



INDIAN INSTITUTE OF MATERIALS MANAGEMENT  
GRADUATE DIPLOMA IN PUBLIC PROCUREMENT

Dec 2011

Paper No.3  
Contract Management

Date: 12.12.2011  
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.

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**PART-A**

**Q1. State True or False:**

- 1.1 Customer feedback is a good tool for effective contract administration.
- 1.2 Price theory, in effect says that price is not independent of cost.
- 1.3 Money is not the only motivation factor for suppliers.
- 1.4 Protests by bidders relate to post – award supplier complaints.
- 1.5 Government purchases should necessarily be made at the lowest quoted price only.
- 1.6 Adequacy of consideration is not an important element of a valid contract.
- 1.7 Direct action eliminates or reduces risk, indirect action avoids risks.
- 1.8 Learning curve is not relevant to cost price analysis.
- 1.9 Adequacy of consideration is not an important element for a valid contract.
- 1.10 Monopsony exists when there is only one buyer for the like products of several sellers.

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

2.1 GST	2.3 BVWG	2.5 PAN	2.7 MODVAT	2.9 QCP
2.2 WBS	2.4 TIN	2.6 TDS	2.8 INCOTERMS	2.10 BVE

**Q3. Fill in the blanks.**

- 2.1 Contract ..... with ethical standards ..... be included in all standard contracts.
- 2.2 Identifying and resolving ..... early can reduce management .... and efforts.
- 2.3 Liquidated damage clause and penalty clause upon ..... by one party entitle the aggrieved party an ..... sum of money.
- 2.4 Best value ..... are made by determining trade .... between cost/price factors & non-price factors.

- 2.5 Motivating the ..... towards successful ..... ensures their acceptance of the intent of the contract.
- 3.6 The WBS is a ..... that identifies all major ..... of the work and the relationships between these tasks.
- 3.7 PBC can be used ..... in complex and multi-tasks ..... contracts.
- 3.8 Direct ..... are ..... associated with the product.
- 3.9 Price ..... is most effectively used when ..... exists.
- 3.10 The goal of ..... contract is ..... improvement.

**Q4. Match the following:**

**Column A**

**Column B**

1. Risk assessment	a) is the use of third party solutions to minimize risks.
2. Risk transfer	b) Trade and Industry associations usually develop the Standards.
3. The surveillance plan	c) involves the probability of occurrence and the extent of impact.
4. In performance based contracting	d) normally measures of quality, quantity and / or timeliness.
5. In performance based environment	e) these are established and agreed upon a country.
6. Standards are	f) Procurement entities may establish standards for requirements that are not otherwise regulated.
7. Industry Standards	g) increased productivity, improved processes, streamlined operations and bigger profits.
8. National Standards	h) determine the WHAT and not.
9. local Standards	i) is a living document.
10. The objects of performance measurement are	j) it is ultimately the supplier that is responsible for quality assurance, motivated by incentives.

## **PART- B**

**Attempt any four questions. Each question carries 15 marks. Total - 60 Marks.**

- Q5. What are the buyers and sellers obligations under a contract? What are the remedies available to the buyer for the failures of the seller to perform.
- Q6. Why is transparency termed as one of the most important constituent in a public procurement system? Does it have any correlation to either the bidder complaints/protests or even corruption
- Q7. Price and Cost analysis play an important role in procurement. Explain in detail the difference between them and when cost analysis becomes necessary.
- Q8. Explain briefly: Any three.
- a) Resolution of Disputes.
  - b) Acceptable quality level.
  - c) Express and implied Warranties.
  - d) Cost reimbursement Contracts.
  - e) Performance based Contracting.
  - f) Termination of Contract.
  - g) Learning Curve.
- Q9. What are bidder Protests and Complaints. Explain a protest process and the measures taken to avoid / reduce these.
- Q10. What is a Construction Contract? Outline the essential prerequisites (briefly explaining them) in writing the contract. Also explain the monitoring process.
- Q11. Explain the advantages and disadvantages of using Value Analysis and Value Engineering.

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