

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

**Paper No.3
Contract Management**

Date: 10.06.2009
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
From **Part B**, attempt any 4 questions. Each question carries 15 marks.

PART-A

Q1. State True or False:

- 1.1 The contract should include a termination clause in order to provide an orderly and equitable procedure to terminate the contract if the circumstances so warrant.
- 1.2 Monopoly exists when there is only one buyer for the like (or interchangeable) products of several sellers.
- 1.3 Hardship and re-negotiation clause is essentially a part of construction contracts.
- 1.4 Identifying and resolving disputes early can reduce management costs and administrative effort.
- 1.5 The contract law does not bring out various obligations of the buyer and seller under a contract.
- 1.6 Incentives and rewards should not be given for standard performance.
- 1.7 UNICTRAL Model Law provides for acceptance of arbitral awards of other signatory countries.
- 2.8 Resolution of disputes by filing suits is the preferred mechanism over resolution by referring to arbitration.
- 1.9 Price analysis is a means, not an end.
- 2.0 Government purchases should necessarily be made at the lowest quoted price only.

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

- 2.1 QAP
- 2.2 CERs
- 2.3 AQL
- 2.4 BVWG
- 2.5 PWS
- 2.6 ICC
- 2.7 ITU
- 2.8 LD
- 2.9 PAN
- 2.10 MODVAT

Q3. Fill in the blanks.

- 3.1 Price Analysis becomes necessary when there is suspected formation.
- 3.2 Cost analysis is for negotiations.
- 3.3 Learning curve is while undertaking cost price analysis.
- 3.4 An estoppel is a restraint on a person to prevent him from contradicting his own previous assertion.
- 3.5 Force majeure is the mechanism to address a situation where an impediment occurs that is the control of parties and prevents performance.

- 3.6 Modification to contracts has to be agreed to between purchaser and seller.
- 3.7 Use of INCOTERMS facilitates certainty about of risk and property in goods.
- 3.8 The cost price analysis is relevant for fair and reasonable price.
- 3.9 Fair and reasonable price that the price is right.
- 3.10 Liquidated damages are levied when there is in making supplies.

Q4. Very briefly explain - Any four:

- a) Remedies for failure to perform.
- b) Best Value Evaluations.
- c) Cost Break Down.
- d) Appropriate Standards.
- e) Lump Sump Contracts.
- f) Price and payment conditions.
- g) Monitoring Process.

PART- B

Attempt any four questions. All Questions carry equal marks.

- Q5.** What is legally enforceable Acceptance? How is it communicated? When does it become effective? What are the types of mistakes made in the contract?
- Q6.** Explain the main aspects of managing performance based contract. Explain.
- Q7.** What are measures to reduce and avoid complaints? Explain briefly how to handle a protest process.
- Q8. Explain briefly: Any three.**
 - a) Subcontracting.
 - b) Elements of a valid contract.
 - c) Effective price competition.
 - d) Performance based contracting.
 - e) Protests and Disputes.
 - f) Express and implied warranties.
- Q9.** Explain the importance of price analysis in competitive procurement. When to rely on price analysis? Does this price analysis have any use in non-competitive procurement?
- Q10.** Explain the differences and similarities between Government and Private Contracts. Why is transparency important in a public procurement system?
- Q11.** The Services sector is contributing more to the Government revenues than the manufacturing Sector and therefore is attracting more attention. What are the major concerns and risks associated with service contracting?
