

Roll No. ....

**MMS/D -14 13579**  
**WORKING CAPITAL MANAGEMENT**  
**Paper—FM—304**

Time Allowed 1 3 Hours]

[Maximum Marks : 70

Note : Attempt any eight questions from Part—A and any three questions from Part—B. Each question of Part-A, carries 5 marks and that of Part-B carries 10 marks.

**PART-A**

1. Describe the kinds of Working Capital.
2. What are motives of Holding Cash? '
3. Discuss the methods of estimating Working Capital requirements of a large size firm.
4. Write a note on Management of Cash flows.
5. Explain Cash Concentration strategies.
6. What is Marginal Analysis?
7. Write a note on Programming Working Capital.
8. What are the objectives of Inventory Management?
9. What purpose does Safety Stock serve?
10. Write a note on Commercial Papers.

**PART- B**

11. Discuss the main forms of Working Capital advance by banks. What is the kind of security required by banks for Working Capital advance?
12. Sagar Industries sells its products through Widely dispersed distributors in Norther India. It currently takes on an average 8 days for cash receipt cheques to, become available to the firm from the day they are mailed. The firm is contemplating the institutions of concentration banking to reduce this period. It is estimated that such a system would reduce the collection period of accounts receivable by 3 days. The daily cheque receipts currently average Rs. 10,00,000.

The concentration banking Would cost Rs. 1,50,000 annually and the cost of funds is 15 percent :

- (a) Advise Sagar whether it should introduce concentration banking.
- (b) It is the estimated that a lock-box system can reduce the collection time by 4 days and its annual cost is Rs. 2,00,000, What will you suggest?

13. Define Economic order quantity. How it can be computed? What are limitations of this method?
14. Briefly describe similarities and differences among Cash Management models;
15. What are Credit standards? What key variables should be considered in evaluating possible change in Credit standards? Also describe credit terms.