No. of Printed Pages : 4 **MMPF–001**

MASTER OF BUSINESS ADMINISTRATION (MBA)

Term-End Examination

December, 2024

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 constituents of working capital. What are the different tools used for planning of working capital ?

2. You are required to compute the duration of the operating cycle for each of the two years from the following data :

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

Also give your comments on the increase/decrease of the operating cycle.

Assumptions :

(i) 360 days per year for computation purposes.

(ii) Raw materials consumed is equal to purchases.

(iii) Cost of goods manufactured is equal to cost of goods sold.

(iv) Credit sales is equal to total sales.

3. While designing credit policy of a firm, what factors are taken into consideration ? Discuss the five dimensions popularly called five C's of credit analysis.

4. Why do firms need to manage cash ? Discuss the internal and external determinants that affect the cash flows of firms.

5. How is value created through working capital management ? Explain the principles laid down by Walker with respect to working capital investment.

6. What do you understand by the term 'Commercial Papers (CP)' ? Discuss the eligibility of companies to issue CPs and the terms and conditions on which CPs are issued. Describe the procedure followed for issuing CPs.

7. Explain the unique characteristics of Working Capital Management in SMEs. Discuss the determinants of working capital management in SMEs.

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

   (a) Cash Reserve Ratio (CRR)

   (b) Trade Credit

   (c) Behavioural Biases

   (d) Physical and Notional Cash Pooling

   (e) Mortgage

   (f) F-S-N Analysis

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