

[Total No. of Questions - 12] [Total No. of Printed Pages - 2]
(2064)

14929

MBA 4th Semester Examination
Working Capital Management (O.S.)
FM-13

Time : 3 Hours

Max. Marks : 60

The candidates shall limit their answers precisely within the answer-book (40 pages) issued to them and no supplementary/continuation sheet will be issued.

Note : Attempt any Five questions. Each questions carry equal marks.

1. Explain the distinguishing features of matching, conservative and aggressive strategies for financing working capital with the help of illustrations. Under which circumstances each of these are suitable? (12)
2. What is the significance of Inventory control? Discuss the different models of inventory management. (12)
3. Discuss the various factors that you as a finance manager would have to take into consideration before assessing the working capital requirements of your firm? (12)
4. 'Ascertaining and analyzing the credit worthiness of customers, before extending credit, is an important and difficult task', comment? (12)
5. From the following information prepare a statement showing the estimated working capital requirements:

Projected annual sales	-	26000 units
Selling price per unit	-	₹ 60

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[P.T.O.]

Analysis of selling price:

Materials - 40%

Labour - 30%

Time Lag (on average):

Raw materials in stock - 3 weeks

Production Process - 4 weeks

Credit to debtors - 5 weeks

Credit from suppliers - 3 weeks

Lag in payment of wages and overheads - 2 weeks

Finished goods in warehouse - 2 weeks

Cash in hand is expected to be 10% of net working capital.

(12)

6. What is factoring? What are the types of factoring? Explain how factoring is different from bill discounting? (12)
7. How bank credit and trade credit plays vital role in financing the working capital? Describe the methods suggested by Tandon Committee for financing the working capital. (12)
8. What is 'Credit risk'? How do you assess Credit risk? Also explain Discriminate analysis and Credit scoring. (12)
9. Describe different kinds of float with reference to management of cash. Also explain the stochastic cash management model suggested by Miller-Orr. (12)
10. What is Cash Budget? What are the main functions of Cash Budget? Explain the significance of Cash Budget. Explain the significance of Cash Budget and also describe the important methods of preparing cash management. (12)
11. Define economic order quantity (EOQ). How can it be computed? What are the limitations of the EOQ model? (12)
12. What do you understand by Money Market? Discuss the various instruments of Indian and International Money market. (12)