

**BBM/ Fifth Semester/ FIN 208: Financial Markets & Services**

*Candidates are required to give their answers in their own words as far as practicable.*

**Group “A”**

**Brief Answer Questions [10 x 2 = 20]**

1. State the meaning of financial intermediaries with examples.
2. Highlight any four functions of Employee provident fund.
3. List out the any four purposes of money market.
4. What are the any four causes of financial innovations.
5. State the meaning of bond market with example.
6. What are the two major assets of commercial banks?
7. Write down the types of insurance business in Nepal.
8. An investor purchases a mutual fund share for Rs 10. The fund pays dividends of Rs 1, distributes a capital gain of Rs 2, and charges a fee of Rs 1 when the fund is sold one year later for Rs 11. What is the net rate of return from this investment?
9. Mr. Basyal is now 40 years old. He is willing to purchase one year term life policy of Rs. 500,000. Assume that there is probability of 1% that a person dump at the age 40 and the cost of money 10%. What is the fair amount of premium that Mr. Basyal must pay for his policy?
10. Ram is a civil servant with total years of services upon retirement is 30 years. His last salary is Rs 50,000. Compute Ram's monthly pension benefit.

**Group “B”**

**Short Answer Questions: Attempt Any SIX questions. [6 x 5 = 30]**

11. Consider this statement: “Secondary market transactions have no consequences for the original issuers of securities, because the issuers receive no funding from such transactions.” Do you agree or disagree? Explain.
12. Briefly explain the functions of Nepalese investment banker.
13. Describe the functions of Central Depository System and Clearing Limited.
14. Suppose an individual invests Rs 20,000 in a load mutual fund for two years. The load fee entails an up-front commission charge of 2.5 percent of the amount invested and is deducted from the original funds invested. In addition, annual fund operating expenses are 0.55 percent. The annual fees are charged on the average net asset value invested in the fund and are recorded at the end of each year. Investments in the fund return 7 percent each year paid on the last day of the year. If the investor reinvests the annual returns paid on the investment, calculate the annual return on the mutual funds over the two-year investment period.
15. You deposit Rs 10,000 annually into a life insurance fund for the next 10 years, at which time you plan to retire. Instead of a lump sum, you wish to receive annuities for the next 20 years. What is the annual payment you expect to receive beginning in year 11 if you assume an interest rate of 8 percent for the whole time period?
16. Sahara Company Ltd uses a flat benefit formula to determine retirement payments to its employee. The fund pays annual flat benefits of Rs 5,000 per year of services. What will be the annual benefit payment for an employee who served for 20 years, 25 years and 30 years? What is the relationship between the annual benefit payment and service period of the employer?
17. An investor bought a bond three years ago at a price of Rs 950. The bond is now selling at Rs 1,100. It paid Rs 90 interest per year, each at end of the year. The investor's reinvestment rate in second year was 6 percent and 7.5 percent in the third year. What is the realized yield to maturity investor earned over these periods?

**Group “C”**

**Long Answer Questions: Attempt any THREE questions. [3 x 10 = 30]**

18. What is financial system? Briefly explain the components of financial system.
19. National Bank currently has Rs 500 million in transaction deposits on its balance sheet. The current reserve requirement is 10 percent, but the Nepal Rastra Bank is decreasing this requirement to 8 percent.
  - a. Show the balance sheet of the Nepal Rastra Bank and National Bank if National Bank converts all excess reserves to loans, but borrowers return only 50 percent of these funds to National Bank as transaction deposits.
  - b. Show the balance sheet of the Nepal Rastra Bank and National Bank if National Bank converts 75 percent of its excess reserves to loans and borrowers return 60 percent of these funds to National Bank as transaction deposits.

