



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

June 2014

Date: 15.06.2014
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

Q1. State True or False:

- 1.1 Hedging is not a way of protecting yourself against the risk of price fluctuations.
- 1.2 Specifications of different items explain the exact requirements both physical and chemical compositions and how the quality has to be tested.
- 1.3 Expenditure on procurement of materials is often a significant part of the total cost.
- 1.4 Services that are part of the cost of the capital project should be treated as capital items Procurement of operational, capital and other requirements follow the same process.
- 1.5 Non-program requirements do not form a direct part of the goods or services offered by an organization.
- 1.6 Detailed specification of an essential items may lead to disputes between buyer and seller at a latter date after the material is consumed.
- 1.7 Over as well as under stocking of required materials in manufacturing company are equally bad for the reputation of the company.
- 1.8 Technical specification do not define exactly what is the requirement of buyers.
- 1.9 Call options do not allow you to secure a price without a commitment to buy.
- 1.10 Responsibility for procurement of inputs which arrive in damaged and be unusable condition due to faulty packaging depends on condition of contract.

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

- | | | | | |
|--------|--------|---------|--------|---------|
| 1. RFT | 2. AQL | 3. WSSN | 4. TCO | 5. EMS |
| 6. R&D | 7. SVC | 8. FMC | 9. NPV | 10. CPM |

Q3. Fill in the blanks.

- 3.1 Market helps to explore whether a relatively inexpensive off the shelf product can handle the requirements of your customer .
- 3.2 is a procedure where by all interested candidates may submit tenders.
- 3.3 Bottleneck items are characterized by risk and annual consumption. Market research helps to determine and prices for products.
- 3.4 Direct is a procedure where by the procurement entity contracts and seeks a proposal from one candidate only.
- 3.5 Request for is a procedure where by the procuring entity invites quotations from candidates selected by it.
- 3.6 Industry are usually developed by trade and industry associations.
- 3.7 EMS compliance is insisted upon by countries as arequirement for doing business.
- 3.8 Expenditure on procurement is often a part of a Government business.
- 3.9 In tendering the procuring entity invites tenders in two envelops

Q4. Match the following:

Column A

Column B

- | | |
|-------------------------------------|--|
| 1.Performance specification | a) when quality is more important than the cost. |
| 2.National Standards | b) means reducing the number of different specifications to the extent possible. |
| 3.Brand or Trade names | c) Transport, Publicity, Janitorial services, Security services Training etc. |
| 4.Functional specification | d) involves the process of understanding and getting used to working together. |
| 5.Service specification may include | e) often state in very basic terms what function a procured product is required to carry out or achieve. |
| 6.Standardisation internally | f) generally involves arms length relationships. |
| 7.Learning curve | g) are established and agreed within a country. |
| 8. Spot purchase | h) Suppliers can use their full expertise and innovation to develop the optimal solution. |
| 9.Price volatility | i) sum of the cost of acquisition and the cost of ownership. |
| 10.Life cycle cost | j) one of the main features of commodity buying. |

PART- B

Attempt any four questions. Each question carries 15 marks.

Total 60 marks

- Q5. Explain the different types of contracts? What is contract management and its necessity ?
- Q6. Explain the procurement process in detail with appropriate examples from your company or any well know organization.
- Q7. What are the important terms and conditions and their relevance in a contract .
Outline the steps to be taken prior to termination.
- Q8. Write short notes on any three.
a) Consultancy contracts
b) Forecasting of demands.
c) Operational & Capital requirements.
d) Selective Inventory Control .
- Q9. a) Describe the need and situations for Spot Purchases in a manufacturing company .
b) How Supplier Relationships Management helps the organization ?.
- Q10. Why open tendering is considered the preferred procurement procedure?. Explain the advantages of open tendering in detail.
