IN INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management

PAPER No. 3 (New)
BUSINESS ECONOMICS & FINANCIAL ACCOUNTING.

Date : 14.12.2015
Max. Marks : 100
Time : 2.00 p.m to 5.00 pm
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. Each Question carries 10 marks Total: 20 Marks

PART A (compulsory). (32 x 1 = 32 marks)

Q.1. Expand the following abbreviations:

a. MWA
b. NIPM
c. QLI
d. RPI
e. PQLI
f. HDI
g. NPA
h. GAAP

Q. 2 Match column A with column B

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Coal India Ltd</td>
<td>b. Current Asset</td>
</tr>
<tr>
<td>c. Debenture</td>
<td>c. study of firms</td>
</tr>
<tr>
<td>d. Micro-economics</td>
<td>d. Foreign Trade policy</td>
</tr>
<tr>
<td>e. Protectionism</td>
<td>e. CPSU</td>
</tr>
<tr>
<td>f. Democratic control</td>
<td>f. Manager to subordinate</td>
</tr>
<tr>
<td>g. Income Tax Act, 1961</td>
<td>g. Exemptions</td>
</tr>
<tr>
<td>h. Cash in hand</td>
<td>h. cooperatives</td>
</tr>
</tbody>
</table>
Q. 3. State True or False 8 marks

a. Human Development Index measures literacy
b. CPI shall have more primary goods than WPI
c. GNP deflator gives correct measure of national income
d. MNC's have same role in India as in other countries
e. Currency risk is fluctuation in foreign exchange rate
f. Accounting is both Science and Art
g. Non-monetary factors are considered in accounting
h. Owners equity refers to the claim of workers

Q. 4. Fill in the blanks 8 marks

a. Basel III agreement requires capital ............... ratio
b. National Income accounting is part of ............. Economics
c. Goodwill is an ............... asset
d. NITI Aayog is new ............. body
e. Source and use of fund are shown in ............... Statement
f. Informal sector covers ................. employed people
g. The process of buying and selling Government securities by RBI is called ............. market operations
h. Goods-in –transit shall be disclosed under .................

PART B
(Answer any three) 3x16 = 48 marks

Q. 5 Write short notes on any four

a. Monetary policy of RBI
b. SME’s in India
c. Resource Market
d. Niche brands
e. Book keeping system

Q. 6 What are the limitations of financial statements
Q. 7 What are the procedures for preparing fund flow statements
Q. 8 Explain Income method of estimating national income.
Q. 9 Distinguish between the functions of IMF and WTO in the world economy.
**Q.10. (COMPULSORY)**

Prepare a statement of change in working capital from the balance sheet given below

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2009</th>
<th>2010</th>
<th>Asset</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Share Capital</td>
<td>300000</td>
<td>300000</td>
<td>Fixed Assets</td>
<td>330000</td>
<td>340000</td>
</tr>
<tr>
<td>Debentures</td>
<td>140000</td>
<td>140000</td>
<td>Long term Investment</td>
<td>100000</td>
<td>95000</td>
</tr>
<tr>
<td>Tax payable</td>
<td>52000</td>
<td>48000</td>
<td>Bills Receivables</td>
<td>65000</td>
<td>76000</td>
</tr>
<tr>
<td>Interest payable</td>
<td>28000</td>
<td>33000</td>
<td>Stock</td>
<td>49000</td>
<td>49000</td>
</tr>
<tr>
<td>Sundry creditors</td>
<td>41000</td>
<td>48000</td>
<td>Debtors</td>
<td>32000</td>
<td>23000</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>35000</td>
<td>32000</td>
<td>Cash</td>
<td>20000</td>
<td>18000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>596000</td>
<td>601000</td>
<td><strong>TOTAL</strong></td>
<td>596000</td>
<td>601000</td>
</tr>
</tbody>
</table>