



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT**

June 2013

**Paper No.3
Contract Management**

**Date: 10.06.2013
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

(each question carries 10 marks Total 40 marks)

Q1. State True or False:

- 1.1 Government purchases need not necessarily be made at the lowest quoted price only.
- 1.2 Current price analysis is most relevant for determining fair and reasonable price
- 1.3 Price analysis becomes necessary when there is suspected cartel formation.
- 1.4 Money is the only motivation factor for supplier.
- 1.5 Learning curve is not relevant to cost price analysis.
- 1.6 Adequacy of cost consideration is not an important element of a valid contract.
- 1.7 Customer feedback is a good tool for effective contract administration.
- 1.8 The extent of price analysis does not increase with the monetary value of procurement.
- 1.9 The right to contract is fundamental but not absolute.
- 1.10 A fundamental concept involved in contract law is bargaining & exchange.

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

2.1 VAT	2.3 MODVAT	2.5 CER	2.7 PBC	2.9 LD
2.2 PAN	2.4 CENVAT	2.6 LD	2.8 GAAP	2.10 ITU

Q3. Fill in the blanks.

- 3.1 An estoppel a person to prevent him from contradicting his own previous assertion.
- 3.2 A revocation is the of an offer by the offeror before acceptance.
- 3.3 An offer once extinguished cannot be by the offeree.
- 3.4 Regardless of whether the contract is unilateral or bilateral, is a must.
- 3.6 Adequate relates to whether the exchange is a fair bargain.
- 3.7 Parties to a must have the competency to enter into an agreement.
- 3.8 Lack of certainty concerning the terms and conditions of the may render an agreement unenforceable.
- 3.9 Competencies of are an additional element of a valid contract.
- 3.10 Price analysis is most effectively used when exists.

Q4. Match the following:

Column A	Column B
1. Payment condition	a) are made by determining tradeoff's between cost/price factors and non price factors.
2. Applicable law	b) involves the probability of occurrence and the extent of impact.
3. WBS	c) does eliminate or reduce risk, indirect action avoids risk.
4. Direct cost	d) is a road map that identifies all major tasks of the works and their relationships.
5. BVE	e) are directly associated with the product.
6. In performance based contracting	f) it is ultimately the supplier that is responsible for quality assurance, motivated by incentives.
7. Risk assessment	g) is exposure to uncertainty.
8. Direct action	h) determine the WHAT and not HOW.
9. In performance based environment	i) to help the parties know how to interpret their obligations under the contract.
10. Risk	j) is to explain how the buyer is to pay for the goods, works or the services procured under the contract.

PART- B

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

- Q5. What is legally enforceable acceptance? What is the importance of consideration in contracts?
What are additional elements of a valid contract?
- Q6. Service sector contribution to the GDP continues to increase. Explain what is service contract?
How are the service contracts monitored. What are the risks associated with these.
- Q7. What is bid evaluation? What are the different approaches to bid evaluation? Explain one of them in detail.
- Q8. Explain briefly: Any three.
- a) Subcontracting.
 - b) Lump-sum contracts.
 - c) Transparency.
 - d) Turnkey contracts.
 - e) Monitoring process.
 - f) Performance warranty

g) Cost reimbursement contracts.

- Q9. What are bidder protests and complaints? Why is it necessary to put in place a mechanism to settle the same expeditiously? What measures can you take to reduce/avoid them?.
- Q10. What role do the terms and conditions play in a contract? Why are these necessary? Explain the five important ones.
- Q11. What is performance based contracting? What are the objectives of performance measurement?.
