



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

## Post Graduate Diploma in Materials Management

June 2014

## Graduate Diploma in Materials Management

### PAPER No. 3

### BUSINESS ECONOMICS, ACCOUNTING & FINANCE.

Date : 16.06.2014  
Time : 2.00 p.m to 5.00 pm

Max. Marks :100  
Duration : 3 Hrs.

**Instructions :**

- |  |                        |
|--|------------------------|
| 1. From Part A – answer all questions (compulsory).  | <b>Total: 32 Marks</b> |
| 2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 16 marks                                       | <b>Total: 48 Marks</b> |
| 3. Part C is a case study (compulsory). Read the case study carefully and answer the questions<br>Each Question carries 10 marks | <b>Total: 20 Marks</b> |
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### **PART A** (compulsory).

**Q1. Select the most appropriate answer from the options given below: 8 marks**

- One of the following is not included in the tertiary sector of the economy.  
a. Agriculture    b. Banking    c. Finance    d. Retail
- Which among the following is a regulatory body?  
a. CBDT    b. SBI    c. HDFC    d. IDBI
- Which of the following is not included in the term Asian tigers?  
a. Taiwan    b. Indonesia    c. Singapore    d. Hong Kong
- Which of the following is not a use of funds?  
a. Funds lost in operation    b. Sale of non-current assets  
b. c. Payment of dividends    d. Payment of taxes
- One of the following will not appear in the debit side of the trading account.  
a. Wages    b. Direct expenses  
c. Sales less returns    d. Carriage Inwards

6. WTO came into existence on 1<sup>st</sup> January
  - a. 1985
  - b. 1980
  - c. 1995
  - d. 1975
  
7. Gross Domestic Product of a country can be measured by
  - a. Expenditure method
  - b. Income method
  - c. Value added method
  - d. All of the above
  
8. High volume brands which exhibit a high price sensitivity and tend to be price focused are called
  - a. Maintstream brands
  - b. Market leaders
  - c. Price takers
  - d. Price fighters

**Q2. State whether true or false:**

**8 marks**

1. Insurance is an example of primary economic activity.
2. Capital profit is the profit which arises from the normal course of business.
3. It is necessary to depreciate the building even If it is not in use.
4. Balance sheet is always prepared on a certain date and not for a particular period.
5. Capital market is overseen by RBI.
6. Ledger is also called a 'Book of final entry'.
7. Journal is a basic book of original entry.
8. Financial statements disclose only monetary facts.

**Q3. Fill in the blanks with appropriate words:**

**8 marks**

1. A country's GDP is one of the ways of measuring the \_\_\_\_\_ of its economy.
2. The Net National Product is an alternative and closely related measure of the National \_\_\_\_\_
3. \_\_\_\_\_ is a market dominated by many sellers and a few buyers.
4. Study of the growth, change and structure of the human population is called \_\_\_\_\_ .
5. Technical know-how is \_\_\_\_\_ asset.
6. IMF is the abbreviation of International Monetary \_\_\_\_\_
7. Economics is divided into two major parts, namely microeconomics and \_\_\_\_\_ economics
8. The objective of the firm is to maximize its value to its \_\_\_\_\_

**Q4. Expand the abbreviations:**

**8 marks**

1. NAFTA
2. EEC
3. IBRD
4. ICSID
5. NHB
6. EXIM Bank
7. UTI
8. GIC

**PART B**

**Q5. Write short notes on: (any 4)**

**16 marks**

1. Corporate Governance
2. Factors of production
3. Wholesale Price Index
4. Balance Sheet
5. Quality culture
6. Bipolar worlds

**Q6.**

**16 marks**

1. Explain FDI. Discuss role of FDI in India.
2. Discuss India's foreign trade policy of liberalization.

**Q7.**

**16 marks**

1. Explain the different forms of business organisation.
2. Discuss the different sectors of an economy.

**Q8.**

**16 marks**

1. Discuss social responsibility and ethics.
2. Explain the concept and role of financial accounting.

**Q9.**

**16 marks**

1. Discuss globalization and its effects.
2. Discuss the role of technology, education and employment in an economy.

**PART C****20 marks****Q10.**

From the following ledger account balances extracted from the book of accounts of M/s Jayanti Shah Industries, Ahmedabad for the year ended Mar 31<sup>st</sup>, 2012, prepare the trading and P& L A/c.

Particulars	Amount(Rs)
Opening Stock	50,000
Purchases	160,000
Sales	260,000
Wages	20,000
Carriage Inwards	4,000
Salaries	8,000
Trade expenses	1,000
Loss by fire	1,000
Insurance	1,000
Printing and Stationary	500
Rent and taxes	2,000
Audit fees	3,000
Discount received	2,000
Interest earned	4,000
Commission received	3,000
Dividend from shares	2,000
Bad debts recovered	50
Closing Stock	35,000
Fuel expenses	1,000
Carriage Outwards	2,000
Postage and telegrams	1,000
Bad Debts	500
Bank charges	1,000
Travel expenses	3,000

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