

No. of Printed Pages : 3

**MS-41**

**MANAGEMENT PROGRAMME (MP)**

**Term-End Examination**

**June, 2021**

**MS-41 : WORKING CAPITAL MANAGEMENT**

*Time : 3 Hours*

*Maximum Marks : 100*

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

(ii) All questions carry equal marks.

1. Distinguish between the different approaches to financing working capital needs of a firm. What are the risks that a firm incurs if it violates the hedging principle ? Discuss.
2. Describe the operating cycle and how it is determined. Discuss the various factors that influence the determination of working capital.

**P. T. O.**

3. (a) Discuss the different methods used by firms to recognise and manage the uncertainty associated with cash flow variations.  
  
(b) Explain the different options available with the firm to improve its collection efficiency of cash-in-transit.
4. Discuss the important features of Bierman-McAdams model and Baumol model.
5. What do you mean by Discounting of Bills ? Describe the procedure for discounting of bills. What are the advantages of discounting of bills ?
6. "Reserve Bank of India introduced a compulsory loan component in the credit granted by banks to large borrowers and issued guidelines to the banks in this regard." Discuss the salient features of these guidelines.

[ 3 ]

7. Explain the significance of payables as a source of finance. Discuss the factors that influence the quantum and period of credit of payables.
8. Write short notes on any *four* of the following :
  - (a) Operating Profit Ratio
  - (b) Commercial Paper
  - (c) Letter of Credit
  - (d) Pledge
  - (e) Decision Tree Model