

MANAGEMENT PROGRAMME

00025

Term-End Examination

June, 2018

MS-041 : WORKING CAPITAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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- Note :**
- (i) Attempt any five questions.
 - (ii) All questions carry equal marks.
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1. Explain the concept of working capital. Discuss the impact of inflation on inventory, receivables and cash.
2. What are the motives behind holding cash in business? Discuss the internal factors that affect the flow of cash.
3. What is a Commercial Paper (CP)? Discuss the terms and conditions laid down by companies for issuing CP. Describe the procedure followed in India for issuing commercial paper.
4. Write notes on the following :
 - (a) Sole banking and consortium lending
 - (b) Cash budget method and turnover method of assessing working capital.
5. Explain the concept of liquidity. Discuss the different methods that are used to measure liquidity.

6. Discuss the various External exchange risk management techniques which are used by exporters and importers.
7. Compute the duration of the operating cycle for each year and comment on the increase/decrease. The data is as given below :

Particulars	Year 1	Year 2
	₹	₹
Stocks :		
Raw materials	20,000	27,000
Work-in-process	14,000	18,000
Finished goods	21,000	24,000
Purchase of raw materials	96,000	1,35,000
Cost of goods sold	1,40,000	1,80,000
Sales	1,60,000	2,00,000
Debtors	32,000	50,000
Creditors	16,000	18,000

Assume 360 days per year for computation purposes. Support your answer by step wise working.

8. Write short notes on **any four** of the following :
- Cash Reserve Ratio
 - Conversion Matrix
 - Commitment Charge
 - Capital Invest Module
 - Return on Assets