



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & SCM  
Post Graduate Diploma in Materials Management - 2 years

Dec 2024

## PAPER No. 3 (enrollment code – PGMM, PGSM) BUSINESS ECONOMICS

Date : 17.12.2024  
Time : 2.00 p.m. to 5.00 pm

Max. Marks: 70  
Duration : 3 Hrs.

### Instructions:

1. Part A, contains 4 main questions (with 5 sub-questions) each question carries 1 mark
2. Part B answer any 5 questions out of 8 questions. Each question carries 10 marks

Total 20 marks  
Total 50 marks

### PART – A

(20X1= 20 Marks)

(Compulsory - Attempt all questions each question carries 1 mark)

#### Q.1 Select the right answer

[5 marks]

1. Discount rate is a component and tool of \_\_\_\_\_  
(a) Monetary policy (b) Selling price (c) Bank interest rate (d) Bank lending rate
2. \_\_\_\_\_ aims to ensure fair, transparent and efficient functioning of the markets  
(a) Banking system (b) Judicial system (c) Market regulations (d) Government
3. A market that is characterized by the dominance of a few large firms is \_\_\_\_\_ competition  
(a) Monopolistic (b) Oligopolistic (c) Perfect (d) Imperfect
4. Non-Profit Organizations generate revenue through  
(a) Events (b) Donations (c) Services (d) All of these
5. \_\_\_\_\_ structure is a structure where several teams work towards a common objective  
(a) Matrix (b) Flatarchy (c) Functional (d) Divisional

#### Q.2 Fill in the blanks

[5 marks]

1. The second law of economics is also known as the \_\_\_\_\_
2. Price of related goods is an important factor determining the \_\_\_\_\_
3. Taxation policy is one of the factors that affect the \_\_\_\_\_ of the [product
4. The Nicosia Model of consumer decision making focuses on the \_\_\_\_\_
5. Under perfect competition individual firms accept the \_\_\_\_\_ price

#### Q.3 Mention True or False

[5 marks]

1. A shortage occurs when the market price is lower than the equilibrium price
2. Homogenous products are identical in price in the market
3. The sum of the fixed and variable cost constitutes the price of the product
4. ABC costing helps in the allocation of indirect costs in manufacturing
5. Break even analysis is the volume of sales at which the company neither makes a profit or loss

**Q.4 Match The following****[5 marks]**

COLUMN A		COLUMN B	
Sr. No.		Sr. No.	
1	Revenue measurement	A	Five forces theory
2	Financial instrument	B	Fiscal policy of government
3	Threat of new entrants	C	Equity
4	Principal - Agent theory	D	Cash basis accounting
5	Taxation	E	Conflict between management and owners

**PART - B****[Total 50 marks]****Answer any FIVE out of the following five questions:**

- Q5.** (a) What are the features and functions of the banking system? **[5 marks]**  
 (b) Explain the scope of business economics. **[5 marks]**
- Q6.** (a) What is the five forces model used for? Explain the model. **[5 marks]**  
 (b) Explain each of the factors that affect market demand. **[5 marks]**
- Q7.** (a) What do you understand by GAP analysis? Explain briefly the types of gap analysis? **[5 marks]**  
 (b) Explain consumer buying behaviour in the market environment **[5 marks]**
- Q8.** (a) Explain the features of market equilibrium under perfect competition. **[5 marks]**  
 (b) Explain the various types of production cost. **[5 marks]**
- Q9.** (a) What are the key concepts that are part of the wider framework of theory of firms? **[5 marks]**  
 (b) What are the factors that affect revenue generation? **[5 marks]**
- Q10.** (a) Explain the concept of cost-volume-profit analysis. What is break-even point? **[5 marks]**  
 (b) What are the applications of the theoretical perfect competition model **[5 marks]**
- Q11.** (a) Explain briefly each of the factors that affect the supply of a product. **[5 marks]**  
 (b) What are the three laws of economics? Explain each of them. **[5 marks]**
- Q12.** (a) What are the future trends expected in the monetary and financial sector? **[5 marks]**  
 (b) What are the components that are considered while carrying out the market analysis? **[5 marks]**