



# INDIAN INSTITUTE OF MATERIALS MANAGEMENT

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

PAPER No.13 (enrolment code –CPM, CPS)

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

## Purchase Management

June 2024

Date : 14.06.2024  
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 Select the correct option

(5 Marks)

a) Role of procurement starts with

- i) Recognition of need                      ii) Purchase requisition  
iii) Issue of enquiry                      iv) None of the above

b) Which of the following is NOT a codification method –

- i) brisch system                      ii) Alphanumeric system  
iii) Kodak system                      iv) None of the above

c) Which of the following is Not an output of MRP ?

- i) Planning order schedules                      ii) Rescheduled orders  
iii) Work orders                      iv) Vendor rating report

d) Which of the following wastes could be hazardous?

- i) Biomedical waste                      ii) Radioactive waste  
iii) e-waste                      iv) All the above

e) "Make in India" is an example of Global sourcing

- i) True                      ii) False

#### Q2 What do these abbreviations stand for

(5 Marks)

- a)MRP                      b)MPS                      c)JIT                      d)TQM                      e)ROI

#### Q3 Fill in the blanks

(5 Marks)

- a) Items which are not useful anymore to an organization are called \_\_\_\_\_ items  
b) Scrap generated due to manufacturing operations is called \_\_\_\_\_ scrap  
c) \_\_\_\_\_ auction is used when we are buying goods or services  
d) Perceived worth of a product or service is called \_\_\_\_\_  
e)Collecting forecasts from a panel of experts is called \_\_\_\_\_ Technique

**Q4 Match the following  
Column A**

- a) Skip lot sampling
- b) Dual sourcing
- c) Market research
- d) Right price
- e) Make or buy analysis

**Column B**

- i. Two suppliers are identified for a material
- ii. Creates best value for the buyer as well as seller
- iii. whether to make a part inhouse or source it from others
- iv Helps an organization anticipate and adjust in volatile markets
- v. A limited number of products are sent for inspection

**(5 Marks)**

**PART B**

**[30 marks]**

**(Attempt any 3. Each question carries 10 marks)**

- Q5. a)** Purchasing has a major role to play in earning profits for a company. Do you agree ? Explain **(5 Marks)**  
**b)** Compare and Contrast Centralised purchasing with Decentralized Purchasing **(5 Marks)**

- Q6 a)** What is MRP ? Explain clearly the main inputs to MRP **(5 Marks)**  
**b)** Outline the various stages involved in procurement **(5 Marks)**

- Q7 a)** What is classification of materials? Explain any TWO methods of codification **(5 Marks)**  
**b)** Suggest Two methods in which scrap can be disposed off in an organization **(5 Marks)**

- Q8 a)** Discuss any 4 sourcing strategies **(5 Marks)**  
**b)** What is Qualitative forecasting? Explain any Two methods of qualitative forecasting. **(5 Marks)**

- Q9** Write short notes on any TWO **–(2x5= 10 Marks)**

- a) Standardization
- b) Legislative and administrative scrap
- b) Acceptance sampling
- c) Intelligent Materials

**PART –C**

**[20 marks]**

**Q. 10. Case study – Compulsory**

Vignesh S is the Purchase Manager at JS Electricals, Bangalore has just been given a target of 5% cost reduction in procurement.

Vignesh had a brilliant idea – he set up an exhibit of the major parts and sub-assemblies JS bought and invited sales representatives to come up with cost reduction ideas for these repetitive items.

The fancy Drill-at-home drew most attention – Made of casting/ stamping/turning, it had been designed and handed over to Prabha Castings for making and supplying to JS.

Three firms came up with proposals –

ABC company said, they will give us 7% reduction if we accept plastic instead of metal, Quality will be tops

XYZ company said, our company has redesigned it with fewer parts. Cost reduction 8%, top quality

PDQ company said, we will supply you the parts and you do the assembly, we will give you rock bottom price

Prabha Castings was livid – they said you didn't even discuss it with us before opening it up to everybody. We have time and again tried talking to your people about value engineering but no one has the time. What can a newcomer give you which we cannot?

The Chief design Engineer of JS stormed into Vignesh's office – How dare you allow a bunch of newcomers to meddle with the Drill-at-home design? I will never allow it.

**Questions:**

- Q1. Give one cost reduction idea to Vignesh explaining it fully
- Q2. How can Vignesh start a value analysis program in his organization and what benefits will it give?
- Q3 What should he reply to the suppliers who have approached him?
- Q4 What should Vignesh tell Prabha castings?
- Q5 Explain in brief the roles and responsibilities of a Purchase Manager