20. Nepal Rastra Bank has Rs 100 million in 91-day T-bills to sell. It receives many non-competitive bids and competitive bids. Out of total issue of T-bill, 15% is allocated for non-competitive bidders and remaining 85% is differentiated for competitive bidders. The face value of Treasury bills is Rs 100 and minimum denomination is Rs 50,000. The four competitive bids receive by Nepal Rastra Bank are given below:

Bidder	Bid Amount	Price
1	Rs 30 million	Rs 96
2	Rs 30 million	Rs 95
3	Rs 30 million	Rs 94
4	Rs 10 million	Rs 93

- Segregates the amount of investable money to non-competitive bidders and competitive bidders.
  - What quantity of T-bills will receive by competitive bidders? Who will receive T-bills and at what price?
  - What quantity of Treasury bills will receive by non-competitive bidders? Who will receive T-bills and at what price?
  - Calculate the discount yield and bond equivalent yield for Bidder 1.
21. Consider two bonds with Rs 1,000 face values that carry coupon rates of 8 percent, make annual coupon payments, and exhibit similar risk characteristics. However, the first bond has five years to maturity whereas the second has ten years to maturity. The appropriate discount rate for investment of similar risk is 10 percent.
- Calculate intrinsic values of these two bonds.
  - If the appropriate discount rate rises by two percentage points, what will be the respective percentage price changes of these two bonds?
  - Explain the differences in percentage price change.

### Group "D"

#### *Comprehensive questions/Case analysis/Situation analysis question: [4 x 5 = 20]*

22. Capital adequacy is a measure of the financial strength of a bank expressed as a ratio of its capital to its risk weighted assets. This ratio indicates a bank's ability to maintain adequate capital in the form of equity and subordinated debts to meet any unexpected losses. Directive number 1 of the Unified directives has made provision about the capital adequacy requirement for commercial banks. Under this directive, commercial banks are required to maintain minimum common equity tier I ratio of 4.5%, Tier I capital ratio of 6% and total capital ratio of 11% based on Basel III framework. In this connection, consider the following balance sheet (in million) of an ABC bank with the risk weights to parentheses.

Assets	Rs	Liabilities and equity	Rs
Cash and balance at NRB (0)	2,000	Paid up capital	1,000
Investment in government bonds (0)	8,000	General reserves	1,400
Balance at local banks (20)	1,000	Capital adjustment reserve	200
Money at call (20)	2,000	Undistributed profit	200
Shares & Bond investment (100)	1,000	Exchange fluctuation reserve	200
Loans & Advances (100)	24,000	Borrowings	4,000
Fixed assets (100)	1,000	Deposits	32,000
Other assets (100)	1,000	Bills payable	1,000
Total	40,000	Total	40,000

In addition, the bank has Rs 800 million general loan loss provisions, Rs 2,000 million of advance payment guarantees, and performance bond of Rs 1,500 million. The risk weights assigned to the advance payment guarantees and performance bonds are 100 percent and 50 percent respectively. It is noted that the risk weighted exposure on operation risk is Rs 1,800 million and risk weighted exposure on market risk is Rs 1,400. Additional tier 1 includes perpetual debt instruments of Rs 200 million and perpetual non-convertible preference share capital of Rs 150 million.

- Calculate common equity tier 1, additional tier 1, Tier 1 capital, Tier II and total capital.
- Calculate the risk weighted exposure for credit risk and total risk weighted exposure.
- Calculate common equity tier 1 ratio, Tier 1 ratio and total capital ratio.
- Do you think the capital adequacy ratios maintained by this bank are adequate? Why?

**The end**

**Tribhuvan University**  
**Faculty of Management**  
**Model Question 2024**

<b>Full Marks: 60</b>
<b>Pass Marks: 30</b>
<b>Time: 3</b>

**BBM/Fifth Semester/ IT 231 : IT and Applications**

**Group "A"**

**Brief answer questions:**

**Attempt all questions.**

**(10 x 1=10)**

1. Which generation of computers introduced integrated circuits?
2. How does IT support organizational structure?
3. What is the function of the CPU in a computer system?
4. List out the functions of operating system?
5. Write function of input devices and output devices?
6. Differentiate between primary and secondary storage.
7. What is network topology?
8. List out the elements of multimedia.
9. What does cyber law refer to?
10. How does social media impact digital marketing?

