

Exam Name : GDMM Paper 5 Purchasing Management

Total Questions : 50

Q.1 The first step in the purchasing process is

Marks: 2

Question ID:
5226908

No	Options Details	Select Option
1	Supplier selection	
2	Order placement	
3	Negotiation	
4	Need assessment	

Q.2 Value engineering is a systematic process to

Marks: 2

Question ID:
5226909

No	Options Details	Select Option
1	To improve the value of goods	
2	To reduce the work content during manufacture	
3	To improve the quality of the product	
4	To reduce the rework	

Q.3 One of the methods of procurement of capital equipment

Marks: 2

Question ID:
5226910

No	Options Details	Select Option
1	Borrowing of finances	
2	Place a blanket order	
3	Leasing	
4	Subcontracting	

Q.4 MRP is software used to

Marks: 2

Question ID:
5226911

No	Options Details	Select Option
1	To make a production program	
2	To allocate work in production	
3	To make decisions	
4	To reduce wastages	

Q.5 Outsourcing helps an organization

Marks: 2

Question ID:

5226912

No	Options Details	Select Option
1	To concentrate on the core activities	
2	To reduce material cost	
3	To improve quality	
4	To understand suppliers better	

Q.6 In a buy decision, the organization buys

Marks: 2

Question ID:

5226913

No	Options Details	Select Option
1	All the critical items	
2	Buy only items that are difficult to manufacture	
3	Buy items that contribute low value addition	
4	Buy items that contribute high value addition	

Q.7 A decentralized organization helps in

Marks: 2

Question ID:

5226914

No	Options Details	Select Option
1	Quick decision making	
2	Helps to buy in bulk	
3	Helps in uniform implementation of procurement policy	
4	Consolidates the skill set available in the organization	

Q.8 Conflict of interest arises due to

Marks: 2

Question ID:

5226915

No	Options Details	Select Option
1	Disagreement in price	
2	Disputes between buyer and seller	
3	A buyer's decision can result in personal gains	
4	A seller's decision not to honour a purchase order	

Q.9 Cross functional teams help in

Marks: 2

Question ID:

5226916

No	Options Details	Select Option
1	Increase the decision-making times	
2	Bringing together a multidisciplinary approach for a smoother working	
3	Getting credit to all the departments	
4	To ensure that no individual department is blamed	

Q.10 Cost structure of the product has

Marks: 2

Question ID:

5226917

No	Options Details	Select Option
1	Only the material cost	
2	Only the labour cost	
3	Direct and Indirect costs	
4	Has the material cost, labour cost and the transportation cost	

Q.11 In a fixed price contract, the

Marks: 2

Question ID:

5226918

No	Options Details	Select Option
1	Seller is protected from any price increase	
2	Seller is at maximum risk	
3	Buyer is exposed to minimum risks	
4	Both the buyer and seller are protected from risks	

Q.12 Benchmarking is

Marks: 2

Question ID:

5226919

No	Options Details	Select Option
1	A global best practice	
2	The process without any rejections	
3	Marking the bench for the product	
4	Setting targets for the people working in that area	

Q.13 Negotiation is a process

Marks: 2

Question ID:

5226920

No	Options Details	Select Option
1	To finalize a contract	
2	To arrive at a win solution for the buyer	
3	To arrive at a win-win solution for the buyer and the seller	
4	To arrive at a win solution for the seller	

Q.14 Zero defect program is a tool that helps the management to

Marks: 2

Question ID:

5226921

No	Options Details	Select Option
1	Reduce the rework cost of the product	
2	Prevent the mistakes from occurring through prevention techniques	
3	Set a target for cost reduction	
4	Quality jargon used in organizations	

Q.15 Delegation of power is a document used by the purchase department to

Marks: 2

Question ID:

5226922

No	Options Details	Select Option
1	Delegate the purchasing activity	
2	Distribute the purchase budget of the organization	
3	Prevent the misuse of procurement by unauthorized personnel	
4	To seek approval for placing orders	

Q.16 Cross functional teams

Marks: 2

Question ID:

5226923

No	Options Details	Select Option
1	Help to spread the responsibility among persons	
2	These teams help to fill in the skill and knowledge gaps among persons	
3	These teams are a means to ensure that no single persons gets the credit	
4	With the division of work team spirit will suffer	

Q.17 The centralized business organization does NOT

Marks: 2

Question ID:

5226924

No	Options Details	Select Option
1	Help in taking quick decisions	
2	Help to consolidate the requirement	
3	Helps to pin point the responsibility	
4	Help to implement uniform procedures	

Q.18 A decentralized organization structure

Marks: 2

Question ID:

5226925

No	Options Details	Select Option
1	Does not help in taking quick decisions	
2	Helps to consolidate the requirements	
3	Helps to reduce logistics cost	
4	Helps in uniform implementation of policies	

