



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

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

JUNE 2024

PAPER No. 3 - (OFFLINE EXAM)
(enrollment code - PGMM, PGSM)
BUSINESS ECONOMICS

Date : 11.06.2024
Time : 2.00 p.m. to 5.00 p.m.

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

(1x20= 20 Marks)

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

Q.1 Select the right answer

[5 marks]

1. Substitute goods are classified as _____ goods
(a) Counterfeit (b) Related (c) Inferior (d) All of these
2. The two major factors that control the market dynamics are
(a) Price and Supply (b) Price and Demand (c) Demand and supply (d) Only price
3. According to _____ model reinforcement and association modifies consumer behaviour
(a) Webster-wind (b) Black-box (c) Pavlovian (d) Nicosia
4. _____ is the market structure where a small number of large firms are present
(a) Monopoly (b) Oligopoly (c) Monopolistic (d) Perfect
5. _____ costs remain the same irrespective of the production level
(a) Fixed (b) Variable (c) Avg. Variable (d) Avg. Fixed

Q.2 Fill in the blanks

[5 marks]

1. Complementary goods affect the _____ of goods
2. _____ competition is characterized by both monopoly and competitive markets
3. _____ are costs that vary with the level of production
4. _____ examines the relationship between a company's cost and volume of production
5. _____ are revenues generated from the company's core business activities

Q.3 Mention True or False

[5 marks]

1. The first law of economics is "The law of Supply and Demand"
2. Accrual basis of accounting recognizes revenue when cash is received
3. According to Pure Monetary Theory ups and downs in economic activity are determined by money flow
4. Incentives are used to influence behaviour of stake holders of the organization
5. The first law of economics is called as the law of self interest

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

COLUMN A		COLUMN B	
Sr. No.		Sr. No.	
1	Business economics	A	Not applicable for luxury goods
2	Law of diminishing marginal utility	B	Theoretical market structure
3	Cost of production	C	Phycological model
4	Consumer behaviour model	D	Fixed cost plus variable costs
5	Perfect competition	E	Profit maximization

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

- Q5.** (a) What are the features of perfect competition? Compare this with monopoly market features **[5 marks]**
 (b) Enumerate the differences between economics and business economics. **[5 marks]**
- Q6.** (a) What are the features of market under perfect competition? **[5 marks]**
 (b) Explain with a plot (graph), what you understand balanced market / equilibrium price **[5 marks]**
- Q7.** (a) Explain the steps in the process of Gap Analysis **[5 marks]**
 (b) What are the models of consumer behaviour. Explain briefly each. **[5 marks]**
- Q8.** (a) Explain Porter's five forces analysis. What is this analysis used for? **[5 marks]**
 (b) What are the key concepts of economics that drive a Non-Profit Organization **[5 marks]**
- Q9.** (a) What are the various types of organizational structure? Explain briefly **[5 marks]**
 (b) Who are the various types of market regulators. Explain briefly the function of each. **[5 marks]**
- Q10.** (a) What are the factors that affect the individual demand for goods? Explain briefly **[5 marks]**
 (b) What are the factors that affect the supply of goods? **[5 marks]**
- Q11.** (a) Explain the law of variable proportion? What are the assumptions of the law? **[5 marks]**
 (b) Compare the differences between direct costs and indirect costs **[5 marks]**
- Q12.** (a) Explain some of the methods followed in the measurement of cost. **[5 marks]**
 (b) Explain briefly each of the phases of business cycle with a diagram **[5 marks]**
