



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT  
Paper No.2  
Procurement Process/Operations**

**Dec 2013**

Date: 15.12.2013  
Time: 10.00 am to 1.00 pm

Max Marks: 100  
Duration: 3 Hours

**Instructions:**

Part A contains 4 main questions each question carries 10 marks. Attempt all 4 questions  
Part B contains 7 questions, attempt any 4 questions. Each question carries 15 marks.

**PART-A**

**Answer all four Questions. Each question carries 10 marks. Total 40 Marks for this Section.**

**Q1. State True or False:**

- 1.1 One of the main features of commodity buying is their price volatility.
- 1.2 Partnerships are managed based on relationship & trust between the buyer and seller.
- 1.3 Your focus for critical items should not be on minimizing the risk and cost.
- 1.4 Price variability will depend on the nature of the procurement item and on conditions in the supply market.
- 1.5 The most preferred contract is cost plus - a - percentage - of - cost.
- 1.6 The concept of competition is an important aspect of good governance in public procurement.
- 1.7 Spot purchases do not involve arm's length relationship.
- 1.8 You can reduce risk by identifying new sources of supply and developing supplier capabilities.
- 1.9 Brands allow clear, concise and unambiguous communication of what is required.
- 1.10 Technical specifications need to be clear and precise.

**Q2. Write the full form of the following abbreviations as used in the context of public Procurement.**

2.1 LME	2.3 PVC	2.5 ITU	2.7 IEC	2.9 EU
2.2 CD-ROM	2.4 WSSN	2.6 LCC	2.8 TCO	2.10 BIS

**Q3. Fill in the blanks.**

- 3.1 Hedging is the low-risk alternative to .....
- 3.2 Supply risk can be reduced through standardizing .....
- 3.3 Critical items are both high .... and high ..... items.
- 3.4 The main focus for bottleneck items is on minimizing the .... to your organization.
- 3.5 The learning curve involves the process of ..... & getting used to working together.
- 3.6 In the case of routine items, the rule is to keep it .....
- 3.7 The concept of ..... is an important aspect of good governance in public procurement.
- 3.8 A partnership is important for .... reduction and to involve ..... in program development and deployment.

3.9 Link ..... to the contract, to avoid deterioration in service.

3.10 Call off- relationship involve ..... prices over a set period, but without ..... to buy a certain amount.

**Q4. Match the following:**

**Column A**

**Column B**

1.Price fixation contract	a) exchanges of promises to buy or sell that often do not result in actual physical delivery.
2.Hedging strategy	b) which means that price difference do exist amongst different suppliers .
3.Call Option	c) a market in which there are many suppliers offering the same product or service.
4.Buying forward	d) encourages the supplier to increase costs that is contrary to the buyers interest.
5.Paper trading	e) will depend on how much business they can expect and what else might attract them in doing business with you.
6. Imperfect Supply Market	f) referenced to futures prices will allow each side to fix the billing price at his preferred point in time.
7. Perfect competition	g) when you prefer to know the price in advance rather than take the risk of the market price at the time of purchase.
8. Cost plus contracts	h) suppliers can use their full expertise and innovation to help optimal solution.
9. Supplier perception	i) allow you to secure a price without a commitment to buy.
10 Performance specification	j) when you will be paid based on the price of the commodity at a date different to that when you need to buy it.

### **PART- B**

**Attempt any four questions. Each question carries 15 marks.**

**Total 60 marks**

Q5. What are the various types of contracts? Explain in detail. Also bring out comparison between fixed price and cost reimbursement contracts.

Q6. What is supply positioning model? Explain the characteristics of bottle neck & leverage quadrant. How do you reduce the risk for bottle neck items?

Q7. Explain the different approaches of bid evaluation? When is weighted scoring option preferred?

- Q8. Write short notes on any five.
- a) Main characteristics of leverage quadrant.
  - b) The learning curve.
  - c) Technical specifications.
  - d) Fixed relationships.
  - e) Bidder protests.
  - f) Partnerships.
  - g) Net present value.
- Q9. What is solicitation package? What are the important aspects that it contains? Also bring out specific issues when requesting services.
- Q10. What are the types of requirements? Briefly explain them. Also explain procurement specification, and bring out its major components?
- Q.11 Explain in detail the important terms and conditions and their relevance in a contract.

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