



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT

Dec 2012

Paper No.3
Contract Management

Date: 10.12.2012
Time: 10.00 am to 1.00 pm

Max Marks: 100
Duration: 3 Hours

Instructions:

Part A contains 4 main questions, each question carries 10 marks. Attempt all 4 questions
Part B contains 7 questions, attempt any 4 questions. Each question carries 15 marks.

PART-A

Q1. State True or False:

- 1.1 Government purchases should necessarily be made at the lowest quoted price only.
- 1.2 Learning curve is relevant to cost price analysis.
- 1.3 The extent of price analysis increases with the monetary value of procurement.
- 1.4 Adequacy of consideration is not an important element of a valid contract.
- 1.5 Direct action eliminates or reduces risk, indirect action avoids risks.
- 1.6 Money is not the only motivation factor for supplier.
- 1.7 Price analysis cannot be effectively used when competition exists.
- 1.8 Estoppels do not assist a person to prevent him from contradicting his own previous assertion.
- 1.9 Job order cost system is generally used when products are manufactured in discrete lots.
- 1.10 Too much or too little data can prevent meaningful price analysis.

Q2. Write the full form of following abbreviations used in the context of public Procurement.

2.1 BVWG	2.3 QCP	2.5 TAN	2.7 GST	2.9 SVC
2.2 BVE	2.4 TIN	2.6 AQL	2.8 WBS	2.10 FMC

Q3. Fill in the blanks.

- 3.1 Customer feedback is a good tool for effective administration.
- 3.2 Cost effectiveness is of concern in contracts, because of public money in funding.
- 3.3 Pricein effect says that price is independent of costs.

- 3.4 Current price analysis is most relevant forfair and reasonable price.
- 3.5 The right to is fundamental but not absolute.
- 3.6 The goal of performance is continuous improvement.
- 3.7 Excessive sums payable on to perform should be avoided.
- 3.8 Fair and reasonable price means that price is
- 3.9 Competencies of parties are an additionalof a valid contract.
- 3.10 Depreciation covers straight line and declining balance.

Q4. Match the following:

Column A

Column B

1. Price analysis	a) relates to pre-award suppliers complaints.
2. Risk transfer	b) direct costs, indirect costs and profits.
3. Bidders protests	c) it is fast and relatively inexpensive to perform.
4. Cost break down covers	d) include in general to act in good faith and deal fairly.
5. Sellers obligations	e) undermines comparability by eroding the real value of money.
6. Buyers obligations	f) contractor is responsible for achieving the specified outcome.
7. Round table estimating	g) includes transfer of title of ownership for a product.
8. Inflation	h) mechanism to address a situation where an impediment occurs that is beyond the control of parties and prevents performance.
9. PBC	i) is the use of third party's solutions to minimize risks.
10. Force majeure	j) becomes necessary when there is suspected cartel formation .

PART- B

Attempt any four questions. Each question carries 15 marks. Total - 60 Marks.

- Q5. What are buyers and sellers obligations under a contract? What are the remedies available to the buyer for the failure of seller to perform?
- Q6. Explain the importance of price and cost analysis? What is the difference between them?
When does cost analysis become necessary.

- Q7. Explain VA & VE. What are the advantages and disadvantages in using them?
- Q8. Explain briefly: Any three.
- a) Resolution of disputes.
 - b) Express and implied warranties.
 - c) Termination of contract.
 - d) Learning curve.
 - e) Legally enforceable acceptance.
 - f) Public procurement legislation
 - g) Contract monitoring.
- Q9. Why is contract management important in the procurement process? Explain in detail.
- Q10. Why is transparency in public contracting important? Explain. Also explain the concept of 'ethics' in purchase.
- Q11. What is a construction contract? What are the essential pre-requisites in writing a construction contract.
