



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
PGDMM/PGDSCM&L – Two Years Course

COMPUTER MARKED ASSIGNMENT (CMA) For Jan-June 2020 semester.

Semester 3
PAPER – 13
PURCHASE MANAGEMENT

Instructions:

1. Answer all 50 questions (compulsory). Each question carries 2 marks **Total : 100 Marks**
 2. Read instructions given on the OMR answer sheet and answer the questions.
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- Q1) Which of the function is not a part of Purchasing:
- (a) To select the source of supply
 - (b) To receive indents from other departments
 - (c) To set the quality standards of the components
 - (d) To place the order
- Q2) While doing negotiation, we must ensure that it concludes in
- (a) Win lose situation
 - (b) Lose win situation
 - (c) Win Win situation
 - (d) War situation
- Q 3) Centralized purchasing refers to
- (a) Controlled by single department
 - (b) purchasing of materials by independently by different departments
 - (c) Purchasing of materials by different professionals working in different departments
 - (d) Purchasing by users
- Q 4) Which is not the part of Materials Requirement Planning
- (a) To track the production schedules
 - (b) To plan for procurement
 - (c) Inventory Control
 - (d) To advertise the product
- Q5) To identify a statement which is not related to lead time
- (a) Time taken in placing the order
 - (b) Time taken by the supplier in arranging the material
 - (c) Time taken in delivering the material
 - (d) Time taken in packing the materials at your factory
- Q6) BOM is list of following
- (a) Details of inputs with quantity & Specification required producing a product
 - (b) Items to be purchased
 - (c) Items to be stored
 - (d) Items to be billed
- Q 7) Just in Time (JIT) focuses on
- (a) To identifying and removing hurdles in the way of smooth production / flow of materials
 - (b) To have proper accounting
 - (c) To sell the products
 - (d) To set quality standards

Q 8) In a review meeting of purchase department, excess stocks of current items is identified. It will be categorized as

- (a) Obsolete
- (b) Scrap
- (c) Surplus
- (d) Finished items

Q 9) In outsourcing, identify the disadvantage from following;

- (a) It entails high management cost
- (b) It is available 24/7 effectively
- (c) Specialized labour is available
- (d) Its cost effective

Q10). E R P is

- (a) Not helping in optimum utilization of all available resources.
- (b) Helping in optimum utilization of all available resources
- (c) Being not used as connectivity tool only
- (d) Being used to increase the billing

Q11). Global sourcing is a method of

- (a) Sourcing from single supplier
- (b) Sourcing from different suppliers from domestic market
- (c) Sourcing from international markets
- (d) Sourcing done electronically

Q12). Bullwhip effect in SCM is

- (a) Dealing with fluctuation of demand.
- (b) Not dealing with fluctuation of demand.
- (c) Deals with price fluctuation
- (d) Deals with quality fluctuation

Q13). Objective of quality inspection is

- (a) Proper accounting of material
- (b) To determine the required quality standards which are acceptable
- (c) To find out the correct price
- (d) To Check whether it is as per delivery schedule

Q14) Value of product is

- (a) Price of the product
- (b) Cost of the product
- (c) Worth of the product
- (d) Quantity of the product

Q15) Identify a statement which is not a benefit of Supplier Relationship Management :

- (a) Ensuring un interrupted supplies
- (b) Quality improvement
- (c) Business expansion
- (d) Improve locations of stores

Q 16) Codification of material is

- (a) No way useful for identification of material
- (b) Useful for identification of material
- (c) No way helps in variety reduction
- (d) Useful in quality improvement

Q17). Which factor is most essential for success of VMI?

- (a) Right Supplier
- (b) Right Quantity & quality
- (c) right price
- (d) Right place

Q18.)Which is one of IT tool in SCM: -

- (a) Reverse Logistics
- (b) Third party Service provider
- (c) E- Procurement
- (d) Customer Service

Q 19). Which department is spending maximum money on the behalf of company.

- (a) Marketing
- (b) Finance
- (c) Purchase
- (d) RND

Q 20) Lean Supply Chain is a process of

- (a) Improving quality
- (b) Pull view of SCM \
- (c) building the stocks
- (d) Push view of the SCM

Q 21) Cross docking is a

- (a) RND function
- (b) Accounting function
- (c) designing function
- (d) Transportation and Order fulfillment function

Q 22) Packaging of standard components is the responsibility of

- (a) Customers
- (b) Manufacturers
- (c) Retailers
- (d) Purchasers

Q 23) Bar code is useful in

- (a) Deciding the price
- (b) Improving the sales
- (c) accurate and fast invoicing and dispatch
- (d) Improving the manufacturing

Q 24) Forward buying is done

- (a) To ensure running of production
- (b) To meet the urgent requirement
- (c) For Replenishment of stocks
- (d) To buy excess to take leverage of price rise in future

