



INDIAN INSTITUTE OF MATERIALS MANAGEMENT

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

JUNE 2025

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

Purchase Management

Date : 20.06.2025
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.)

Q.1 State whether the following statements are True or false(5 marks)

- i) Supplier Relationship Management (SRM) suggests maintaining close relationship with strategic vendors.
- ii) Legally, Delivery and supply is one and the same.
- iii) Forward buying is generally very large covering a long period of consumption.
- iv) Under INCO term Ex-Works, the damage while loading and unloading is to buyers account.
- v) Negotiation is desirable when the buyer does not have sufficient knowledge of the market.

Q.2 Fill in the blanks (Do not reproduce the Statement) : (5 marks)

- a) When there are more than one supplier, buyer's ----- liability gets distributed.
- b) The buyer should obtain ----- guarantee if significant amount is to be paid to the supplier as advance - .
- c) Capital Equipment selection should be based on -----
- d) Outside operation cost is to be considered in cost to ----- for make or buy decision
- e) During the period of falling prices of items ,the buying method used by buyers is popularly called -----

Q.3 Expand the following (5 marks)

- a) VA-VE b) TCO c)HAWB d)ASME e) FOB

Q.4. Match the following (5 Marks)

Column A		Column B	
1	Kodak system	A	A type of payment term
2	Quantity discount	B	Delivery term used in Road/Rail transportation
3	RR	C	Common dispatch document in Rail transportation
4	FOR	D	Bulk purchase.
5	VPP	E	codification

PART B**[30 marks]****(Attempt any 3. Each question carries 10 marks)**

Q.5 a) Right price is considered to be one of the 5 Rs of Scientific purchasing. What are the four sub elements of Right price as per you and why? **(5 marks)**

b) Purchase department of a company is a profit center or Cost center as per you. Give reasons for your Response. **(5 marks)**

Q.6 a) What is the difference between forward Auction and Reverse auction? Answer in brief. **(5 marks)**

b) What are the 3 common methods of Tendering? answer in brief **(5 marks)**

Q.7 a) Cancellation of orders by buyer falls under ethical or unethical act? Answer with justification. **(5 marks)**

b) What are the top 9 requirements of Buyers and sellers from each other? Just mention them. **(5 marks)**

Q.8 a) What are the top 5 tactics of bilateral negotiations between buyer and seller? Explain in brief . **(5 marks)**

b) What is the difference between negotiation and Re negotiation? **(5 Marks)**

Q.9 Write short notes on any Two (2X5=10 marks)

- a) Arm length relation with supplier b) Value Engineering
c) Quality of Conformance d) Caveat Emptor e) Reciprocal buying

PART –C**[20 marks]****(Compulsory)**

Q.10 The table below gives data of three vendors of a single firm:

Supplier	Inspection Analysis		Price Analysis			Delivery Analysis
	Lots received	Lots accepted	Basic Price	Discount	Transport	Deliveries missed
A	30	27	10	5%	0.30	15%
B	30	28	12.5	10%	0.20	10%
C	12	12	15	20%	0.25	Nil

The management places great importance on quality, Price & delivery & wishes that each vendor must be told of his performance in these areas The 3 factors of quality, price & delivery are assigned individual weights 40%,35% &25% respectively. Calculate the following: (**Marks 5X4=20**)

- Quality rating of the vendors based on weighted point method
- Price rating of the vendors based on weighted point method
- Delivery rating of the vendors based on weighted point method
- Composite rating of the vendors
- Suggest a vendor classification method on the basis of their composite rating to enable buyer to decide procurement strategies.