



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT

June 2015

Paper No.3  
Contract Management

Date: 15.06.2015  
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.

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**PART-A**

(each sub question carries 1 mark Total 40 marks)

**Q1. Fill in the blanks.**

- 1.1 Competencies of ..... are an additional element of a valid contract.
- 1.2 Price analysis is most effectively used when ..... exists
- 1.3 A revocation is the ..... of an offer by the party before acceptance.
- 1.4 An offer once extinguished cannot be ..... by the firm .on latter stage
- 1.5 The clarity of product ..... leads to less disputes.
- 1.6 Adequate ..... relates to whether the exchange is a fair bargain.
- 1.7 Parties to a ..... must have the competency to enter into an agreement.
- 1.8 Lack of certainty concerning the terms and conditions of the ..... may render an agreement unenforceable.
- 1.9 An estoppel ..... a person to prevent him from contradicting his own previous assertion
- 1.10 Regardless of whether the contract is unilateral or bilateral, ..... is a must.

**Q2 State True or False:**

- 1.1 Government purchases need not necessarily be made at the lowest quoted price.
- 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 suppliers to come to a company.
- 1.5 Learning curve is not relevant to cost price analysis by a manufacturing company.
- 1.6 Adequacy of cost consideration is not an important element of a valid contract.
- 1.7 Regular 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 it cant b3e not absolute.
- 1.10 A fundamental concept involved in contract law is bargaining & exchange.

**Q3. Write the full form of following terms used in the context of Public Procurement.**

- |        |          |       |        |        |
|--------|----------|-------|--------|--------|
| 1. VAT | 3 MODVAT | 5 CER | 7 PBC  | 9 LD   |
| 2 PAN  | 4 CENVAT | 6 LD  | 8 GAAP | 10 ITU |

**Q4. Match the following:**

<b>Column A</b>	<b>Column B</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 Explain the elements of a valid service contract and the risks associated with Service Contracts . How are the service contracts monitored.

Q6. What is legally enforceable acceptance? What is the importance of consideration in contracts? What are additional elements of a valid contract?

Q7. What do you understand with the term Bid Evaluation ? Explain the different approaches to bid evaluation in detail.

Q8. Explain briefly: Any three\_of the following.

- a) Cost reimbursement contracts.
- b) Lump-sum contracts.
- c) Subcontracting
- e) Performance warranty
- f) Fair and reasonable price

Q9. Explain 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 Bidder Protests and Complaints?.

Q10. Explain the five important Terms and Conditions of a contract ? What are the objectives and importance of Performance Based Contracting

Q11 Turnkey Contracts offer greater flexibility in large projects. Explain the important advantages & disadvantages of Turnkey Contracts.

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