

**MASTER OF BUSINESS ADMINISTRATION
(MBACN)**

Term-End Examination

June, 2013

MCNE-007 : WORKING CAPITAL MANAGEMENT

Time : 3 hours

Maximum Marks : 100

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- Note :* (i) *Attempt any five questions.*
(ii) *All questions carry equal marks.*
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1. Explain the four principles of working capital investment. Use suitable example in support of your answer. 20

2. Discuss the important guidelines regarding the issuance of commercial paper by the companies in India, as issued by the Reserve Bank of India (RBI). Explain the procedure of issuing commercial paper. 20

3. Distinguish between the following : 4x5=20
 - (a) ABC Analysis and VED Analysis
 - (b) Legal Mortgages and Equitable mortgage
 - (c) Eurobond market and Eurodollar market
 - (d) Variable working capital and Permanent working capital

4. What do you understand by the gross working capital and net working capital ? How would the fund manager plan for the working capital, keeping the long run business perspective in mind ? 20
5. Discuss the concept of receivable management. Discuss the significance of monitoring and control of receivables. 20
6. Write short notes (*any four*) : 4x5=20
- (a) Bridge loans and Composite loans
 - (b) Loan Syndication
 - (c) Consortium Lending
 - (d) Cash Conversion Cycle
 - (e) Financial Analysis
 - (f) Aggressive approach to working capital financing
7. (a) "Working capital is like blood pressure too high of it is fatal, too low of it is collapse". Discuss this statement and support your answer with suitable examples. 10+10=20
- (b) Explain interest arbitrage in international financial markets.

8. (a) "Cash budget is an important tool for ensuring optimum cash management in a firm". Explain. 10+10=20
- (b) Explain the turnover method of assessing working capital needs.
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