



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Materials Management

Dec 2013

Graduate Diploma in Materials Management

PAPER No. 3

BUSINESS ECONOMICS, ACCOUNTING & FINANCE.

Date : 16.12.2013
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
Each Question carries 10 marks
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PART A

32 Marks

(each question carries one mark)

Q. 1 Expand the following abbreviations

- a. NYSE
- b. LRAC
- c. MES
- d. APP
- e. GDP
- f. IMF
- g. FDI
- h. SCM

Q. 2.Match Col A & Col B

Col A

- a. GDP
- b. Keynesian economics
- c. Perfect competition
- d. World Bank
- e. Seasonal unemployment
- f. Laissez – Faire
- g. Gorbachev
- h. Variable cost

Col B

- a. large numbers of buyers and sellers
- b. financial agency under UNO regulations
- c. agriculture
- d. perestroika
- e. physiocrats
- f. volume of output
- g. size of the economy's income
- h. Macro economic theory

Q. 3. True or False

- a. Micro economics deals with behavior of the economy
- b. The four factors of production are Land, Building, labor and capital
- c. Diminishing Marginal Return is the points where MRP curve starts sloping down
- d. Industrial Reconstruction Bank of India is now called Industrial Investment Bank of India
- e. The purpose of P & L A/c preparation is to ascertain Net Profit.
- f. Balance sheet is always prepared on a certain date.
- g. Market conditions may change the market price of current assets but not its book value.
- h. Fund flow statement cannot reveal continuous changes.

Q. 4. Fill in the blanks.

- a. The objective of the firm is to _____ its value to share holders.
- b. Most of durable commodities are kept in _____
- c. Less work and more people means _____
- d. Current assets will be converted in to _____
- e. One of the components of return on _____ employed in the Net profit ratio.
- f. Cash comprises of cash on hand and demand deposit with _____
- g. The previous years _____ are carried forward to new books of the current year
- h. Healthy _____ would help less efficient firm in acquiring competency.

PART B

Answer any three question each question carries 16 marks

48 marks

Q. 5. What are the advantages and disadvantages of sole proprietorship

Q. 6 What are the criteria for market classification?

Q. 7 What are the functions of financial institutions?

Q. 8 a. Explain the different forms of business organization

b. Discuss the different sectors of Economy

Q. 9 Write Short Notes on any four

- a. E- Governance
- b. Wholesale Price Index
- c. Use of financial Ratios
- d. Globalization and its effects
- e. Factors of Production.

PART C

20 Marks

Q. 10. The following are the Ratio's and other information extracted from the Balance sheet of a company as on 31.03.2013.

1. Current Liabilities	10 times of working capital
2. Current Assets	2.5 times of working capital
3. Working capital	Rs. 3,00,000
4. Liquidity ratio	1.5
5. Stock turnover ratio	6
6. Gross profit as percentage of sales	20 %
7. Debt collection period	2 months
8. Share holders capital	Rs. 5,00,000
9. Reserves and surplus	Rs. 2,50,000
10. Fixed assets turnover	2

- a. Draw a balance sheet of the company from the above information.
- b. Show the working details of various items of Balance sheet.
