

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

**DEC-09**

**Paper No.3**  
**Contract Management**

Date: 14 .12.2009  
Time: 10.00 am to 1.00 pm

Max Marks: 100  
Duration: 3 Hours

**Note:**

Part A contains 4 main questions, each question carries 10 marks. Attempt all questions  
From Part B, attempt any 4 questions. Each question carries 15 marks.

---

**PART-A**

**Q1. State True or False:**

- 1.1 Cost price analysis is most relevant for negotiations.
- 1.2 An estoppel is a restraint on a person to prevent him from contradicting his own previous assertion.
- 1.3 A direct cost is any cost that can be identified specifically with a particular contract.
- 1.4 Risk is exposure to uncertainty.
- 1.5 The right to contract is fundamental but not absolute.
- 1.6 Government purchases should necessarily be made at the lowest quoted price only.
- 1.7 What cannot be measured cannot be monitored.
- 2.8 Learning curve is important to cost price analysis.
- 1.9 The most important pre-requisite for effective negotiation is through preparation.
- 2.0 Liquidated damages can be levied even when no supplies have been made.

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

- 2.1 BVWG
- 2.2 ICC
- 2.3 CENVAT
- 2.4 GST
- 2.5 FMC
- 2.6 VA&VE
- 2.7 TIN
- 2.8 IFPSM
- 2.9 IEC
- 2.10 INCOTERMS

**Q3. Fill in the blanks.**

- 3.1 Inflation undermines comparability by eroding the real value of .....
- 3.2 Incentives and rewards should not be given for ..... performance.
- 3.3 The Muslim law is followed in countries like ..... and Afghanistan.
- 3.4 Public procurement legislation contains ..... concerning the process of acquiring goods, works and service by public sector entities.
- 3.5 The most appropriate ..... of settling disputes is through Arbitration/Conciliation.
- 3.6 The goal of performance measurement is ..... improvement.
- 3.7 Price analysis is a ..... not an end.
- 3.8 In performance based contracting the ..... is responsible for achieving the specified outcome.
- 3.9 The seller's approach to pricing is based on cost based pricing or/and ..... based pricing.
- 3.10 Direct action eliminates or reduces risk, indirect action ..... risk

**Q4. Very briefly explain - Any four:**

- a) Subcontracting.
- b) Comparability of pricing data.
- c) Fair and reasonable price.
- d) Contract monitoring.
- e) Monopoly.
- f) Performance bond.
- g) Liquidated damages.

**PART- B**

**Attempt any four questions. All Questions carry equal marks.**

- Q5. What are bidder complaints? What measures can be taken to reduce and avoid complaints.
- Q6. What is contract management? Why is it an important aspect in procurement? Explain in detail.
- Q7. Explain the bid evaluation process. What role does the price analysis and cost analysis play in the process.
- Q8. Explain briefly: Any three.
  - a) Revocation of contract.
  - b) Express and implied warranties.
  - c) Principle Agent relationship.
  - d) Termination of Contract.
  - e) Code of Ethics.
  - f) Different legal systems.
- Q9. What is the importance of transparency in a public procurement system? Explain
- Q10. What is legally enforceable offer? What is consideration? Also indicate the additional elements of a valid contract.
- Q11. What is a Construction contract? Explain the monitoring process.

.....