Q25.) Procurement activities are considered now days as:

- (a) Profit centre
- (b) Cost Centre
- (c) Buying the goods
- (d) Storing the goods

- Q 26) . During recession, Buyer should go
- (a) For long term contract
 - (b) For short term contract
 - (c) Avoid purchasing
 - (d) Avoid postponement
- Q 27.) International negotiations must be done in
- (a) English
 - (b) Hindi
 - (c) Language understandable to both the parties
 - (d) French
- Q 28.) Purchase order is not having one of the following columns
- (a) Payment terms
 - (b) Ordered Quantity
 - (c) Invoice no & date
 - (d) Delivery schedule
- Q 29.) Which activity is not a part of order processing?
- (a) Publicity
 - (b) Production Planning
 - (c) Packing & Packaging
 - (d) Transportation
- Q 30.) Purchasing function originates from
- (a) Freezing the Purchasing Specification
 - (b) Finding a source
 - (c) By negotiating price
 - (d) Standard packing
- Q 31). Supply Chain is focused
- (a) To understand the employees needs
 - (b) To ignore the customers
 - (c) Customer satisfaction/ delight
 - (d) not caring the customers
- Q 32) Information Technology is
- (a) Not very useful in SCM
 - (b) key to efficient & effective SCM
 - (c) helpful partially in SCM
 - (d) Superfluous use in SCM
- Q 33) Mark which is not the function of Distribution channel
- (a) Information
 - (b) Physical Distribution
 - (c) Promotion
 - (d) Manufacturing
- Q 34). Penalty clause is part of
- (a) Purchase Request
 - (b) Purchase indent
 - (c) Purchase order
 - (d) Invoice
- Q 35) Mark which is not the driver of ERP
- (a) Technology
 - (b) Business process
 - (c) Strategy
 - (d) Transportation

- Q 36) GST is levied on
- (a) Sale of goods and services
 - (b) Import of goods
 - (c) Levied on income
 - (d) Levied on sale of property
- Q 37) Contract act is not applicable if
- (a) There are Two or more people involved
 - (b) if a person is sane
 - (c) Consideration is involved
 - (d) Person is not criminal
- Q 38) Cost comparison among different vendors will be
- (a) On unit price basis
 - (b) Unit price + freight basis
 - (c) Landed cost basis
 - (d) Unit price + taxes
- Q 39) Vendor Performance evaluation exercise is
- (a) Fruitless exercise
 - (b) Help in identifying weak and strong link in Supply Chain
 - (c) Help in improving balance sheet of the company
 - (d) Help in improving skills of employees
- Q 40) Strategic sourcing helps
- (a) In building a reliable and competent supplier base
 - (b) Helps in generating more sale
 - (c) Helps in improving technical process of the company
 - (d) do not help at all
- Q 41) E purchasing /auction means
- (a) Early purchasing
 - (b) Refers to purchasing done electronically
 - (c) Local purchasing
 - (d) Error less purchasing
- Q 42) In following Right mantras, which right is more important?
- (a) Right price
 - (b) right quality
 - (c) Right quantity
 - (d) Right source
- Q 43) Headquarter of International Standard Organization (ISO) is located in
- (a) Delhi, India
 - (b) Geneva, Switzerland
 - (c) New York ,USA
 - (d) Helsinki, Finland
- Q 44) What is the full form of MSP which is helpful in proper planning of materials in manufacturing companies?
- (a) Maximum support price
 - (b) Maximum supply position
 - (c) Master production schedule
 - (d) Most supporting parameter

- Q 45) Just in Time concept (JIT) is given by
(a) Maruti India
(b) Honda Japan
(c) Ford USA
(d) Toyota Japan
- Q 46) Open tender is circulated to
(a) Limited Vendors
(b) Vendors located in other countries
(c) Vendors located Across the country
(d) to competitors
- Q 47) Which area is not affected by Negotiation?
(a) Lowering the price
(b) Discount on bulk purchases
(c) reduction in packing, forwarding and other areas
(d) Accounting process
- Q 48) How purchase Manager can **NOT** contribute in Green Purchasing
(a) To use reusable corrugated boxes
(b) To recycle product
(c) To buy green product
(d) To manage natural resources effectively
- Q 49) Code of Purchase conduct is useful to organization in one of the following
(a) Being compliant build confidence in all stake holders
(b) Bring down the probable risks being imposed fine and penalties
(c) Build image building
(d) All mentioned in a, b, and c
- Q 50) When a Purchase order will become legal binding on vendor
(a) At the stage of releasing Purchase Order
(b) When price is negotiated between buyer and supplier
(c) When all terms & condition of P.O. are finalized
(d) When duplicate copy of Purchase order is accepted & returned duly signed by vendor to Buyer.
