Dezyne École College

Bachelor of Business Administration (B.B.A.) Third Year- 5th Semester

Working Capital Management

Unit - I

1. Define working capital. Distinguish between gross working capital and net working capital with examples.

2. Explain the working capital cycle. What are its components and how does it affect business liquidity?

3. Discuss the importance of working capital management in ensuring smooth business operations.

4. What are the different levels of working capital investment? Explain with suitable business examples.

5. Compare and contrast Permanent Working Capital and Temporary Working Capital. Give two examples of each.

6. What is a working capital policy? Discuss the three main types of working capital policies with their features.

7. Write a short note on Conservative and Aggressive working capital policies. Which type is suitable for startups and why?

8. What are the objectives of cash management in a business? Explain how cash management contributes to financial stability.

9. Discuss in detail the major techniques of cash management used in modern business organizations.

10. How do companies like Infosys or D-Mart implement working capital management strategies? Discuss with real-life examples.

Unit – II

1. Explain the concept of corporate liquidity and why it is important for financial flexibility.
2. Discuss the key factors that influence the determination of the optimum cash balance in a firm.
3. Describe the Baumol Model of cash management. How does it resemble the EOQ model used

in inventory management?

4. Illustrate the working of the Miller-Orr Model. What assumptions are made in this model for managing cash balances?
5. Compare and contrast the Beranek Model and the Stone Model for cash management. When is each model preferred?
6. What is receivable management? Why is it critical in maintaining liquidity and profitability in a business?
7. Describe the various factors that influence the selection of an appropriate receivable policy in an organization.
8. How can a firm strike a balance between a liberal and conservative credit policy? What are the trade-offs?
9. Discuss the impact of a strict credit policy on sales, liquidity, and bad debts.
10. Design a receivable policy for a mid-sized firm operating in a competitive industry. Justify your choices based on risk and return considerations.

Unit - III

1. What are the different kinds of inventories maintained by a manufacturing firm? Explain each with suitable examples.
2. Discuss the major benefits and costs of holding inventories. Why is it important to balance both?
3. Explain any three inventory valuation methods with examples. Which method is most suitable during inflation? Why?
4. Define Economic Order Quantity (EOQ). Derive the EOQ formula and explain with a practical example.
5. What is the Reorder Point (ROP)? How is it calculated? Give an example.
6. Differentiate between ABC Analysis and VED Analysis in inventory control. Can both be used together? Justify.
7. Explain Just-n-Time (JIT) inventory model. What are its advantages and limitations? Give real-life examples.
8. What is short-term financing? Discuss various sources of short-term finance used for managing working capital.