



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Logistics & SCM
Post Graduate Diploma in Materials Management - 2 years
PAPER No. 2 (enrollment code –CPM, CPS)

Dec 2023

PAPER No. 3, (enrollment code- PMM,PSM, CMM,CSM)[OFFLINE EXAM]
Business Economics & Accounting

Date : 12.12.2023
Time : 2.00 p.m. to 5.00 p.m.

Max. Marks : 70
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 5 questions. Each question carries 10 marks. **Total : 50 Marks**

PART A

[Total 20 marks]

(Compulsory- each sub-question carries one mark)

Q.1: Fill in the blanks: (5 Marks)

- a. The law of diminishing returns states that the relationship between the variable input and output in the -----term.
- b. Net profit margin ratio is arrived at by dividing Net profit margin by -----
- c. The cost which does not vary with the change in level of output is also called total -----
- d. Production function is the relation between forms physical production and the market factors of production that is -----and -----
- e. Turnover Ratio measures the-----of firm with which it manages its assets

Q.2: Match the following: (5 Marks)

| | Column A | | Column B |
|----------|-----------------------|---|--|
| A | Leverage | 1 | Return on Equity |
| B | Price Earnings Ratio | 2 | Assess risk involved in debt |
| C | Expansion/contraction | 3 | MPS divided by EPS |
| D | DuPont Analysis | 4 | Gross profit |
| E | Trading account | 5 | Change in demand of product due to change in price |

Q.3: State True or False: (5 Marks)

- a.) Second law of Economics is also called law of supply and demand. According to this law, income is the major factor behind a production and supply of product.
- b) A business enterprise can be defined as an economic organisation which earns its profit by producing and selling goods and services demanded by customers
- c) Neon enterprises depreciates its plant and machinery by ten thousand this transaction will decrease the acid bracket plant and missionary by Rs.10,000 and will increase reserves and surplus by Rs.10,000
- d) Mr Jio Infotech Enterprises invest Rs.2,50,000 cash in plant and missionary. This means that unless it increases by Rs 2,50,000 and another acid bank deposit decreases by Rs.2,60,000.
- e) The average revenue refers to the revenue earned by organisation by selling per unit of commodity.

Q. 4: Give Full form of the abbreviation for the following : (5 Marks)

- 1) BEP 2. ABC (Related to Costing) 3. GAAP 4. NPV 5. IRR

PART B

[Total 50 marks]

Answer any five out of the following 8 questions: (10 Marks each)

Q. 5: Write short notes on any TWO. (2X5=10 marks)

- a. Functions performed by managerial economics b. Need of financial ratio analysis in any organization
c.. Concept of utility d. Concept of consumer behavior

Q. 6: a. Explain the three fundamental elements of demand. (5 Marks)

- b. Explain price demand, income demand, cross demand, and joint demand, (5 Marks)

Q. 7: Explain the factors that affect the supply of product (10 Marks)

Q. 8: a. Differentiate between master and functional budget with examples (5 Marks)

- b. Explain the General Electric's spotlight matrix and its application in business organisations (5 Marks)

Q. 9: a. Explain concept of conservatism, accrual, entity, dual and perpetual of Financial Accounting. (5 Marks)

- b. Explain the steps required to be taken of accounting for preparing financial statements (5 Marks)

Q.10:a Explain the 3 important components of cash flow statement and how it is prepared with examples.

(5 Marks)

- b. In 2006, Microsoft has introduced its mp3 player i.e. Zune. A year later, once Apple launched iPhone then Mp3 players started escaping from the market. The smart phone market which was emerging and new industry resulted in making mp3 players totally unimportant. People started using their phones.

To get rid of this, Microsoft discontinued its mp3 player brand Zune in 2008. It was the right decision for the company as they hadn't any strong presence in the market or industry of mp3 players and it couldn't get success in this. Also, the mp3-player industry had lost its attractiveness after the launch of the smart phone by Apple. From the example explain how competition affects companies. **(5 Marks)**

Q.11:a Explain various types of cost incurred in manufacturing organization (5 Marks).

- b Explain Adam Smiths Third law of economics (5 Marks)

Q.12 a Describe production possibility curve (PPC)in an organization. (5 Marks)

- b Describe the concept of the marginal rate of substitution. (5 Marks)
