

**MS - 41**

**Management Programme (MP) /  
Post- Graduate Diploma in Financial Management (PGDFM)**

**ASSIGNMENT  
for  
January 2026 and July 2026 Sessions**

**(Last date of submission for January 2026 session is 30<sup>th</sup> April, 2026  
and for July 2026 sessions is 31<sup>st</sup> October, 2026)**

**MS - 41: Working Capital Management**



**School of Management Studies  
INDIRA GANDHI NATIONAL OPEN UNIVERSITY  
MAIDAN GARHI, NEW DELHI – 110 068**

## ASSIGNMENT

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<b>Course Code</b>	<b>:</b>	<b>MS - 41</b>
<b>Course Title</b>	<b>:</b>	<b>Working Capital Management</b>
<b>Assignment Code</b>	<b>:</b>	<b>MS - 41/TMA/JAN/2026</b>
<b>Coverage</b>	<b>:</b>	<b>All Blocks</b>

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**Note: Attempt all the questions and submit this assignment to the coordinator of your study centre. Last date of submission for January 2026 session is 30<sup>th</sup> April, 2026 and for July 2026 session is 31<sup>st</sup> October, 2026.**

1. As a Finance Manager describe the various factors that you would take into consideration before assessing the working capital requirements of your firm.
2. You are required to prepare a Cash Budget of XYZ Ltd. for the months of May, June and July 2026 from the information given below:

(a) Income and Expenditure Forecasts:

Months	Credit Sales	Credit Purchases	Wages	Manufacturing Expenses	Office Expenses	Selling Expenses
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	65,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,500

- b) Cash balance on 1<sup>st</sup> May 2026 is Rs. 8,000.
- c) Plant costing Rs. 16,000 is due for delivery in July, payable 10% on delivery and the balance after 3 months.
- d) Advance Tax of Rs. 8,000 each is payable in March and June.
- e) Period of credit allowed (i) by suppliers is two months and (ii) to customers is one month.
- f) Lag in payment of manufacturing expenses is half month.
- g) Lag in payment of office and selling expenses is one month.

3. Why has Reserve Bank of India (RBI) made it compulsory for the banks to introduce loan component in the credit granted to big borrowers.
4. “Liquidity and Profitability are significant factors which are taken into consideration while taking working capital decisions.” Discuss. Explain the relation between liquidity, profitability and working capital.
5. Alpha Ltd. is examining the question of relaxing its credit policy. It sells at present 20,000 units at a price of Rs. 100 per unit. The variable cost per unit is Rs. 88 and average cost per unit at the current sales volume is Rs. 92. All the sales are on credit, the average collection period being 36 days.

A relaxed credit policy is expected to increase sales by 10% and the average age of receivables to 60 days. Assuming 15% return, should the firm relax its credit policy?