 MMPF–001

MASTER OF BUSINESS ADMINISTRATION (MBA)

Term-End Examination

June, 2026

MMPF-001 : WORKING CAPITAL MANAGEMENT

Time : 3 Hours *Maximum Marks : 100*

Note : *(i) Attempt any **five** questions.*

(ii) All questions carry equal marks.

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1. Explain the different approaches to the determination of working capital. As a new entrepreneur, which of the three broad approaches you would prefer and why ?

2. What do you understand by Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) ? How does a change in these ratios affect the availability of Bank Credit to business organisations ? Discuss.

3. Why do firms need to manage cash ? Discuss the Internal and External determinants that affect the cash flows of firms.

4. Define the term 'Trade Credit'. What are the determinants of Trade Credit ? Discuss the advantages of Trade Credit.

5. What are the financing options accessible to large and small firms ? Discuss the reasons for differences in access to working capital finance for SMEs and Large Companies.

6. What do you understand by the term 'Commercial Papers (CP)' ? Discuss the terms and conditions on which CPs are issued. Describe the procedure followed for issuing CPs.

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

   (a) Concept of Working Capital

   (b) Marketable Securities

   (c) Behavioural Biases

   (d) Bank Overdrafts

   (e) Factoring

   (f) Bank Guarantee

8. XYZ Ltd. has an inventory planning period of one year. Presently its inventory

requirement is 1600 units, for this period. Assume that its acquisition costs are ₹ 50 per order. The carrying costs are expected to be ₹ 1 per unit per year for an item.

The company can procure inventories in various lots as follows :

(i) 1,600 units

(ii) 800 units

(iii) 400 units

(iv) 200 units

(v) 100 units.

Which of these order quantities is the Economic Order Quantity ?

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