

Chapter – 28: Credit Management

Questions and Problems section

26. Credit Period:

- a) Determine the credit period to be allowed to each customer.

The final answer after doing the cost-benefit analysis would turn out to be – no credit for TCS whereas the maximum credit i.e., 90 days credit for all other players i.e., Wipro, Infosys, and Satyam.

- b) What other problems Prosenjit might face in allowing the credit period as determined in (a) above?

The potential risk of each customer knowing the credit policy being given to the other remains the biggest problem. In other words, in case, TCS were to know that its credit terms were worse than the other three players – it would surely decide on never dealing with Prosenjit Monitors again. One solution to this would be – offering a cash discount to TCS.

Title of the Mini Case: **GARWARE SHIPS: A FLOATING STORY**

Case hints:

Think of some innovative ways of debt structuring.