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MMPF-001

**MASTER OF BUSINESS
ADMINISTRATION
(MBA)**

**Term-End Examination
June, 2023**

MMPF-001 : WORKING CAPITAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 100

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

(ii) All questions carry equal marks.

1. Define working capital and discuss the different components of working capital.
2. What is the role of Central Bank in designing and implementing monetary and credit policy ? Discuss the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) in detail.
3. What do you understand by the term 'Cash Management' ? Why do firms hold cash and marketable securities ?
4. Explain the following :
 - (a) Bierman-McAdams optimisation model
 - (c) Miller and Orr model.

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5. Explain the meaning and significance of trade credit. Discuss the various factors that determine trade credit.
6. What do you understand by ‘Term Loans’ ? Discuss the purposes for which they are granted by banks.
7. Explain the financing options accessible to large and small firms. Discuss the reasons for differences in access to working capital finance for SMEs and large companies.
8. Two components X and Y are used as follows :
Normal usage = 50 units each per week
Minimum usage = 25 units each per week
Maximum usage = 75 units each per week
Re-order quantity = X-300 units
Y-500 units
Re-order period = X-4 to 6 weeks
Y-2 to 4 weeks
You are required to calculate for each component :
 - (a) Reorder level
 - (b) Minimum level
 - (c) Maximum level
 - (d) Average stock level