

Roll No.

Total Pages : 03

704407

May 2024

M.B.A. (Executive) (Fourth Semester)

Working Capital Management (MBA-E-FM-210)

Time : 3 Hours]

[Maximum Marks : 75

Note : It is compulsory to answer all the questions (1.5 marks each) of Part A in short. Answer any *four* questions from Part B in detail. Different sub-parts of a question are to be attempted adjacent to each other.

Part A

1. (a) What is the concept of working capital ?
1.5
- (b) Differentiate between gross working capital and net working capital. 1.5
- (c) Why working capital is considered a crucial element for businesses ? 1.5
- (d) What is the meaning of operating cycle ?
1.5
- (e) Explain, what various costs of holding inventories are ? 1.5
- (f) What are the objectives of receivable management ? 1.5

- (g) Write a short note on credit term. **1.5**
- (h) What is the cash management system ? **1.5**
- (i) What are the motives for holding cash and marketable securities ? **1.5**
- (j) Explore the factors influencing the cash balance. **1.5**

Part B

- 2. Provide an overview of financing and control of working capital, including the various sources of finance such as accruals, trade credit, and W.C. advances from commercial banks. **15**
- 3. Evaluate cash concentration strategies and different models for determining the optimum level of cash balances, such as Baumol Model, Beranek Model, Miller-Orr Model, and Stone Model. **15**
- 4. Examine the regulations and policies related to bank finance for working capital, considering reports from committees like Tandon, Chore, and Marathe. **15**
- 5. Why is understanding the concept of working capital investment important for businesses ? Explore the need, determinants, and methods for computing working capital. **15**

- 6. (a) Discuss the role of short-term loans from financial institutions, commercial papers and factoring in working capital management. **7.5**
- (b) Discuss the factors that influence the planning of working capital and highlight their significance in managing a company's financial health. **7.5**
- 7. (a) Explore the fundamentals of inventory management and various techniques used in effective inventory management. **10**
- (b) Discuss the costs and benefits of receivable management, emphasizing credit policies, evaluation of credit applicants and collection strategies from accounts receivable. **5**