



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management -3 years
Graduate Diploma in Materials Management

July 2019

PAPER No. 3
BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 22.07.2019
Time : 2.00 p.m to 5.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

- | | |
|--|------------------------|
| 1. From Part A – answer all questions (compulsory). | Total: 32 Marks |
| 2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 16 marks | Total: 48 Marks |
| 3. Part C is a case study (compulsory). Read the case study carefully and answer the questions | Total: 20 Marks |

PART A (compulsory) (32 x1= 32 marks)

Q 1. Choose the most appropriate option:

- 1 . Which one of the following is in the primary sector of the economy
 - a Agriculture
 - b Industry
 - c Electricity
 - d Gas

2. Which one of the following is in the secondary sector of the economy
 - a Farming
 - b Manufacturing
 - c Fishing
 - d Banking

- 3 Which one of the following is in the tertiary sector of the economy
 - a. Forestry
 - b. Mining
 - c. Insurance
 - d. Agriculture

4. Which is the economic system followed by India
 - a. Capitalist
 - b. Socialist
 - c. Mixed
 - d. All the above

5 One of the following is a current liability

- a. Bills Payable
- b Bills Receivable
- c Cash in Hand
- d Cash at Bank

6. One of the following is a current asset

- a Dividend Payable
- b Bills Receivable
- c Bank Overdraft
- d none of the above

7. Oligopoly exists in case of domination by

- a. one buyer
- b one seller and few buyers
- c. many sellers and a few buyers
- d none of the above

8. The number of categories into which the economic indicators fall into is

- a. one
- b. five
- c four
- d three

Q2. State whether the following are true or false:

8 marks

- a. Product market is the market in which the real goods and services are bought and sold.
- b. Price takers typically have a high market share and high price sensitivity.
- c. A wage is a compensation, usually financial received by a workers in exchange for his labour.
- d. The primary sector of the economy involves the provision of services to businesses as well as final consumers.
- e Low capital base is not one of the limitations of SMEs.
- f. The Education system in India consists primarily of five levels.
- g. Computer software can be classified as intangible asset.
- h. Preliminary expenses are non-current assets.

Q3. Expand the abbreviations

8 marks

- i. CGST
- ii. NABARD
- iii. CBDT
- iv. GNP
- v. ICAI
- vi. BEP
- vii. SEBI
- viii. LIFO

Q4. Fill in the blanks with appropriate words:

8 marks

- a. ----- economics concentrates on the behavior of the economy on the whole.
- b. The objective of the firm is to maximize its value to its-----.
- c. Market dominated by many sellers and few buyers is called -----
- d. A Country's GDP is one of the ways of measuring the ----- of its economy.
- e. A good for which the demand increases as the price increases and falls when the price decreases is called ----- goods
- f. A type of good for which demand declines as the level of income or real GDP in the economy increases is called ----- goods.
- g. A person who cannot pay his debts is called -----.
- h. LIFO or FIFO are methods for valuation of -----.

PART B

(Answer any three)

3x16 = 48 marks

Q 5. Write short notes on any four -

16 marks

- a. Quality Culture
- b. Labour productivity
- c. Challenges before Indian economy
- d. SME's in India
- e. Accounting methods
- f. Resource market

Q 6.

16 marks

- a. Discuss the advantages and disadvantages of each form of business organization.
- b. Explain the sub-types of financial markets..

Q 7

. 16 marks

- a. Explain the features of financial statements.
- b. Discuss the three branches of Accounting.

Q 8.

16 marks

- a. Discuss the concept of demand and the types of demand
- b. Discuss Social Responsibility and Ethics

Q 9.

16 marks

- a. Discuss the advantages of the Common Size Financial Statement.
- b. Discuss the effects of Globalisation.

PART C(compulsory)

20 Marks

Q10. Prepare a statement of changes in working capital from the following balance sheet of ABC Ltd.

Balance Sheet as on 31/12/2014 and 31/12/2015

Liabilities	2014(Rs)	2015(Rs)	Assets	2014 (Rs)	2015(Rs)
Equity Share Capital	3,00,000	3,00,000	Fixed Assets	3,30,000	3,40,000
Debentures	1,40,000	1,40,000	Long term Investments	1,00,000	95,000
Tax payable	52,000	48,000	Bills Receivable	65,000	76,000
Interest payable	28,000	33,000	Stock	49,000	49,000
Sundry Creditors	41,000	48,000	Debtors	32,000	23,000
Dividend payable	35,000	32,000	Cash	20,000	18,000
	5,96,000	6,01,000		5,96,000	6,01,000
