

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

**Paper No.2  
Procurement Process/Operations**

Date: 09.06.2009  
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  
**Part B**, attempt any 4 questions. Each question carries 15 marks.

---

**PART-A**

**Q1. State True or False:**

- 1.1 The procurement based on samples is a preferred mode of purchase irrespective of value.
- 1.2 Standards allow buyers and sellers to speak the same language.
- 1.3 Only use branded products when there is a clear reason for it.
- 1.4 Over as well as under specifying are both equally bad.
- 1.5 The Pareto rule applies only to procurement, and not to most things in life.
- 1.6 Procurement from SME's does not forms a significant part of the Government procurement.
- 1.7 Trade and Industry Associations do not develop Industry Standards.
- 1.8 Use functional and performance specifications when 'what' is likely to be achieved is more important than 'how' it is achieved.
- 1.9 Authority and responsibility should go hand in hand.
- 1.10 Contract clauses state the rights and obligation of the parties.

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

- 2.1 IEC
- 2.2 BIS
- 2.3 ISO
- 2.4 RTAs
- 2.5 NPV
- 2.6 RFI
- 2.7 LCC
- 2.8 SAE
- 2.9 RAM
- 2.10 SCM

**Q3. Fill in the blanks.**

- 3.1 Efficiency and economy are ..... corner stones in public procurement operations.
- 3.2 A specification is a statement of requirements to be ..... by a product or service.
- 3.3 Hedging is a way of protecting yourself against the .... of price fluctuations.
- 3.4 Fixed Relationships is like a call office relationship, but with a ..... to buy a certain amount.
- 3.5 In case of larger, more complex buys, it is important to establish a .... approach.
- 3.6 Operational requirements are those that are needed to keep the organization ..... on a day to day basis.
- 3.7 Product ..... means that all the information that needs to be communicated to the supplier, so that the end user will receive what they require.

- 3.8 In a spot purchase – once your basic criteria are met, ..... comparison becomes the basis.
- 3.9 Forecasting based on expert opinion covers scenario analysis and ..... techniques.
- 3.10 Cost reimbursement methods are the most ..... type of contracts.

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

- a) Commodity Purchases.
- b) Standardization.
- c) Supplier relationships.
- d) Price variation in contracts.
- e) Forecasting of demands.
- f) Industry Standards.
- g) Product specifications.

---

**PART- B**

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

- Q5.** What are Operational and Capital requirements? Explain in brief. What are Direct and Support functions. Explain
- Q6.** What are the important criteria's in the evaluation of bids? Explain briefly.
- Q7.** What are the different types of contracts? Describe. Also describe the bid evaluation process.
- Q8. Write short notes on any three.**
- a) Bidder complaints.
  - b) Environment Management Systems..
  - c) Two stage tendering.
  - d) Competitive bidding.
  - e) Termination of Contract.
  - f) Supply strategy for commodities.
- Q9.** Make a flow chart, and describe the various steps involved in procurement process. Why is open tendering the preferred option beyond a particular value in government purchases?
- Q10** Draw a diagram of supply positioning model indicating the four quadrants. Indicate the characteristics of bottleneck items, & describe the supply strategy for routine items
- Q11.** What are the advantages & disadvantages of using brand names, demonstration and samples in procurement?
- Q12.** Explain the concept of lowest total cost of ownership. What are its components? Describe.

\*\*\*\*\*