



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT
Paper No.2
Procurement Process/Operations

June 2013

Date: 09.06.2013
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

Answer all four Questions. Each question carries 10 marks. Total 40 Marks for this Section.

Q1. State True or False:

- 1.1 Expenditure on procurement is often a significant part of Government's total cost.
- 1.2 Services that are part of the cost of the capital project should therefore be treated as capital items.
- 1.3 The 80:20 – Pareto's rule cannot be applied to other than Materials Management.
- 1.4 Link performance to the contract to avoid deterioration in service.
- 1.5 Cost reimbursement contracts are most preferred contracts.
- 1.6 The allocation of contract risk is determined by the contract type.
- 1.7 Hedging is not a way of protecting yourself against the risk of price fluctuations.
- 1.8 Technical specifications define exactly what the buyer wants.
- 1.9 Speculation is very dangerous, and should be avoided wherever possible.
- 1.10 Call option do not allow you to secure a price without a commitment to buy.

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

2.1 QAP	2.3 FMC	2.5 ASTM	2.7 NPV	2.9 AQL
2.2 SVC	2.4 EMS	2.6 SAE	2.8 LED	2.10 RFT

Q3. Fill in the blanks.

- 3.1 An 'Alliance' is a long term collaborative form ofbased on high level trust.
- 3.2 A term contract covers purchases over a period of time.
- 3.3 Operational requirements are needed to keep the organization on a day to day basis.
- 3.4 In case of larger/more complex buys, it is important to establish a approach.
- 3.5 Hedging is a way of minimizing your price risk by simultaneously entering into two contracts in two different markets.
- 3.6 'Basis' is the the spot price and the futures.
- 3.7 The contract should reflect the nature of the between the buyer & the supplier.
- 3.8 High price variability means the prices are significantly for same/similar items.

- 3.9 Using a single supplier, after conducting competition can be most efficient supply strategy for items.
- 3.10 A fixed relationship is appropriate in case of requirement for a product/service.

Q4. Match the following:

Column A

Column B

1.National Standards	a) when suppliers have greater expertise than the buyer
2.Legal Requirements	b) when suppliers do not possess the required expertise.
3.Open Tendering	c) where quality is more important than the cost.
4.Functional/Performance Specification	d) allow a supplier to understand what is required.
5.Technical Specification	e) are used for products such as raw materials, commodities and food products.
6. Branded items	f) that its basic functions are quite commonly understood.
7. Demonstration / Samples	g) the preferred procedure in public buying.
8. Composition Specification	h) helps to determine fair and reasonable prices.
9. Implicit quality	i) any legislation with which the product or service must comply.
10 Market research	j) are established and agreed within a country

PART- B

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

- Q5. What is market research? How does it help the buyer/seller? Explain the process in brief.
- Q6. What are bidder complaints? What are the measures to be taken to reduce and avoid complaints?
- Q7. What is the importance of terms and conditions in a contract? What is termination of contract? Outline the steps to be taken prior to termination.
- Q8. Write short notes on any three.
- Operational requirements.
 - Spot purchases.
 - Supplier relationships.

- d) Types of Demands.
- e) Quantitative Analysis.
- f) TCO Approach.
- g) Legally enforceable acceptance.

Q9. Why is open tendering the preferred procedure?. Explain in detail. What is two stage tendering and explain its advantages.

Q10. What is procurement specification? What are included in it? Explain the parameters.

Q11. Explain what Selective Inventory Control is. Why it is necessary. Name the various analysis undertaken. Describe the ABC analysis in detail.
