INDIAN INSTITUTE OF MATERIALS MANAGEMENT
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT
Paper No.2
Procurement Process/Operations

Dec 2014

Date: 14.12..2014   Max Marks: 100
Time: 10.00 am to 1.00 pm   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
Answer all four Questions. Each question carries 10 marks. Total 40 Marks for this Section.

Q1.   State True or False: **10 marks**

   1.1   Use of Socio economic criteria may not mean paying a higher price.

   1.2   Open tendering system is not where all those interested may submit tenders.

   1.3   Lack of early procurement planning leads to developmental delays and cost over runs.

   1.4   RFI is not a preparatory stage to follow a formal procurement process.

   1.5   Customs made parts are indeed more expensive than standard parts.

   1.6   Regular trading leads to development of mutual trust.

   1.7   Random variation occurs when demand varies from underlying pattern due to unforeseen
          reasons.

   1.8   An 'Alliance' is not a long term collaborative form of relationship based on high level of trust.

   1.9   Call options do allow you to secure a price without a commitment to buy.

   1.10 An implicit quality means that its basic functions are quite commonly understood.

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

10 marks

   2.1 RFP   2.3 QAP   2.5 LME   2.7 LCD   2.9 ASTM
   2.2 IEC   2.4 LCC   2.6 BIS   2.8 RFI   2.10 PVC

Q3.   **Fill in the blanks.**   **10 marks**

   3.1   Market ………. helps to determine fair and reasonable price.

   3.2   Monetary ………. should only be applied to most critical outcomes.

   3.3   The aim of procurement should be to foster the …………… of SME's.

   3.4   Technical specifications do ……… exactly what the buyer wants.

   3.5   Standards allow the buyer and seller to …….. the same language.

3.6 Link …………….. to contracts to avoid deterioration.

3.7 Authority and responsibility ……..… hand in hand.

3.8 Common law is based on, …………………and traditions.

3.9 Cost reimbursement ………..are not the most favoured type of contracts.

3.10 Composition ….……. need to be precise and specific.

Q4. **Match the following:**   **10 marks**

Column A   **Column B**

1.Specifying requirements   a) may include operational, capital & other requirements.

2.Project Management Tools   b) covers multiple purchases over a period of time.

3.Seasonal demand   c) means what exactly is required and how the quality be tested.

4.Procurement specification   d) the feed-back loop and systemized performance.

5.Term Contract   e) is often predictably above or below average levels at certain
                                                           interval of time.

6. Hedging   f) is often a significant part of Government's total cost.

7. Speculation   g) in case of larger/more complex buys.

8. Expenditure on procurement   h) is a way of protecting yourself against the risk of price
                                                           fluctuations.

9. Collaborative/team   i) avoid even the appearance of a conflict of interest.
   approach

10 Ethical Principles   j) is very dangerous and should be avoided wherever possible.

PART- B

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

Q5.   What is solicitation package? What all it contains? Explain in details.

Q6.   How does procurement team effectively contribute to the profitability of an organization?
         Also explain the procurement process.

Q7.   What is market research? Why is it necessary? How does it assist the procurement process?.

Q8. **Write short notes on any <u>three</u>.**

    a) Low value procurement.

    b) Life cycle costing.

    c) Bidder Protests.

    d) Open tendering the preferred option.

    e) Supply strategy for critical items.

    f) Cost of acquisition.

    g) The learning curve.

Q9.   What is inventory control? How does it correlate with service level? Also explain the selective Inventory analysis.

Q10. Explain the evaluation of bids? Describe the different ways of bid evaluation along with examples.

Q11. Explain what competitive bidding is. When does it become necessary? How does it score over the conventional bidding.

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