



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Supply Chain Management & Logistics
Post Graduate Diploma in Materials Management - 2 years
PAPER No. 2
Business Economics and Corporate Finance

Dec 2018

Date : 23.12.2018
Time : 2.00 to 5.00 p.m

Max. Marks :100
Duration : 3 Hrs.

Instructions :

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark **Total : 20 Marks**
2. From Part B – Answer any 4 questions out of 5 questions. Each question carries 16 marks. **Total : 80 Marks**
3. Please read the instructions given in the answer sheet.

PART A

Total 20 marks

(Compulsory . Each sub question carries 1 mark)

Q1. Select the most appropriate answer from the options given below:

1. Primary sector of the economy includes-
 - a. farming
 - b. manufacturing
 - c . mining
 - d. finance

- 2 Secondary sector of the economy includes:
 - a. fishing
 - b. mining
 - c. banking
 - d. finance

3. Tertiary sector of the economy includes:
 - a. forestry
 - b. water supply
 - c. retail
 - d. electricity

4. Which of the following is not a regulatory body?
 - a. SEBI
 - b. RBI
 - c. CBDT
 - d. UTI

5. GDP of a country can be measured by which method?
 - a. Expenditure
 - b. Income
 - c. Value-added
 - d. All of the above

Q2.State whether the following statements are true or false:

- a. Economics is the science of choice
- b. Oligopsony is a market dominated by many sellers and a few buyers
- c. Price takers have a low market share and a low price sensitivity
- d. Electricity is included in the tertiary sector of the economy
- e. Gas is included in the secondary sector of the economy

Q3. Fill in the blanks with appropriate words:

- a. The primary sector of the economy is the sector making direct use of -----resources
- b. Economic indicators fall into three categories- leading, lagging and -----
- c. National income is the total value of a country's final output of all new goods and ----- produced in one year
- d. For its continuous development, India formulates and implements -----year plans
- e. Dividend is a part of profits that are available for distribution to -----

Q4. Expand the abbreviations-

- a. LRAC
- b. IMF
- c. STCI
- d. NABARD
- e. FII

PART B

Answer any 4 questions . Each question carry 20 marks (4 x20 = 80 Marks)

Q5. Write short notes on(any four 4 x5 =20)

20 marks

- a. Euro issues
- b. Factors of production
- c. Financial markets
- d. Human Development Index
- e. Commercial Papers
- f. Quality culture

Q6.

20 marks

- a.Explain the attributes of financial statements
- b. Explain the limitations of financial statement analysis

Q.7. Explain the concept of demand. Classify the types of demand

20 marks

Q.8 .

20 marks

- a. Discuss the role of government in an economy
- b. Discuss the effects of globalization

Q9.

20 marks

- a. Discuss the features of lease.
- b. Distinguish between lease and hire-purchase.

Q.10. A choice is to be made between two competing proposals which require an equal investment of Rs. 50000/- and are expected to generate net cash flows as under: **20 marks**

Year	Project A (Rs)	Project B (Rs)
1	25000	10000
2	15000	12000
3	10000	18000
4	Nil	25000
5	12000	8000
6	6000	4000

Cost of capital of the company is 10%. The following are the present value factor at 10% p.a

Year	1	2	3	4	5	6
PV factor (@10%)	0.909	0.826	0.751	0.683	0.621	0.564

Which proposal should be selected using NPV method? Suggest the best project.
