



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

Post Graduate Diploma in Logistics & SCM Post Graduate Diploma in Materials Management - 2 years

PAPER No. 11 (enrolment code- PMM, PSM, CMM, CSM)

Dec 2025

Purchase Management

Date : 20.12.2025
Time : 10.00 a.m to 1.00 p.m.

Max. Marks : 70
Duration : 3 Hrs.

Instructions:

1. From Part A – answer all questions (compulsory). Each sub questions carries 1 mark. **Total : 20 Marks**
2. From Part B – Answer any 3 questions out of 5 questions. Each question carries 10 marks. **Total :30 Marks**
3. 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.)

Q1. Please state whether following statements are 'True' or 'False'. (5 Marks)

- i. Purchasing has little impact on the profits of a firm
- ii. Right quality is same as best quality
- iii. Classification is an essential prerequisite for codification
- iv. Value Analysis helps to reduce costs without reducing functionality
- v. All Contracts are Agreements but all Agreements are not contracts.

Q2. Fill in the blanks –

(5 marks)

- (i) A formal statement which gives the estimated cost of goods or services is called a _____
- (ii) An MRP system which includes data from Finance, Production, Marketing, HR is called _____
- (iii) An uncertain event which can have an effect on the achievement of objectives is called a _____
- (iv) In _____ sampling plan, one piece is selected from a lot and tested
- (v) Excess stock held to take care of unforeseen circumstances is called _____

Q3. Match the following :

(5 Marks)

Term		Answer	
1	Material Inspector	A	tracking
2	Kodak system	B	Faulty forecasting and buying
3	Surplus items	C	10 digit numeric code
4	JIT	D	Quality Control
5	PO number	E	Reduced lead time

Q4. Write full forms of the following:

(5 Marks)

- a) JIT b)TQM c)ASTM d)CSR e)LOI

PART B
(Attempt any 3. Each question carries 10 marks)

[30 marks]

- Q5.** (a) When a company wants to decide whether they should produce a part in house or purchase it, it looks at the advantages and disadvantages of both . List them **(5 Marks)**
(b) Differentiate between Purchase order and contract. Which of the two gives more protection to the supplier and why? **(5 Marks)**
- Q6.** (a) What is “Waste”? How do companies dispose waste? **(5 Marks)**
(b) How does Materials Research benefit an organization? **(5 Marks)**
- Q7.** (a) Expand the term “MRP”. What are the inputs and outputs of MRP? **(5 Marks)**
(b) How is forecasting useful in Purchase management? Explain in brief **(5 marks)**
- Q8.** (a) The terms “Procurement” and “Purchasing” are often used interchangeably. Is it correct? If No, what is the difference? **(5 Marks)**
(b) Quality Control of products in an organization encompasses several steps. Explain them **(5 Marks)**
- Q9.** Write short notes on any TWO - **(2x 5 = 10 marks)**
(i) 8 R's of Purchasing
(ii) Intelligent material
(iii) Negotiation process

PART –C
(Compulsory)

[20 marks]

Q. 10. Case study – Compulsory

When IBM decided to enter the PC market in 1981, the company did not have the infrastructure in place to design and build the personal computer. IBM outsourced almost all of the major components of the PC. IBM was able to get this product to the market in 15 months and within 3 years, it replaced Apple as the market leader in personal computers.

Soon, companies such as Compaq entered the market, making PCs using the same suppliers as IBM. By the end of 1995, IBM's market share had fallen to less than 8%, behind Compaq who was leading at 10%.

IBM tries to regain the market, this time introducing it's PS/2 line of computers, using it's proprietary design and an operating system called OS/2

Questions (4 X5 = 20 marks)

- Q1. Why did IBM lose market share?
- Q2. Discuss the advantages of in-sourcing
- Q3. In the IBM PC, the microprocessor was designed and built by Intel, and the operating system was designed and built by Microsoft. Clearly IBM's loss was Intel and Microsoft's gain. Explain
- Q4. What factors should be considered while making a Sourcing strategy?