

No. of Printed Pages : 3

MS-41

**MANAGEMENT PROGRAMME/POST
GRADUATE DIPLOMA IN
FINANCIAL MANAGEMENT
(MP/PGDFM)**

**Term-End Examination
December, 2025**

MS-41 : WORKING CAPITAL MANAGEMENT

Time : 3 Hours

Maximum Marks : 100

Note : Attempt any *five* questions. All questions carry equal marks.

1. Explain the gross and net concepts of working capital. Discuss the impact of inflation on working capital of a company.
2. What do you understand by operating cycle ?
In addition to operating cycle, what are the various other factors influencing the determination of working capital ?

3. Explain the term 'trade credit' and discuss the important components that constitute the credit policy of a firm.
4. Why do firms hold cash ? How does cash flow problem arise ? Discuss the steps suggested to overcome this problem.
5. What is a 'Commercial Paper' (CP) ? Describe the process followed for issuing CPs and the main terms and conditions incorporated therein.
6. Discuss the salient features of the 'maximum permissible bank finance system' adopted by banks for assessing the credit needs of a borrower.
7. What do you understand by Exposure Management ? Explain the external techniques used for exposure management.

[3]

8. Write short notes on any *four* of the following :

- (a) Cash Reserve Ratio (CRR)
- (b) Payables
- (c) Hypothecation
- (d) Marketable Securities
- (e) Municipal Bonds
- (f) Inventory

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