

**MANAGEMENT PROGRAMME/
P. G. DIPLOMA IN FINANCIAL
MANAGEMENT (MP/PGDFM)**

Term-End Examination

June, 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 concept of working capital.
Discuss the various factors that affect the
requirement of working capital of a business
entity.

2. What do you understand by Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) ? Discuss how a change in these ratios affect the availability of bank credit to business organizations.
3. Explain the need for Inventory in an organization. What are the different costs that are applicable to a firm for holding inventory ?
4. What is 'Factoring' ? Describe the mechanism of 'Factoring of Receivables'. Distinguish between 'With Recourse' and 'Without Recourse' factoring.
5. What are the various methods of creating charge over the assets of the barrower in favour of the lender bank. How is Legal Mortgage different from Equitable Mortgage ?

6. Explain the significance of payables as a source of finance and give its advantages. How would you ensure the effective management of payables ?
7. What do you understand by the term 'Liquidity' ? Discuss the different ratios which are used to measure the liquidity of a firm.
8. Write short notes on any **four** of the following :
 - (a) Operating cycle
 - (b) Bridge loans
 - (c) Consortium lending
 - (d) Letter of credit
 - (e) Netting
 - (f) Trade credit

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