



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT

June 2011

Paper No.3
Contract Management

Date: 13.06.2011
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

Q1. State True or False:

- 1.1 Customer feedback is not a good tool for effective contract administration.
- 1.2 Benefits are assigned to impact areas not to discriminator differences.
- 1.3 Risk assessment involves the probability of occurrence and the extent of impact.
- 1.4 Excessive sums payable on failure to perform should be avoided.
- 1.5 Risk transfer is the use of third party's solutions to minimize risk.
- 1.6 Cost effectiveness is of concern in service contract because of public money in funding the contract.
- 1.7 Direct action does not eliminate or reduces risk, indirect action avoids risks.
- 1.8 Learning curve is relevant to cost price analysis.
- 1.9 Adequacy of consideration is an important element for a valid contract.
- 1.10 Price analysis becomes necessary when there is suspected cartel formation.

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

- 2.1 QAP
- 2.2 AQL
- 2.3 LD
- 2.4 PWS
- 2.5 FMC
- 2.6 SVC
- 2.7 CENVAT
- 2.8 GAAP
- 2.9 ITU
- 2.10 PVC

Q3. Fill in the blanks.

- 3.1 Typical include the beneficiaries of the result of the project.
- 3.2 The right to is fundamental but not absolute.
- 3.3 Learning curve is to cost price analysis.
- 3.4 Incentives and should not be given for standard performance.
- 3.5 Price in effect says that price is independent of costs.
- 3.6 Customer is a good tool for effective contract management.
- 3.7 The extent of price increases with the monetary value of a procurement.
- 3.8 Fair and price means that the price is right.
- 3.9 In a The settlement of disputes is through arbitration & conciliation.
- 3.10 The goal of performance is continual improvement .

Q4. Match the following:

Column A

Column B

1. Contract	a) clause in all standard contracts requiring contractual compliance with ethical standards.
2. Lump-sum method	b) might include negotiation and conciliation.
3. Cost reimbursable method	c) during course of construction events may occur which might impede the performance by a party of contractual obligations.
4. Unit price method	d) mechanism to address a situation where an impediment occurs that is beyond the control of parties and prevents performance.
5. Consideration	e) the parties agree on a rate for a unit of construction.
6. Ethics	f) it is ultimately the supplier that is responsible for quality assurance, motivated by incentives.
7. Settlement of disputes	g) if the Government is interested in earlier completion than the target date, bonus payment may be agreed.
8. Exemption clause	h) the Government is obliged to pay all reasonable costs incurred by contractor in constructing the works, together with agreed fee .
9. Identifying and resolving disputes early	i) written agreement that allocates the risks and rewards of a transaction between the parties involved .
10. In a performance based environment	j) the Government is obliged to pay a certain amount which remains constant .

PART- B

Attempt any four questions. Each question carries 15 marks. Total - 60 Marks.

- Q5. Explain the importance of terms and conditions incorporated in a contract. Explain the important ones.
- Q6. What is legally enforceable acceptance? What is the importance of consideration? What are the additional elements of a valid contract?.
- Q7. What are the measures to avoid and reduce complaints in public procurement? Explain the protest process.
- Q8. Explain briefly: Any three.
- a) Writing Service Contract.
 - b) Monitoring Process.
 - c) Sub-Contracting.
 - d) Writing a Construction Contract.
 - e) Turnkey Contracts.
 - f) Performance Based Contract.
 - g) Best value evaluations
- Q9. What is contract management? Why is it necessary? Explain.
- Q10. Explain the bid evaluation process. Explain the role of price & cost analysis in the process.
- Q11. Explain Value Analysis and Value Engineering. When are these used?
