



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

June 2014

**Paper No.3
Contract Management**

**Date: 16.06.2014
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

(each question carries 10 marks Total 40 marks)

Q1. State True or False:

- A. Direct action eliminates or reduces risk, indirect action avoids risk.
- B. Government purchases need not necessarily be made at the lowest quoted price .
- C. Current price analysis is most relevant for determining fair and reasonable price of product.
- D. Price analysis becomes necessary when there is suspected cartel formation by suppliers.
- E. Monetary benefits are the only motivation factor for manufacturers and suppliers.
- F. Learning curve is considered by companies and relevant to cost price analysis.
- G. Adequacy of cost consideration is not an important element of a valid contract.
- H. Customer feedback is a good tool for effective contract administration.
- I. The extent of price analysis does not increase with the monetary value of procurement.
- J. Mutual bargaining & exchange are fundamental concept involved in contract law .

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

2.1 INCOTERMS	2.3 MODVAT	2.5 CER	2.7 PBC	2.9 LD
2.2 TIN	2.4 CENVAT	2.6 BVWG	2.8 GAAP	2.10 PAN

Q3. Fill in the blanks.

- 3.1 A contract involves at leastparties an and a
- 3.2 Parties a must have the competency to enter into an agreement
- 3.3 A contract is a written... that allocates the risk and rewards between parties involved.
- 3.4 Evaluation..... generally should cover technical merit, cost and past performance of the products.

- 3.5 Regardless of whether the contract is unilateral or bilateral is a must.
- 3.6 An estoppel a person to prevent him from contradicting his own previous assertion.
- 3.7 Direct costs cover, labour, training & other costs directly attributable.
- 3.8 Lack of certainty and clarity 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 by companies when exists.

Q4. Match the following:

Column A	Column B
1. Payment condition	a) are made by determining tradeoffs 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. Risk	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. Direct cost	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 the importance of different contractual terms and conditions in a contract? Explain in five important conditions in detail .
- Q6. Explain different aspects of a Service Contract ?. What is the Monitoring process and the risks associated with them.
- Q7. What are the different approaches to evaluation of bids ? Explain them in detail with suitable examples.

Q8. Explain any three topics from the following list

- a) Turnkey contracts
- b) Lump-sum contracts.
- c) Transparency.
- d). Subcontracting.
- f) Performance warranty

Q9. What is performance based contracting? What are the objectives of performance measurement ?.

Q10. What do you understand about construction contract? What are the essential prerequisites in writing a construction contract