Q.19 Policy and procedures of the organization

Marks: 2

Question ID:
5226926

No	Options Details	Select Option
1	Is a set of documents used to showcase the organization's strengths	
2	Is a set of documents that brings out the rules and regulations in the organization	
3	Is a document that helps the individuals in arriving at decisions in an objective manner	
4	Is set of documents that is to be followed by the vendors	

Q.20 Objective of the purchasing functions include

Marks: 2

Question ID:
5226927

No	Options Details	Select Option
1	Provide equal opportunity for all participating vendors	
2	To purchase without favour or prejudice	
3	To attract and retain vendors with the culture of quality and integrity	
4	All of the above	

Q.21 The procurement process ends with

Marks: 2

Question ID:

5226928

No	Options Details	Select Option
1	Goods receipt	
2	Inspection and acceptance of the goods	
3	The receipt of test certificate for the goods delivered	
4	Payment being made to the seller	

Q.22 Need identification includes

Marks: 2

Question ID:

5226929

No	Options Details	Select Option
1	The specification and the quantity requirement	
2	The specification, quantity and the inspection requirement	
3	The specification, quantity, location and time of requirement	
4	Only a and b	

Q.23 Price of a product is determined by

Marks: 2

Question ID:
5226930

No	Options Details	Select Option
1	The profit the company intends to make	
2	The price the market is allowing to be charged	
3	The sale price dictated by the marketing partner	
4	The MRP indicated in the product	

Q.24 Supplier performance evaluation has to be made

Marks: 2

Question ID:
5226931

No	Options Details	Select Option
1	Once in a year	
2	Once every quarter	
3	One every month	
4	Continuously for every supply made	

Q.25 Green procurement refers to

Marks: 2

Question ID:

5226932

No	Options Details	Select Option
1	Buying the items that use latest technology for manufacture	
2	Buying items that have been manufactured with minimum resources	
3	Buying items that are available locally	
4	Buying only imported items	

Q.26 A hybrid purchase organization is a combination were

Marks: 2

Question ID:

5226933

No	Options Details	Select Option
1	Procurement of raw materials and components	
2	Procurement of materials are made from local and away centres	
3	Procurement of materials is made through both agents and OEMs	
4	Procurement of materials is done through canalized agents and directly	

Q.27 A policy document is necessary as

Marks: 2

Question ID:

5226934

No	Options Details	Select Option
1	Since every purchase organization must necessarily have one	
2	It calls for the steps that the vendor needs to be follow in procurement process	
3	It is a document that provides a solution for all the problems encountered in purchase	
4	It is a document that provides decision making guidelines in the procurement process	

Q.28 The main challenge for a procurement organization is

Marks: 2

Question ID:

5226935

No	Options Details	Select Option
1	Identification of the items that are required for manufacture	
2	Identification of personnel to ensure materials are organized on time	
3	Identifying all the risks relating to the procurement of materials	
4	Keeping all the suppliers happy so that they supply on time	

Q.29 One of the main objectives of the procurement organization is to ensure

Marks: 2

Question ID:

5226936

No	Options Details	Select Option
1	The lowest possible operating cost	
2	Procurement is made with the minimum personnel	
3	Procurement is carried out with the best possible technology	
4	All of these	

Q.30 Supplier performance evaluation is a system

Marks: 2

Question ID:

5226937

No	Options Details	Select Option
1	That gives an indication of the technological strengths of the supplier	
2	That gives an indication of overall performance and helps in comparison with other suppliers	
3	That gives an indication of the financial soundness of the supplier	
4	That helps to identify suppliers who are not motivated	

Q.31 Leasing of capital equipment is the best alternative

Marks: 2

Question ID:
5226938

No	Options Details	Select Option
1	When technology and cost of equipment is high	
2	when investment is not possible due to lack of funds	
3	When supplier does not want to part with ownership of the equipment	
4	To promote the leasing culture in the organization	

Q.32 Factors that are evaluated at the time of induction of new suppliers are

Marks: 2

Question ID:
5226939

No	Options Details	Select Option
1	Infrastructure and finance	
2	Infrastructure and quality systems	
3	Infrastructure, quality systems and financial status	
4	Sound financial standing is required	

Q.33 Purchase strategies are

Marks: 2

Question ID:

5226940

No	Options Details	Select Option
1	Very difficult and are not implementable	
2	Very easy and must be implemented	
3	Necessary and varies with the kind of materials procured	
4	Not practical and hence bound to fail	

Q.34 A structure that helps in consolidating the requirements to leverage quantities is

Marks: 2

Question ID:

5226941

No	Options Details	Select Option
1	Consortium buying	
2	Increase the quantities since material will be required in the future	
3	Wait for additional requirement to be indicated	
4	Use ERP system to increase the requirement	

Q.35 The organization structure that supports the uniform implementation of policies and procedures is

