

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

PAPER ID : 7125

Roll No.

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Or

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

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 : 2×10=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?

- (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. 10×3=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 : 10×5=50

3. Define Certificate of Deposit. Explain its pros and cons.

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(2)

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.

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