



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT

June 2012

Paper No.3  
Contract Management

Date: 11.06.2012  
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.

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**PART-A**

**Q1. State True or False:**

**10 marks**

- 1.1 Cost breakdown covers direct costs, indirect costs and profit.
- 1.2 Adequacy of consideration is not an important element of a valid contract.
- 1.3 An estoppel assists a person to prevent him from contradicting his own previous assertion
- 1.4 Buyer's obligations are to accept the goods or services and pay the agreed price.
- 1.5 Price analysis becomes necessary when there is suspected cartel formation.
- 1.6 Too much or too little data can prevent meaningful price analysis.
- 1.7 Resolution of disputes by filing suits is the preferred mechanism over resolution by referring to arbitration.
- 1.8 The offer does not get extinguished due to lapse of time.
- 1.9 UNICTRAL model law provides for acceptance of arbitral awards of other signatory Countries.
- 1.10 The contract should include a termination clause in order to provide an orderly and equitable procedure to terminate the contract if the circumstances so warrant.

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

**10 marks**

2.1 QAP	2.3 GAAP	2.5 PWS	2.7 PERT	2.9 CENVAT
2.2 CVD	2.4 CER's	2.6 ICC	2.8 IFPSM	2.10 PBC

**Q3. Fill in the blanks.**

**10 marks**

- 3.1 Risk assessment involves the ..... of occurrence and the extent of impact.
- 3.2 The surveillance plan is a ..... document.
- 3.3 Performance based contract describes .... is to be done, rather than ....to do it.
- 3.4 The purpose of ..... is to consider problems and consider probable responses.
- 3.5 Contract is a written ..... that allocates the risk and rewards of a transaction between parties involved.
- 3.6 Pricing data base must be ..... for accuracy , relevance, completeness and currency.
- 3.7 Incentives and rewards should not be given for ..... performance.
- 3.8 In a contract the settlement of ..... is through arbitration and conciliation.
- 3.9 The extent of price analysis increases with the ..... value of a procurement.
- 3.10 Monopsony ..... when there is only one buyer for the like products of several sellers.

**Q4. Match the following:**

**10 marks**

**Column A**

**Column B**

1. Direct Costs	a) the parties agree on a rate for a unit of construction.
2. Price Analysis	b) the supplier is responsible for quality assurance, motivated by incentives.
3. Best Value Evaluation	c) the government is obliged to pay a certain amount which remains constant.
4. Learning Curve	d) the seller controls the entire supply of a particular product that has no close substitutes.
5. Current price analysis	e) sovereign impunity from suit.
6. Unit price method	f) most relevant for determining fair and reasonable price.
7. In performance based contract	g) by determining tradeoffs between cost/price factors and non price factors.
8. Lump-sum method	h) relevant to cost price analysis.
9. Monopoly	i) most effectively used when competition exists.
10. Difference in Govt. & Private purchase	j) directly associated with the product.

## **PART- B**

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

- Q5. What is Contract management? Why is it necessary? Explain the monitoring process.
- Q6. Explain the importance of Terms and Conditions incorporated in the contract. Explain the important ones.
- Q7. What is legally enforceable acceptance? What is the importance of consideration? What are the essential elements of a valid contract.
- Q8. Explain briefly: Any three.
- a) Breach of contract.
  - b) Code of Ethics.
  - c) Sub-contracting.
  - d) Monitoring process.
  - e) Service contracts.
  - f) INCOTERMS 2000.
  - g) Legally enforceable offer.
- Q9. What is performance based contracting? What are the objectives? Explain in detail.
- Q10. Describe the measures to reduce and too avoid complaints in public procurement. Briefly describe the process of readdressing of these complaints.
- Q11. Explain the bid evaluation process. What are various methods in bid evaluation? Explain the significance of price and cost analysis in the process

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