Purchasing Management

Date : 14.12.2013
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 question carries 1 mark. Total: 32 Marks
2. From Part B – Answer any 3 questions out of 5 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 32 x 1 = 32 marks

Q.1 Please state whether the following statements are “True” or “False”.

1) Purchasing function originates from Purchasing Specifications
2) For import letter of credit is a must.
3) Full capacity utilization of plant is a strength of Seller.
4) During recession Buyer should go for long term contract.
5) Learning Curve is applicable to machines.
6) Price Decline Protection Clause protect the Buyer.
7) Centralised purchasing does not permit buyer specialization and expertise.
8) Consignment Terms are payment terms.

Q 2. Fill in the blanks.

1. Excise duty on alcohol is decided by ---------------Government
2. Product Life Cycle has --------------- phases
3. Value Added Tax is collected by --------------- Government
4. National Calamity contingent duty is applicable on ---------------
5. The largest Buyer in India is ---------------
6. --------------- means that the buyer should be careful and guarded against seller.
7. ---------------condition in PO is aimed at providing relief to seller under circumstances beyond control.
8. In Buyers Market, --------------- is at disadvantage
Q.3. Match the following. (1 Mark each) [Total : 12 Marks]

A
1. Bench Marking
2. Escalation Clause
3. Forward Buying
4. Vendor Rating
5. BOM
6. Self Certification
7. RFID
8. CENVAT

B
a. Commodities
b. Cost Ratio
c. MRP
d. JIT
e. Duties
f. Codification
g. Best Industry Practice
h. Price increase

Q.4. Write the full form of the following. (1 Mark each) [Total: 8 Marks]

(1) EFT  (2) DGS & D  (3) RFI  (4) MCX
(5) MMTC  (6) STC  (7) ASTME  (8) BIS

PART B [Total : 48 Marks]

Write any THREE out of the following five questions i.e., Q.5 to Q.9: (16 Marks each)

Q 5. a) How you will prepare for negotiation ?
   b) What are various areas for negotiation ?
   c) What are skills of successful negotiators?

Q 6. How you will appraise performance of Purchase Department- prepare detailed plan. 16 marks.

Q 7. a) Discuss Price cost analysis with specific example.
   b) What is the importance of Interface of purchase department with other department.

Q 8. What are the considerations behind the decisions to ‘BUY’ and not ‘MAKE’ an item in house.

Q 9. Write Short Notes any four

   a) Centralisation and Decentralisation
   b) Buying Transport Service
   c) Public Buying
   d) Green Buying
   e) Supply market analysis
M/s New Age Industries Ltd, received following offers for supply of a chemical. The company has multiple units, some of the units are not availing cenvat. You are required to suggest the lowest offer.

<table>
<thead>
<tr>
<th></th>
<th>A Limited</th>
<th>B Limited</th>
<th>C Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Rate</td>
<td>510</td>
<td>505</td>
<td>550</td>
</tr>
<tr>
<td>Excise Duty</td>
<td>12%</td>
<td>12%</td>
<td>N.A.</td>
</tr>
<tr>
<td>Education Cess</td>
<td>2%</td>
<td>2%</td>
<td>N.A</td>
</tr>
<tr>
<td>Higher Education Cess 1%</td>
<td>1%</td>
<td>1%</td>
<td>N.A</td>
</tr>
<tr>
<td>Insurance</td>
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<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Freight</td>
<td>10</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>CST against Form C</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Payment Terms</td>
<td>Against Delivery</td>
<td>90 days</td>
<td>Against Delivery</td>
</tr>
</tbody>
</table>

Marks

A) Calculate Landed Cost 3
B) Calculate Net of Cenvat Cost 3
C) Calculate impact of interest @12% p.a. 3
D) Calculate Total Gross Landed Cost after interest cost 2
E) Calculate Total Net of Cenvat Cost after interest cost 2
F) Give your recommendation for the Unit which is availing cenvat 1
G) Give your recommendation for the Unit which is not availing cenvat 1
H) What factors you will consider besides cost before finalizing 2
I) What Terms and conditions you will add to the order 3

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