**Group "B"**

**Short Answers Questions**

**Attempt any five questions.**

**(5 × 3= 15)**

11. Describe the characteristics of computer in brief.
12. Explain the concept of e-Business and its impact on traditional business models.
13. What is the role of the Central Processing Unit (CPU) in a computer system?
14. Differentiate between system software and application software with examples.
15. Discuss the role of artificial intelligence in business.
16. Describe the application of multimedia in business.

**Group "C"**

**Long Answer Questions**

**Attempt any three questions.**

**(3× 5= 15)**

17. Discuss the different types of secondary storage devices which are used in computer.

18. Analyze the role of information systems in modern business and how they contribute to organizational efficiency.
19. Describe database and its necessity in business. How database differs from database management system?
20. Discuss the process of software acquisition and the factors to consider when selecting software for a business.

### **Group "D"**

#### **Comprehensive Questions**

**Attempt all questions.**

**(2 × 10 = 20)**

21. Discuss the comprehensive impact of the internet on modern business practices, justify your answer by including: the role of e-Commerce and m-Commerce in transforming business operations and customer interactions, the significance of e-Payment systems in facilitating secure and efficient online transactions, the impact of e-Governance on improving public service delivery, transparency, and citizen engagement, the challenges related to the digital divide and privacy issues that arise with increased internet use and their implications for businesses and individuals.
22. Why data security is essential and how it can be achieved? Discuss the various types of computer crimes and the measures that can be implemented to prevent and mitigate these crimes.

Tribhuvan University  
Faculty of Management  
**Model Questions 2024**  
Office of the Dean

*Full Marks: 100*  
*Pass Marks: 50*  
*Time: 3 Hours*

**BBM/ Fifth Semester / MGT 205: Operations Management**

*Candidates are required to answer all the questions in their own words as far as practicable.*

**Group “A”**

***Brief Answer Questions:***

***[10 × 2 = 20]***

1. Define operations management.
2. What is operation strategy?
3. Provide a concept of service design.
4. What is inventory management?
5. Point out the types of production system.
6. Write down the main objective of six sigma.
7. What is the benefit of JIT?
8. Give an idea of value analysis.
9. What is independent demand?
10. Give a concept of productivity.

**Group “B”**

***Descriptive Answer Questions (Attempt any SIX questions)***

***[6 × 5 = 30]***

11. Explain the historical evolution of operations management.
12. Describe the principle of total quality management.
13. "Operations strategy acts as competitive weapon". Explain the statement with suitable example.
14. A firm uses an average of 60 packages of item per day. The firm operates 275 days a year. The holding costs for the item is Rs 5 per year per pack and it costs approximately Rs. 8 to order and receive a shipment of item.
  - (a) Calculate the optimal order size.
  - (b) Compute the total annual cost of carrying and holding items.
15. A machine is set to deliver packets of a given weight 10 samples of size 5 each were recorded. The relevant data are given below:

Sample number	1	2	3	4	5	6	7	8	9	10
Mean	14	17	15	18	17	13	18	16	17	19
Range	6	7	5	10	8	12	5	12	11	5

Draw mean chart and comment on the state of control. (Using  $n= 5$  and  $A_2 = 0.58$ )

16. The ABC Company has three jobs to be done on three machines, each job must be done on and only one machine. The cost (Rs) of each job on each machine is given in the following table:

Job	Machine		
	X	Y	Z
A	4	6	8
B	2	3	4
C	4	8	5

Give the job assignment, which minimizes ABC Company cost.

