



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & SCM

Dec 2023

Post Graduate Diploma in Materials Management - 2 years

PAPER No. 11(enrolment code- PMM, PSM, CMM, CSM)[ONLINE EXAM]

Purchase Management

Date : 15.12.2023
Time : 10.00 a.m to 1.00 p.m.

Max. Marks : 70
Duration : 3 Hrs.

Instructions:

- From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total : 20 Marks**
- From Part B – Answer any 3 questions out of 5 questions. Each question carries 10 marks. **Total :30 Marks**
- Part C is a case study (compulsory) with questions. Read the case study carefully and answer the questions
Total: 20 Marks

Part – A

[20 Marks]

(Attempt all questions. Each sub question carries 1 mark.)

Q.1 State whether the following statements are True or false.

(Marks 5)

- SRM considers more of value addition than cost reduction.
- Purchase order when accepted by seller can be called a legally valid contract.
- In Purchase order terms and conditions, warranty, and guarantee convey the same meaning.
- Open tendering is used when number of suppliers are limited.
- EMD is generally returned to the unsuccessful bidders

Q.2 Fill in the blanks (Donot reproduce the Statement) :

(Marks 5)

- Kodak system of codification consists of ----- digits of numerical code.
- Bank guarantee for performance of the product is called ----- .
- Stipulations collateral to the contract are called-----
- Inside operation cost is to be considered in cost to ----- for make or buy decision
- During the period of rising prices of items,the buying method used by buyers is popularly called -----

Q.3 Expand the following

(5 Marks)

- a)CSRI b) COC c) SOW d)BIS e) FAS

Q.4. Match the following

(5 Marks)

Column A		Column B	
Sr no	Description		Description
1	Pilot lot	A	A type of payment term for international trading
2	Cash discount	B	Commercial Instrument used in road transportation
3	LR	C	Common delivery term in sea transportation
4	EX works	D	Applicable for effecting prompt payment before due date.
5	Letter of Credit	E	First batch of item taken under developmenttrial order on production basis

PART B [30 marks]

(Attempt any 3. Each question carries 10 marks)

- Q.5a)** What according to you are 5 Rs of Purchasing (5marks)
- b)** What according to you are top 5 unethical acts of buyers. (5 marks)
- Q.6 a)** Explain in brief the difference between Tender and Auction. (5 marks)
- b)** What are the top 5 situations when negotiation is generally desirable. Explain briefly (5 marks)
- Q.7 a)** What are the external and internal factors for determination of pricing of any item in an industry ? (5 marks)
- b)** What are the top 5 common factors for good buyer seller relationships (5 marks)
- Q.8 a)** What are the top 5 factors influencing make or buy decisions . (5 marks)
- b)** What are the top 4 channels for disposal of scrap. (5 Marks)
- Q.9** Write short notes on any TWO (2X5=10 Marks)
- a) Rate Contract
 - b) Value analysis
 - c) Quality of Design
 - d) Agreement to sell
 - e) Vendor Rating

PART -C

[20 marks]

Q. 10. Case study – Compulsory

- 1) Calculate landed cost for a purchaser based in Pune from 2 sources, one based in Mumbai & the other based in Kolkata after considering freight, insurance and tax data over and above other basic cost data as given in the table below as quoted by both the sources. The INCO term for Mumbai based source is FOR Mumbai at transporters office and for Kolkata based source it is EX works Kolkata. Ignore input tax credit for the Purchaser. Also assume quality and service & payment terms are same for both the sources.

Basic price /unit	100 Rs
Packing & forwarding	4%
Excise duty	Not applicable
Insurance	Rs 0.86 & 0.96 per unit respectively
Freight	Rs 10 per unit and 15 per unit respectively
CGST, SGST	9% each
IGST	18%

Answer the following questions

- a) Calculate Landed cost for Mumbai based source
 - b) Calculate landed cost for Kolkata based source
 - c) Assuming total requirement of 100 piece, assuming 60% share of business for Lowest bidder and 40% SOB for the other what will be the value of the purchase order for both the sources.
 - d) What is the total business spend for the Purchaser.
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