

**MMS / D-13**

**WORKING CAPITAL MANAGEMENT**

**Paper-FM—304**

Time allowed: 3 hours]

[Maximum marks: 70

Note: Attempt eight questions from Part—A consisting of 5 marks each and three questions from Part-B consisting of 10 marks each.

**Part—A**

1. Write short answers of the eight questions out of the following:

- (a) Discuss the concept and importance of Working Capital Management.
- (b) What are the motives for holding investment in cash and marketable securities?
- (c) What are the various cash concentration strategies?
- (d) How the firms forecast the cash flows?
- (e) How optimum level of cash balance is determined?
- (f) Discuss the process of credit analysis.
- (g) Discuss the various costs of holding inventories.
- (h) Why trade credit is not cost free?
- (i) Why companies prefer to meet the short-term requirements through short-term financing?
- (j) Discuss the various types of short-term financing to meet liquidity requirements.

**Part—B**

Note: Attempt 3 questions out of the following.

- 2. Whether the gross and net concept of working capital exclusive? How we estimate the working capital requirements of a firm?
- 3. How is cash management efficiency determined? Differentiate between concentration banking and lock box system to expedite payment collection.
- 4. What are the relative merits of Baumol Model and Beranek Model of cash management for determining the credit policy? Explain.
- 5. There are two dangerous situations that management should avoid in controlling inventories." Explain.
- 6. Define and discuss the function of short-term financing requirements. Also discuss the various types of short-term sources of finance.