four levels.

Q3. Fill in the blanks:

8 marks

- a. GDP per capita is often used as an indicator of a country's standard of -----
- b. The number of basic factors of production is -----
- c. Dividend payable is a current-----
- d. Trademark is an ----- asset
- e. Land is a ----- asset
- f. Financial leverage ratio is called ----- ratio.
- g. Oligopsony is a market dominated by many sellers and a few -----
- h. The primary sector of an economy is the sector directly making use of -----
resources

Q4. Match the following (A with B):

8 marks

column A

1. Currency Risk
2. GAIL
3. Primary sector
4. Secondary sector
5. Literacy
6. Finished goods
7. Unpaid dividends
8. Contingent liabilities

column B

- a. HDI
- b. Inventories
- c. Current liabilities
- d. Guarantees
- e. Electricity
- f. Fishing
- g. CPSU
- h. Foreign exchange rate

PART B

(Answer any three)

(3 x 16 = 48 Marks)

Q5. Write short notes on any four -

16 marks

- a. Monetary policy
- b. Perishable goods
- c. Infrastructure
- d. Trend analysis
- e. Book keeping
- f. Financial market

Q 6.

16 Marks

- a. Discuss social responsibility and ethics
- b. Explain the different forms of business organizations

Q 7. Explain the limitations of financial statements

16 marks

Q 8.

16 marks

- a. Explain the role of Government in an economy.
- b. Discuss the challenges before Indian economy

Q 9. Discuss any four accounting concepts and any four accounting conventions.

16 Marks

PART C

Q.10: CASE STUDY (compulsory)

(20 Marks)

Following are ratios and other information extracted from the Balance Sheet of a company as at 31-3-2015:

Current Liabilities	1.0 times working capital
Current asset	2.5 times working capital
Working Capital	Rs.3,00,000
Liquidity Ratio	1.5
Stock Turnover Ratio	6
Gross profit as percentage of sales	20%
Debt collection period	2 months
Shareholders Capital	Rs. 5,00,000
Reserves and Surplus	Rs. 2,50,000
Fixed assets turnover	2

You are required to draw up a Balance Sheet of the company as at 31-03-2015 from the above information and show the details of the working of various items of the Balance Sheet.
