



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & SCM

Dec 2024

Post Graduate Diploma in Materials Management - 2 years

PAPER No. 3, (enrolment code- PMM,PSM, CMM,CSM)

Business Economics & Accounting

Date : 17.12.2024

Max. Marks : 70

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

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. Expand the following:

{ 5 Marks}

- a. DMU
- b. PPC
- c. TFC
- d. GAAP
- e. BEP

Q 2. Match the following:

{ 5 Marks}

Column A

- a. Scope of Business Economics
- b. Adam Smith
- c. Equilibrium
- d. Current Ratio
- e. Operating and Financial Budget

Column B

1. Current Assets Vs Current Liabilities
2. Profit maximization
3. Father of Economics
4. Master Budget
5. Demand & Supply intersect

Q 3. State True or False:

{ 5 Marks}

- a. A managerial economist is also known as an economic advisor.
- b. The law of demand refers to the relationship between price and quality demanded.
- c. Direct labour is directly involved in the production process
- d. Dual aspect concept is generally expressed as $\text{Asset} = \text{Capital} + \text{Liability}$.
- e. Trial Balance is not a summarised balance of all the ledger accounts.

Q 4. Fill in the blanks:

{ 5 Marks}

- a. If the demand of a particular product is high in the market, then manufacturers will Its supply to meet the growing demand.
- b. The co-relation between the supply and price of a product is described by the
- c. The utility gained by an individual from consumption of an additional or marginal commodity is defined as
- d. Anticipate no profit and provide for all possible losses is the concept known as
- e. Profit and Loss account is prepared for a period, whereas Balance Sheet is prepared

PART B**[Total 50 Marks]****Answer any five out of the following eight questions (10 Marks each)****Q 5.** Explain the concept of business economics and also how does it differ from economics. { 10 Marks}**Q 6.** Explain the Law of Supply in details. {10 Marks}**Q 7 a.** Describe Production Possibility Curve. { 5 Marks}**b.** Explain Law of Diminishing Returns. { 5 Marks}**Q 8 a.** Describe the role of Managerial Economist. { 5 Marks}**b.** Explain the relation between Economics and Accountancy. { 5 Marks}**Q 9.** Analyse the impact of following transactions on individual accounts by applying the Debit and Credit rules: - { 10 Marks}

The company purchased a building worth Rs 8,00,000.

- i) Operating expenses paid in cash amounting to Rs 60,000.
- ii) The amount collected from customers against credit sales amounted to Rs 1,20,000.
- iii) Operating expenses which have been accrued but not yet paid amounted to Rs 30,000.
- iv) Depreciation charged on fixed assets was Rs 12,000.

Q 10. Prepare Trading, Profit & Loss a/c and Balance Sheet of M/s Hinduja Associate from following Trial

Balance as at 31 March 2022: { 10 Marks}

Opening Stock	96,000	Bad Debts	5,000
Salaries	32,000	Repair	1,600
Commission paid	2,000	Cash in Hand	2,000
Freight	3,000	Debtors	40,000
Purchase	1,18,500	Income Tax	5,500
Sales	2,49,000	Drawings	6,500
Trade Expenses	200	Capital	50,000
Bills Receivable	6,000	Bills Payable	5,000
Rent	2,000	Loan	9,000
Plant	20,000	Discount received	4,000
Creditors	23,300		

Closing Stock as at 31st March 2022 was Rs 35,000/.**Q 11.** Describe Financial Ratios Analysis with five common Ratios practised in the industry { 10 Marks}**Q 12.** Explain process and procedure while preparing Budget of an organisation. { 10 Marks}