

MANAGEMENT PROGRAMME

Term-End Examination

June, 2022

MS-041 : WORKING CAPITAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note : Attempt any **five** questions. All questions carry equal marks.

1. Define Working Capital and explain its types. Discuss the impact of inflation on various components of working capital.
2. Explain the meaning and significance of Bank Rate. Discuss the different credit control techniques used by the central bank of the country.
3. What do you understand by Marketable Securities ? Discuss various types of marketable securities under debt category.

4. Discuss the cardinal principles of Lending followed by commercial banks. Explain different methods of creating charge over the assets of the borrowers in case of secured advances.
5. Explain Factoring of Receivables and its mechanism. How is With recourse factoring different from Without recourse factoring ?
6. What is 'Liquidity' ? How is it measured ? Discuss the factors that determine the liquidity of a firm.
7. XYZ Ltd. uses 60,000 kg of coffee per year. The cost of ordering is ₹ 400 per order, and the cost of carrying coffee in inventory is ₹ 2 per kg per year. The firm uses coffee at a constant rate every day throughout the year.

Based on the above information, you are required to :

- (a) Calculate the EOQ.
- (b) Determine the total number of orders required.
- (c) Calculate the total cost.
- (d) Assuming that it takes 20 days to receive an order once it has been placed, determine the reorder point in terms of kg of coffee by using a 360 day year.

8. Write short notes on any *four* of the following :

- (a) Netting
 - (b) Leading and Lagging
 - (c) Operating Cycle
 - (d) Warrants
 - (e) Operating Profit Ratio
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