

MTU 17/12/11

Printed Pages : 4

MBAFM-01

(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7125

Roll No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

M.B.A.

(Semester-III) Theory Examination, 2011-12

MANAGEMENT OF WORKING CAPITAL

Time : 3 Hours]

[Total Marks : 100

Note : Attempt questions from each Section as indicated.

Section-A

1. Attempt *all* parts. All parts carry equal marks. Answer in 50 to 75 words : $2 \times 10 = 20$

- (a) Define working capital management.
- (b) What is factoring ?
- (c) What are the objectives of inventory management ?
- (d) What are the principal motives of holding cash ?
- (e) Define commercial paper.
- (f) Define accrued expenses and deferred income.
- (g) What are the objectives of Cash management ?
- (h) What are the techniques used for inventory management ?

- M.T.U. / 11/12/17
- (i) What is bill discounting?
(j) What are the various concepts of working capital?

Section-B

2. Attempt any *three* parts. Answer in 100 to 200 words. $10 \times 3 = 30$
- (a) How do you determine the optimum level of current assets? Illustrate.
(b) What is the role of credit terms and credit standards in the credit policy of a firm?
(c) How is reorder point determined? Illustrate graphically.
(d) Explain the techniques that can be used to accelerate the firm's collections.
(e) Explain the importance of trade credit and accruals as source of working capital.

Section-C

- Answer *all* questions in 300 to 500 words: $10 \times 5 = 50$
3. Define Certificate of Deposit. Explain its pros and cons.

Or

Explain the sources of working capital financing in India.

4. Explain and illustrate the utility of a cash budget.

Or

What are the advantages and dangers of "playing the float"? Explain the techniques for managing the float.

5. Explain the steps involved in analyzing investment in inventories? Illustrate with an example.

Or

What is a selective control of inventory? Illustrate with an example and graph the ABC analysis.

6. How do you monitor receivables? Explain the pros and cons of various methods.

Or

Explain the features of various types of factoring.

7. What methods do you suggest for estimating working capital needs? Illustrate your answer.

Or

Explain the costs of liquidity and illiquidity. What is the impact of these costs on the level of current assets?

7125-4-5800+7000