



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

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

JUN 2024

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

Date : 11.06.2024
Time : 2.00 pm 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. The basic elements (components) of demand are

- (a) Quantity (b) Period of time (c) Price (d) All of these

2. The factors that determine the market demand is

- (a) No of buyers in market (b) Population of market (c) Location of market (d) Product features

3. One of the factors that affect the supply

- (a) Supplier location (b) Price of related goods (c) Customer location (d) Competition price

4. Factor that play an important role in the finalization of consumer preference

- (a) Political factors (b) Cultural factors (c) Social factors (d) Religious factors

5. One of the methods of estimating indirect cost to products is based on

- (a) Marginal costing (b) Activity based costing (c) Cost of ownership (d) Life cycle costing

Q.2 Fill in the blanks

[5 marks]

1. _____ is the total cost associated with acquiring, owning and operating assets

2. _____ in physical units is the ratio of fixed cost divided by contribution margin per unit

3. Controlling the _____ is essential to achieve and maintain economic stability

4. _____ examines the relationship between share holders and the firm's directors

5. Risk management is one of the important areas of _____ -

Q.3 Mention True or False

[5 marks]

1. Antitrust and competition laws are designed to prevent competition among unequal parties False

2. Porter's five forces analysis is a framework used to analyze the competitive intensity of an organization

3. Monopoly market is where a single firm controls the market

4. Business are carried out with the aim of profit maximization

5. Cost of production is a combination of both direct and indirect cost

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

COLUMN A		COLUMN B	
Sr. No.		Sr. No.	
1	Utility theory	A	Factors of production
2	Law of self interest	B	Market demand
3	Climatic conditions	C	Imperfect competition
4	Monopolistic competition	D	Consumer behaviour
5	Capital assets	E	Economic theory

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

- Q5.** (a) What are the various types of cost incurred in production? Explain briefly **[5 marks]**
 (b) List out and explain briefly the various models of consumer behaviour **[5 marks]**
- Q6.** (a) What is the use of the perfect competition model? Explain a few of the applications **[5 marks]**
 (b) Explain with a plot (graph), what you understand balanced market / equilibrium price **[5 marks]**
- Q7.** (a) What is monopoly market structure? What are its characteristics? **[5 marks]**
 (b) What are the aspects of business that is covered by business economics? **[5 marks]**
- Q8.** (a) What is break-even (CVP) analysis? What are its applications in business? **[5 marks]**
 (b) What are the methods followed in business in the measurement of revenue? **[5 marks]**
- Q9.** (a) What are the concepts of economics followed by non-profit organizations in their operation? **[5 marks]**
 (b) What are the various types of demand that would be faced by an organization? **[5 marks]**
- Q10.** (a) Identify the market forces affecting the supply and demand. Explain its effect on economy **[5 marks]**
 (b) Explain briefly each of the components of the financial system? **[5 marks]**
- Q11.** (a) What are types of demand – supply gap analysis? What are the steps in conducting it? **[5 marks]**
 (b) Individual demand is affected by multiple factors. Explain briefly each of these factors. **[5 marks]**
- Q12.** (a) Explain the various methods followed in the measurement of cost . **[5 marks]**
 (b) Explain briefly each of the phases of business cycle with a diagram **[5 marks]**