



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management
PAPER No. 5

Dec 2012

Purchasing Management

Date : 08.12.2012
Time : 10.00 a.m. to 1.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **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) with questions. Read the case study carefully and answer the questions (4 questions of 5 marks each) **Total: 20 Marks**
4. Please read the instructions given in the answer sheet

PART A

Q.1 Please state whether the following statements are “True” or “False”. (1 Mark each)

[Total : 8 Marks]

1. Purchasing is different than buying
2. Quality can be specified in terms of end use
3. Purchase Department should implicitly buy as per indent.
4. Arranging delivery much earlier than required time is efficient purchasing
5. Central Excise duty is an Direct Tax
6. Import duty is levied on goods leaving a country.
7. Blanket orders can be used for Purchase of Capital Equipment.
8. The purpose of RFI is to gain marketing intelligence.

Q 2. Fill in the blanks .

Total Marks 8

1. Right Price is the one which brings ----- value
2. Purchasing Executive is custodian of his firm's -----
3. Price quoted by vendor reflects more than ----- and -----
4. In 2012 Union Budget Central Excise Duty is revised from ---- to ----
5. Origin for Purchase Cycle is -----
6. Purchase Order is a ----- between Buyer and Seller when accepted by both.
7. Service organizations buy large volumes of ----- supplies.
8. Golden Rule for Purchase is ----- Rs

Q 3. Match the following**Total Marks 8**

A	B
Six Sigma	Green Buying
ISO 9000	Bose Corporation
JIT	Motorola
Hedging	Quality Management System
4 PL	Toyota
JIT II	Commodities
Carbon Credit	J D Edward
ERP	Logistics

Q 4. Expand the following**Total Marks 8**

- a) EERP, b) CPM, c) CBEC d) EDI
e) PSU f) CVC g) SRM h) CRM

PART B

Answer any 3 out of 5.

(16 x3 = 48 marks)

Q 5. a) Explain the Ten Commandments of Purchasing

b) Design a Form for Audit of new vendor factory.

Q 6. a) What are various factors which are considered while deciding on outsourcing?

b) Name 8 Websites useful for Purchase Department.

Q 7. a) How you will appraise performance of Purchase Department?

b) Prepare Terms and Conditions for purchase of Generator costing Rs 20 lacs

Q 8. a) Evaluate the performance of following vendors and suggest the best performer .Give equal importance to quality and price with weightage of 40 each. Total Composite Index 100 maximum.

Suppliers	Units supplied	Units Accepted	Units Received as per schedule	Av Price Rs/Unit
Alwin Co	100000	85000	90000	10.80
Bhel Pures	250000	120000	24000	11.40
Comal Co	80000	75000	72000	10.00
Dosado Co	60000	45000	30000	12.00

b) Discuss the strength and weakness of above vendors and suggest your action plan to improve their weaknesses.

Q 9. Write short notes any two

- i. Negotiation Skills
- ii. D G S & D
- iii. IIMM Code of Ethics
- iv. Buying Services

PART C

Total Marks 20

Q.10

Pro Health Cosmetics Ltd is manufacturing Fast Moving Consumer Goods having turnover of Rs 500 crores. Mr Kumar, Purchase Head has been working for 20 years in the company. He is known for his stringency, hard negotiation and wrathless attitude to vendors . The new MD expressed the desired for fast growth of the company and alerted all department heads to pull up their socks to ensure ultimate customer satisfaction to sustain in the competitive market. Under the new MD, the working style has changed from family orientation to professional. Purchase Department has been frequently blamed now for disruption of production due to delay and rejection of materials. Mr Kumar finds it difficult to convince the MD and neither getting support from suppliers. The MD fired Mr Kumar for his lack of professionalism, leadership and poor systems he built. Practically Mr Kumar takes every decision. There is no noteworthy executive in the department who can take his position.

Company has been awarded a huge export contract for supply throughout the year. Now it is situation of do or die for Purchase Department.MD has issued warning to Mr Kumar to ensure smooth supplies.

1) What are the problems in the Purchase Department?

2) As a Materials Management expert what action plan you will suggest to transform the traditional Purchase Department into a professional Purchase Department ?

3. Prepare strategy for supplier relationship.

4. What support would be required from the MD to transform the Purchase Department ?
