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Unit 3 - Week 2

Course outline

How to access the portal

Week 1

Week 2

- Trade off between Profitability and Risk-I (unit? unit=12&lesson=13)
- Trade off between Profitability and Risk-II (unit? unit=12&lesson=14)
- Working Capital Management in Indian Business-I (unit? unit=12&lesson=15)
- Working Capital Management in Indian Business-II (unit? unit=12&lesson=16)

Assignment-2

The due date for submitting this assignment has passed. **Due on 2019-08-21, 23:59 IST.**
As per our records you have not submitted this assignment.

1) While taking into consideration the trade-off between profitability and risk, a firm **1 point** with higher net working capital will have

- Low Risk and Low Profitability
- Low Risk and High Profitability
- High Risk and Low Profitability
- High Risk and High Profitability

No, the answer is incorrect.
Score: 0

Accepted Answers:
Low Risk and Low Profitability

2) While taking into consideration the trade-off between profitability and risk, a firm **1 point** with low net working capital will have:

- Low Risk and Low Profitability
- Low Risk and High Profitability
- High Risk and Low Profitability
- High Risk and High Profitability

No, the answer is incorrect.
Score: 0

Accepted Answers:
High Risk and High Profitability

Operating Cycle
(unit?
unit=12&lesson=17)

Quiz :
Assignment-2
(assessment?
name=102)

Solution for
Assignment 2
(unit?
unit=12&lesson=117)

Week 3

Week 4

Week 5

Week 6

Week 7

Week 8

Week 9

Week 10

Week 11

Week 12

**WEEKLY
FEEDBACK**

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3) In terms of cost, which of the following is the cheapest sources of finance to fund **1 point** the current assets:

- Short term sources of finance
- Long term sources of finance
- Spontaneous sources of Finance
- All of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:

Spontaneous sources of Finance

4) Spontaneous sources of funds include: **1 point**

- Trade credits and Accruals
- Trade credits and Bank Finance
- Trade credits and Accruals and Bank Finance
- None of the above

No, the answer is incorrect.
Score: 0

Accepted Answers:

Trade credits and Accruals

5) Trade credits does not include: **1 point**

- Accounts Payable
- Outstanding Wages
- Bank Finance
- Outstanding Overheads

No, the answer is incorrect.
Score: 0

Accepted Answers:

Bank Finance

6) To minimise the cost of funds to finance the current assets, different sources of finance should be used in the following order: **1 point**

- Spontaneous finance, Short term finance and Long term finance
- Spontaneous finance, Long term finance and short term finance
- Long term finance, short term finance and spontaneous finance
- Different sources may be used in any order

No, the answer is incorrect.
Score: 0

Accepted Answers:

Spontaneous finance, Short term finance and Long term finance

7) Which of the following is not the source of short term finance used to fund the working capital needs: **1 point**

- Bank finance
- Commercial paper
- Debentures
- Factoring

No, the answer is incorrect.
Score: 0

Accepted Answers:

Debentures

8) Why long term sources of finance are not advisable to be used for fulfilling working capital needs? **1 point**

- These sources are very expensive in terms of cost and current assets are least productive
- These sources are not separable as they are required for financing fixed assets
- Long term sources mismatch with short term assets due to different maturity period of both
- Long term funds are prohibited to be used for working capital needs as per the instructions of financial institutions

No, the answer is incorrect.

Score: 0

Accepted Answers:

These sources are very expensive in terms of cost and current assets are least productive

9) Why Spontaneous Sources of finance are called as 'Spontaneous'? **1 point**

- These sources are self-adjusting sources of finance
- These sources are almost free of cost sources
- These sources don't need special arrangements
- All of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

All of the above

10) The concept that measures working capital fund requirements, traces its changes and determines the optimum level of working capital requirement is referred to as **1 point**

- Operating cycle
- Work-in-process cycle
- Sales Cycle
- None of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

Operating cycle

11) Which of the following equations explain the correct operating cycle? **1 point**

- $OC = (R_t - D_t) + W_t + F_t + C_t$
- $OC = (R_t - F_t) + W_t + C_t + D_t$
- $OC = (R_t - C_t) + W_t + F_t + D_t$
- $OC = (R_t - W_t) + C_t + F_t + D_t$

No, the answer is incorrect.

Score: 0

Accepted Answers:

$OC = (R_t - C_t) + W_t + F_t + D_t$

12) Net operating cycle is defined as: **1 point**

- GOC - WIPCP
- GOC - FGCP
- GOC - PDP

None of the above

No, the answer is incorrect.

Score: 0

Accepted Answers:

GOC – PDP