



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & Supply Chain Management

Post Graduate Diploma in Materials Management - 2 YEARS

Dec 2023

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

Date : 12.12.2023
Time : 2.00 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
2. From Part B – Answer any 5 questions. Each question carries 10 marks.
3. Please read the instructions given in the answer sheet.

Total :20 Marks
Total :80 Marks

PART A

(Total 20 marks)

(Compulsory .Each sub question carries 1 mark)

Q.1: Expand the following:

5 Marks

- a. NEP b. PPC c. MRTS d. GAAP e. IOT

Q.2: Match the following:

5 Marks

Column A

Column B

- | | |
|-------------------------------|-----------------------------------|
| A. Entrepreneurship & Capital | 1. Opportunity Cost |
| B. Alternative Cost | 2. DuPont analysis |
| C. Accounting Cost | 3. Generic Competitive Strategies |
| D. Return on Equity | 4. Factors of Production |
| E. Michael E. Porter | 5. Explicit Cost |

Q.3: State True or False:

5 Marks

- a. The Master Budget is a dynamic budget.
- b. The Second Law of Economics is called the law of supply and demand.
- c. The demand of steel for various purposes is a prime example of composite demand.
- d. The Law of Diminishing Marginal Utility is valid for durable and non-durable goods but not for consumer goods.
- e. Valuation ratios are used to assess the risk involved in the use of debt capital.

Q. 4: Fill in the blanks:

5 Marks

- a. costing is used frequently in textile and chemical industries.
- b. also called the cost-volume- profit analysis.
- c A business unit can become a differentiator by offering a superior product or service at a
- d. Goods whose demand decreases with the increase in the income of buyers are known as
- e. and of the product in the market affect the supply of a product.

PART B
(Answer any five)

(5X10=50 Marks)

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

- | | |
|--------------------------------|--------------------|
| a. Scope of Business Economics | b. Demand Curve |
| c. Activity – Based Costing | d. Flexible Budget |

Q. 6: Budget preparation is not just a mechanical process; it involves various human aspects - Discuss? (10 marks)

Q. 7: Distinguish between - (2X5=10 marks)

- | | |
|--------------------------------------|--|
| a) Economics and Business Economics. | b) Economies of Scale and Economies of Scope |
|--------------------------------------|--|

Q. 8: As consumption increases, the utility that a consumer derives from a commodity decreases with each successive unit- Explain the law along with its assumptions and exceptions? (10 marks)

Q. 9: a) The study of consumer behaviour is based on certain assumptions – Discuss (5 marks)
b) Briefly explain the various concepts of Financial Accounting? (5 marks)

Q. 10: XYZ Ltd is a business organisation which trades in `consumer goods and services. It was incorporated in the year 2022. The company was started with an initial capital of amount ₹ 10,50,000 and the turnover of the company in the first year was ₹9,00,000. The following are some of the initial transactions of the company. You are required to pass journal entries for the following transactions (10 marks)

- May 3, 2022:** Commencement of business with capital of ₹ 10,50,000.
- May 6, 2022:** Goods worth ₹3,03,000 were purchased from Maniklal & sons.
- May 8, 2022:** Goods worth ₹4,000 were spoilt in transit and a claim was made to the Railway company ;₹1,500 was received from the claim.
- May 12, 2022:** `Goods worth 76,000 were supplied to Sukhchand & Co. and a freight of 1,000 was paid.
- May 12, 2022:** Purchased goods worth ₹ 45,000 from Nitish& Co. at a trade discount of 5%.

Q. 11: Discuss the various determinants of demand that affect the individual demand of a product or service? (10 marks)

Q. 12: From the following information calculate the break-even point of M/s Natcomm Ltd. for the year 2021-22 for its domestic and International operations- (Rs'000) (10 marks)

	Domestic Streaming Segment	International Streaming Segment
Memberships:		
Net Additions	4,693	14,341
Memberships at the end of the period	49,431	44,365
Paid Membership at the end of the period	47,905	41,185
Average monthly revenue per paying membership	9.21	7.81
Contribution Profit:		
Revenues	50,77,307	32,11,095
Cost of Revenues	28,55,789	29,11,370
Marketing	3,83,832	6,08,246
Contribution Profit	18,38,686	(3,08,521)
Contribution Margin	36%	(10%)