



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

June 2017

Date : 10.06.2017
Time : 10.00 a.m. to 1.00 pm

Max. Marks :100
Duration : 3 Hrs.

Instructions :

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) Delivery is very important while negotiating price of an item.
- 2) Right price means the best ultimate value.
- 3) Excise duty is imposed on import.
- 4) The weighted point plan proceeds in a step –by-step fashion.
- 5) Outsourcing is always beneficial for any institution/industry.
- 6) Price analysis is a process of deciding whether asking price for a product is right.
- 7) QCD is having no relevance in Negotiation.
- 8) Discount is offered to lure the buyers.
- 9) Purchase request/indent is not the beginning of the purchase process.
- 10) Trade shows helps to gain product knowledge & supplier evaluation.
- 11) RFQ & RFP is one of the same thing & having no difference.
- 12) Government is having major stake holding in Public Sector Undertaking.

Q.2. Give full-form of the following (1 mark each) **[Total : 8 marks]**

- | | | | |
|--------|---------|----------|------------|
| i) IFB | ii) MRO | iii) BPO | iv) ADP |
| v) L/C | vi) DOL | vii) NCD | viii) DGTD |

Q. 3. Match the following entries in column A with entries in column B (1 mark each)

[Total : 8 Marks]

Column "A"		Column "B"	
A	L/C	1	Quality of product
B	EOQ	2	The management of flow of materials
C	Performance indicators	3	Comparing with the best
D	Benchmarking	4	A banking transaction
E	TQM	5	Levies on import.
F	Value Analysis	6	Parameters for measuring the performance
G	Supply Chain Management	7	Systematic analysis to know the value added or non-value addition in product
H	Customs	8	Inventory Control

Q.4 Fill in the blanks (1 Mark each)

[Total : 4 Marks]

- 1) Rupee saved is Rupee _____ in Purchase Management
- 2) Trust & ----- have been identified as prerequisite for building supplier relationship.
- 3) Make or----- is very important decision to be taken in purchase.
- 4) -----order is for a specified period authorizing vendor to supply items against confirmed schedule.

PART B

[Total 48 marks]

Write any THREE out of the following five questions i.e, Q5 to Q.9: (16 Marks each)

Q.5. You are heading Purchase department in an Auto company & you have been given the target to make supply of 100 items on DOL basis & reduce the transportation cost by introducing Milk run pattern. Explain your plan to achieve the above.

Q.6. As a Purchase Manager, how you would manage the uninterrupted flow of material without building excess inventory.

Q.7. "Purchase Manager should look ethical purchaser". In view of this statement, explain the qualities he should possess.

Q.8.a) Explain cost ratio plan

b) How to improve the profitability through purchase?

Q.9. Short Notes: (any two)

- a) Terms & conditions of Purchase Order
- b) Recommendation of CVC
- c) Zero defects

PART C

[Total : 20 Marks]

Q.10 CASE STUDY- Compulsory

XYZ Ltd is a leading Indian company having its head office at Mumbai and engaged in the field of customer care products having four manufacturing units in India. Although company is having centralized Purchasing for raw material & bulk buying ,yet company is neither able to reduce inventories nor to reduce the stoppage of production line for want of raw material & packing material.Frequent stoppage of production line & wrong demand fore casting are the major cause of low order execution & piling of inventories especially in slow moving & obsolete category. Customers are not happy with decreasing service levels.

Mr. Atul Nagraj is appointed Head Purchase & assigned the task for streamlining the purchase operations & to ensure uninterrupted supplies of the required materials& for disposal of obsolete inventories. How you would like to suggest on following:-

Answer the following questions:

- a) What steps he should take to ensure uninterrupted supplies of required quality materials on time?
- b) Are you in favor of decentralization of purchases?, if yes then give your reasons.
- c) How he should reduce the inventory ?
- d) How steps he should take to dispose off obsolete inventory ?
