

**MASTER OF BUSINESS ADMINISTRATION  
(MBA, MBAFM)**

**Term-End Examination**

**December, 2022**

**MMPF-001 : WORKING CAPITAL MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

**Note :** (i) Attempt any **five** questions.

(ii) All questions carry equal marks.

1. Explain the 'Gross Concept' and 'Net Concept' of working capital. Discuss the different types of working capital and their behaviour in different categories of firms.
2. What is working capital ? What are the various factors influencing the determination of working capital ?
3. The management of Alpha Ltd. is considering to change its existing credit policy. The details of options are given below :

(₹ '000)

Credit Policy	Existing	X	Y	Z
Sales	50	56	60	62
Variable cost (80% of sale)	40	44.8	48	49.6
Fixed cost	6	6	6	6
Average collection period (days)	30	45	60	75

Firm's rate of investment is 20%

Assume 360 days in a year

You are required to advise which of these options is the best.

4. What is the need for credit evaluation of a customer ? Discuss the different credit evaluation models used for evaluating the creditworthiness of customers.
  5. Explain the principles followed by banks while lending loans. What are the salient features of cash credit system ? Discuss the merits and demerits of cash credit system.
  6. What do you understand by the term 'Commercial Papers (CP)' ? Describe the eligibility conditions prescribed and the procedure followed for issuing Commercial Papers.
  7. What are the objectives of working capital management in Small and Medium Enterprises (SMEs) ? Discuss the various barriers in optimization of working capital in SMEs.
  8. Write short notes on any *four* of the following :
    - (a) Just-In-Time
    - (b) Credit Rating
    - (c) Public Deposits
    - (d) Consortium Lending
    - (e) Payables
    - (f) Money Market
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