

## GE 8: WORKING CAPITAL MANAGEMENT

### CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
<b>Working Capital Management GE-8</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>Class XII</b>	<b>NA</b>

#### Course Objective(s):

- To provide understanding of the concept and importance of sound working capital strategies of a firm.
- To have an understanding of the impact of working capital policies relating to Cash management, inventory and receivables management on firm's profitability.

#### Learning Outcomes:

On successful completion of his course, the students will be able to:

- understand the concept and scope of working capital, assess and compute the working capital requirement, and evaluate the techniques for effective management of working capital.
- analyze the importance of cash management, evaluate the motives for holding cash and marketable securities, and apply the strategies and techniques of cash management.
- develop and apply effective receivables management policies to optimize credit policy, analyze creditworthiness, and minimize costs associated with managing accounts receivable.
- analyze and apply different techniques of inventory management, including EOQ, minimum order quantity, ABC analysis, and JIT, to minimize inventory costs while ensuring adequate stock levels.

#### Course Contents:

##### **Unit 1: Working Capital Management – Introduction (15 Hours)**

Concept and Scope of Working Capital, Types of working Capital, Determinants of working capital, Working Capital Cycle, Assessment and Computation of Working Capital Requirement, Profitability–Liquidity trade-off, Working Capital Policies. Brief about working capital financing.

##### **Unit 2: Management of Cash & Marketable Securities (12 Hours)**

Meaning of Cash, Motives for holding cash, objectives of cash management, factors determining cash needs, Cash Management: basic strategies, techniques, Lock Box system and

concentration banking. Marketable Securities: Concept, types, reasons for holding marketable securities.

**Unit 3: Management of Receivables (9 Hours)**

Concept & cost of maintaining receivables, objectives of receivables management, factors affecting size of receivables, policies for managing accounts receivables, analysis for optimum credit policy including credit analysis, credit standards, credit period, credit terms, etc.

**Unit 4: Inventory Management (9 Hours)**

Inventory: Need for monitoring & control of inventories, objectives of inventory management, Benefits of holding inventory, risks and costs associated with inventories, Techniques of Inventory Management – EOQ, Minimum order quantity, ABC Analysis, JIT etc.

**Essential Readings:**

1. Bhattacharya, H. (2016). *Working Capital Management: Strategies and Techniques* (4th ed.). PHI.
2. Rustagi, R.P. (2021). *Working Capital Management* (Reprint ed.). Taxmann..
3. Bhalla, V.K. (2011). *Working Capital Management: Text And Cases*. (13th ed.). Anmol Publishing.
4. Periasamy, P. (2012). *Working Capital Management: Theory & Practice*. 2nd Edition. Himalaya Publishing House.

**Examination scheme and mode:**

Evaluation scheme and mode will be as per the guidelines notified by the University of Delhi.