Marks: 2

Question ID:
5226942

No	Options Details	Select Option
1	The hybrid structure	
2	The centralized structure	
3	The decentralized structure	
4	Depends upon the personnel working in the department	

Q.36 Cross functional teams contribute significantly during the

Marks: 2

Question ID:
5226943

No	Options Details	Select Option
1	Peak periods by helping the procurement function in follow up	
2	Share the work loads of various departments	
3	Provide technical help to the procurement function	
4	Period of new product introduction	

Q.37 The purchase requisition is a document that

Marks: 2

Question ID:

5226944

No	Options Details	Select Option
1	Contains information about the organization	
2	Contains information about the suppliers to be contacted	
3	Contains information about the specification, quantity required, when and where required	
4	Contains information about the payment terms on placement of order	

Q.38 Specifications have a significant impact on

Marks: 2

Question ID:

5226945

No	Options Details	Select Option
1	The good and healthy competition among vendors	
2	The purchase process	
3	The inspection and acceptance process	
4	All of these	

Q.39 Bargaining range

Marks: 2

Question ID:

5226946

No	Options Details	Select Option
1	Indicates the range of factors that can be discussed during negotiation	
2	Indicates the actual price of the product under negotiation	
3	Indicates the price range that is available for negotiation	
4	Is a theoretical range of price of the product	

Q.40 Manufacturing an item within the factory is advisable when

Marks: 2

Question ID:

5226947

No	Options Details	Select Option
1	Historically the product has been made in house	
2	The product design cannot be shared	
3	When the cost of making is important	
4	When making cannot be stopped by the organization	

Q.41 Buying an item is advisable when

Marks: 2

Question ID:

5226948

No	Options Details	Select Option
1	We would like to have an external source in addition to internal manufacture	
2	The cost of external procurement is lower than the manufacturing cost	
3	The supplier has more knowledge than the buyer for the item	
4	The buyer has more knowledge than the supplier	

Q.42 Business process outsourcing effectiveness depends upon

Marks: 2

Question ID:

5226949

No	Options Details	Select Option
1	A proper long-term approach during the implementation of the contract	
2	A clear understanding by the vendor of the company's goals and objectives	
3	Both (a) and (b)	
4	Neither (a) nor (b)	

Q.43 The stages in the negotiation process are

Marks: 2

Question ID:

5226950

No	Options Details	Select Option
1	Preparation, negotiation, order placement	
2	Preparation, conceptualization, negotiation, order placement	
3	Preparation, conceptualization, negotiation, order placement, follow-up	
4	Preparation, negotiation, order placement, follow-up	

Q.44 Important factors considered in supplier evaluation are

Marks: 2

Question ID:

5226951

No	Options Details	Select Option
1	Supply assurance, responsiveness, environment and safety, technology	
2	Supply assurance, responsiveness, environment and safety, quality	
3	Supply assurance, responsiveness, environment and safety	
4	Supply assurance, responsiveness, environment and safety, technology, Total cost (TCO)	

Q.45 Weighted point plan is a

Marks: 2

Question ID:

5226952

No	Options Details	Select Option
1	Is a system for cost evaluation of the supplies	
2	Is a system for the supplier infrastructure evaluation	
3	Is a system for the performance evaluation of the supplies made by a supplier	
4	Is a system to understand the variation in the cost of supplies	

Q.46 DGS & D has various department for its functioning

Marks: 2

Question ID:

5226953

No	Options Details	Select Option
1	Purchase, inspection, payment	
2	Purchase, inspection	
3	Purchase, inspection, disposal	
4	Purchase, inspection, disposal, payment, supply department	

Q.47 The characteristic of the niche brand is that

Marks: 2

Question ID:

5226954

No	Options Details	Select Option
1	They have small volumes and are not sensitive to prices	
2	They have large volumes and are sensitive to prices	
3	They have large volumes and are insensitive to prices	
4	They have small volumes and are sensitive to prices	

Q.48 Main objective of pre order negotiation is

Marks: 2

Question ID:

5226955

No	Options Details	Select Option
1	Reduce price, shorten lead times	
2	Reduce price, shorten lead times, reduce disputes	
3	Negotiation is a must to get price advantage	
4	Negotiation helps to understand the supplier perspective	

Q.49 A purchase order / contract with a price variation clause is

Marks: 2

Question ID:

5226956

No	Options Details	Select Option
1	Advantageous to the seller	
2	Advantageous to the buyer	
3	Advantageous to both the buyer and the seller	
4	Not advantageous to buyer or seller	

Q.50 Business process outsourcing refers to

Marks: 2

Question ID:

5226957

No	Options Details	Select Option
1	The complete outsourcing of all bought items	
2	The complete outsourcing of any business process	
3	The complete outsourcing of all services	
4	The complete outsourcing of transport services	