



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

June 2015

Date: 14.06.2015
 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 One of the main features of commodity buying is their price volatility.
- 1.2 Technical specifications need to be clear and precise.
- 1.3 The concept of competition is not an important aspect of good governance in Public Procurement.
- 1.4 The most preferred contracts are cost plus or percentage plus contracts.
- 1.5 Spot purchases involve arm length relationships.
- 1.6 Negotiations is a process of seeking optimum solution to the business transactions.
- 1.7 Over as well as under-specifying requirements are equally bad.
- 1.8 Composite specifications are used for products such as raw materials, commodities and food items.
- 1.9 SME's play an important role in the growth and developments of countries.
- 1.10 Comparing total cost of ownership is not a part of bid evaluation process.

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

2.1 WSSN	2.3 ITU	2.5 NPV	2.7 R&D	2.9 AQL
2.2 TCO	2.4 EU	2.6 SVC	2.8 RFP	2.10 ASTM

Q3. Fill in the blanks.

- 3.1 Brands allow clear concise and unambiguous of what is required.
- 3.2 'Basis' is the price difference between the price and the futures.
- 3.3 Technical specifications to be clear and precise.
- 3.4 In case of more complex buys, it is important to establish a approach.
- 3.5 A term contract covers purchases over a period of time.
- 3.6 Learning curve involves the of understanding and getting together.
- 3.7 In case of routine items, the is to keep it simple.

- 3.8 Critical items are both risk and expenditure items.
- 3.9 Supply risk can be by standardizing specification.
- 3.10 The main focus of bottleneck items is on the risk to the organization.

Q4. Match the following:

Column A

Column B

1. Paper trading	a) which means that price difference do exist amongst different suppliers.
2. Call option	b) is appropriate in case of frequent requirements for products or service.
3. Perfect Competition	c) exchanges of promise to buy or sell that often do not result in actual physical delivery.
4. Imperfect supply market	d) allows you to secure a price without a commitment to buy.
5. Fixed relationships	e) a market in which there are many suppliers offering the same products or service.
6. Market research	f) low risk alternative to speculating.
7. Implicit quality	g) their price volatility.
8. Hedging	h) helps in determining fair and reasonable price .
9. One of the main features of commodity buying	i) managed based on relationships and trust between the buyer and seller.
10 Partnerships	j) that its basic functions are quite commonly understood.

PART- B

Attempt any four questions. Each question carries 15 marks.

Total 60 marks

- Q5. Explain the importance of procurement specifications. What all it contains? Explain.
- Q6. What are the different types of contracts? Explain them. Also explain the significance of Contract Management teams.
- Q7. What is Supply strategy? Why is it necessary to draw it? Explain the Supply strategy for Critical and Leverage items.
- Q8. Write short notes on any three.
- Price Variation Clause.
 - Total cost of ownership.
 - Bidder Complaints.

- d) Functional specifications.
- e) Partnerships.
- f) Net Present Value.
- g) Technical Specifications.

Q9. Explain the concept of selective inventory control. Indicate the different types of analysis, and explain the ABC analysis in detail.

Q10. Explain the importance of terms and conditions in a contract. Briefly explain the five important ones.

Q11. Explain what are bidder complaints? What steps can be taken to prevent or minimize the same .
