



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management
PAPER No. 5
Purchasing Management

Dec 2017

Date : 09.12.2017
Time : 10.00 a.m. to 1.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

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| 1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. | Total : 32 Marks |
| 2. From Part B – Answer any 3 questions out of 6 questions. Each question carries 16 marks. | Total : 48 Marks |
| 3. Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions (4 questions of 5 marks each) | Total: 20 Marks |
| 4. Please read the instructions given in the answer sheet | |

PART A **Total 32 marks**
(compulsory- each question carry one mark)

Q.1 Please state whether the following statements are “True” or “False”. Please do not rewrite the statements while answering in answer book . [Total : 12 Marks]

- 1) Vendor list updating is not important in purchasing.
- 2) Purchase manager should not have thorough knowledge of Customs, taxes & excise duty.
- 3) Communication skill is not required in purchasing.
- 4) Open tender is advertised in news papers.
- 5) Bulk liquid chemicals are transported in open truck.
- 6) Quality and energy efficiency of equipment is important in purchasing.
- 7) “Force Majeure” forms part of Purchase Contract.
- 8) Purchasing is just clerical function.
- 9) Transit Insurance is part of purchase order.
- 10) Negotiation skills are required while purchasing.
- 11) Strategic planning is influenced by legislation and government regulations.
- 12) Green Purchasing deals with procurement of green colored items.

Q.2 Match the following: [Total : 8 Marks]

Column A	Column B
(1) BPR	(A) ERP
(2) CENVAT	(B) Quality
(3) TQM	(C) AWB
(4) SAP,ORACLE,BANN	(D) JIT
(5) Dispatch by Air	(E) B/L
(6) Shipment by sea route	(F) Transit Damages
(7) Insurance Claim	(G) Excise Duty
(8) Inventory Control	(H) Fundamental thinking for improvement

Q. 3 Fill in the blanks :

[Total : 4 Marks]

- a. Cross functional team is a group of ----- from various functional areas
- b. In learning curve, ----- should decline with each succeeding unit produced.
- c. Material handling is the -----, moving & unloading of the materials
- d. Delegation of ----- is always good for effective working of Purchase department in any company.

Q.4 Write the full form of the following. (1 Mark each)

[Total : 8 Marks]

- (1) FOB; (2) CIF; (3) L/C; (4) SRM;
- (5) SCM (6) JIT; (7) ERP; (8) BPR

PART B

[Total 48 marks]

Write any THREE out of the following five questions i.e, Q.5 to Q.10: (16 Marks each)

- Q.5** Discuss various terms & conditions of a purchase order. List out various payment terms used in import procurement.
- Q.6** Elaborate the evaluation and selection procedure of vendors. What is the significance of vendor's location?
- Q.7** Discuss the purchase procedures of government departments.
- Q.8** What are the main elements of ethics code? What should be the qualities of ethical purchaser?
- Q.9** Define negotiation? What are negotiation strategies?
- Q.10** Explain the purchase procedure. What are the steps in purchasing?

PART C

[Total : 20 Marks]

Q.11 CASE STUDY- Compulsory

Vora Industries limited a 300 cr. Company at Madras by Mr. Sujit Vora a manufacturer of different automobile Components.

This firm is been operated in a highly competitive environment .The effective & efficient review by management takes place very regularly. They have after sales & product support divisions . Also they provide spare parts to the customers through their dealers.

This firm is having complete computerization. They also have ERP system.

Company mostly focused on the satisfaction & expectation of the present & potential customers to know more about customers some initiatives has taken like :

- a) Understanding customer requirements.
- b) Determination of key products benefits to the customers.
- c) Identifying and assessing competition in the market.
- d) Establishment & implementation of various documented procedure.
- e) Assessment of customer needs & satisfaction.

Now Mr. Sharma has been assigned the responsibility of increasing the production by 45% Along with his new team.

Explain following questions-

- 1) Comment on - quality policy of this company Is satisfactory or not to achieve competence in customer delightment.
- 2) What will be the benefits of ERP system to this firm for automation?
- 3) To increase the production by 45% what need to be done by Mr. Sharma.
- 4) What are the strategies you would suggest to strengthen the supply chain?
