

B.Com. (Hons.): Semester-V
DSE

BCM513: MANAGEMENT OF WORKING CAPITAL

Teaching Scheme	Examination Scheme
Lectures: 4hrs/Week	Class Test – 12 Marks
Tutorials: 1 hr/Week	Teachers Assessment – 6 Marks
	Attendance – 12 Marks
Credits: 5	End Semester Exam – 70 Marks

Objective

Course aims to familiarize the commerce students with the needs of Working Capital in a business operation and management of current assets and liabilities at their optimum level.

Learning Outcomes

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- On completing the course, the student shall be able to:
- Understand concept of working capital and its components
- Understand need of cash management
- Understand the determinants of credit policy
- Understand different techniques of Inventory Management
- Evaluate the different sources of working capital finance
- Learn analyzing the working capital by making Funds flow statement
- Understand Costs and Risks of Working Capital Finance

I: Working Capital Policy

Concepts of Working Capital, Components of Current Assets and Current Liabilities, Permanent and Variable Working Capital, Determinants of Working Capital, Operating and Cash Conversion Cycle, Estimation of Working Capital.

II: Cash Management

Concepts of Cash Management, Motives for Holding Cash, Factors Determining Cash Needs, Cash Budgeting, Management models – Baumol's model and Miller-Orr's model Marketable Securities – Concept and Investment in Marketable Securities - Strategies.

III: Receivables Management

Objectives, Credit Policy: Nature and Goals, Optimum Credit Policy, Credit Policy Variables; Credit Evaluation. Sound Credit Policy – Credit Standard, Credit Period, Cash Discounts and Collections.

IV: Inventory Management

Importance of Inventories, Need to Hold Inventories, Objectives of Inventory Management, Costs and Benefits of Inventory Management Techniques, Inventory Control Systems.

V: Working Capital Finance

Determining Financing Mix – Matching, Conservative and Aggressive Approaches; Costs and Risks of Financing Working Capital Accruals, Trade Credit and other current liabilities, Working Capital Advance by Commercial Banks, Short-term Loans from Financial Institutions, Commercial Paper., Factoring.

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uggested Readings

- Pandey I.M., Financial Management, Vikas Publication, New Delhi.
Prasanna Chandra, Financial Management-Theory and Practice, Tata Mcgraw Hill, New Delhi.
Sehall, Lawrence D and Charles W Haley, Introduction to Financial Management, Mcgraw Hill, New York.
Bechler, Pant, J; Contemporary Cash management, Principles, Practices and Perspectives, John wiley & Sons, New York.
Parashar, S.P. Liquidity Management –Principles and Practices of Managing Cash Flow-Vision Books, New Delhi.

onal Readings

- Singh, S.P. and Singh S., Financial Analysis for Credit Management in Banks, Vikas, New Delhi.
Mehta D.R., Working Capital Management, Prentice Hall, N.J.
Van Horne, James, C, Financial Management and Policy, Printice Hall of India, New Delhi.
Kulkarni, P.V. Financial Management, Himalaya, Bombay.
Kuchhal, S.C. Financial Management: An Analytical and Conceptual Approach, Chaitanya, Allahabad.
Bhattacharya Hrishikesh, Working Capital Management, Prentice Hall of India, New Delhi.


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