17. The following table gives the pay offs (in Rs.) of different types of washing powder against the estimated level of sales:

Strategy (Types of washing powder)	State of Nature (Estimated level of sales)		
	X	Y	Z
A	4000	1750	2500
B	2250	2250	2500
C	1000	2500	2000

What is the manager's decision under the criterion of (i) Maximax (ii) Maximin (iii) Minimax regret (iv) Laplace (v) Hurwicz's at  $\alpha = 0.7$ .

**Group "C"**

*Analytical Answer Questions (Attempt any THREE questions)*

*[3 × 10 = 30]*

18. Differentiate between product and service design. Explain the emerging issues in product and service design.

19. A vender buys magazine at the rate of Rs 10 and sells them at the rate of Rs 15. The unsold magazines will be worthless. The number of copies demanded and their corresponding probabilities are given below:

Demanded copies	20	21	22	23	24
Probability	0.19	0.16	0.25	0.27	0.13

- (a) Determine optimum stock level (b) Calculate maximum expected monetary value (EMV)  
 (c) Calculate EVPI.

20. The table given below has been taken from the solution procedure of a transportation problem, involving minimization of cost (in rupees):

Factory	Stockiest				Monthly Capacity
	I	II	III	IV	
A	6	3	5	4	22
B	5	9	2	7	15
C	5	7	8	6	8
Monthly Demand	7	12	17	9	45

Find the optimum solution to the above transportation problem

21. Solve the following game with optimal strategies.

Strategy of Player A	Strategy of Player B		
	B <sub>1</sub>	B <sub>2</sub>	B <sub>3</sub>
A <sub>1</sub>	12	11	-4
A <sub>2</sub>	6	-3	7
A <sub>3</sub>	9	10	-4

### Group "D"

**Comprehensive Answer Questions/Case Study:**

**[1 × 20 = 20]**

22. Read the following case analytically and answer the following questions.

XYZ Biscuit Factory is a small, family-owned company that has been in business for over 100 years. The company specializes in producing high-quality, artisanal biscuits using traditional

recipes and ingredients. In recent years, the company has seen a significant increase in demand for its products and has struggled to keep up with production.

Problem: XYZ Biscuit Factory is facing several operational challenges that are impacting its ability to meet customer demand and maintain profitability. These challenges include:

- i. Limited production capacity: The Company's production facilities are small and not designed for high-volume production. This has resulted in delays in production and delivery, increased costs due to overtime pay and expedited shipping.
- ii. Inefficient operation strategy: XYZ Biscuit Factory's operation processes are inefficient, with long lead times and elevated levels of waste. This has resulted in high production costs and low product yields.
- iii. Poor inventory management: The Company lacks a comprehensive inventory management system, leading to stock shortages and overstocking. This has resulted in lost sales and increased holding costs.
- iv. Lack of agility: XYZ Biscuit Factory is unable to quickly adapt to changes in demand or market conditions due to inflexible production processes and a lack of agility.

***Questions:***

- a. How can XYZ Biscuit Factory increase its production capacity to meet growing customer demand?
- b. What changes can XYZ Biscuit Factory make to its operation strategy to maximize the profit and reduce costs?
- c. How can XYZ Biscuit Factory improve its inventory management system to prevent stock shortages and overstocking?
- d. How can XYZ Biscuit Factory increase its agility and adaptability to changes in demand and market conditions?







**Tribhuvan University**  
**Faculty of Management**  
**Model Question 2024**

<b>Full Marks: 100</b>
<b>Pass Marks: 50</b>
<b>Time: 3hrs</b>

<b>BBM/Fifth Semester/ MKT 201: Fundamentals of Marketing</b>
---

*Candidates are required to answer all the questions in their own words as far as practicable.*

**Group “A”**

***Brief Answer Questions:***

***[10× 2 = 20]***

1. Point out any four core concepts of marketing.
2. What are the fundamental principles of the new marketing concept?
3. Write down the steps of the organizational buying process.
4. What is internal marketing?
5. Enlist the steps of the marketing research process.
6. What is proactive marketing?
7. Give the meaning of the marketing environment.
8. Point out the marketing mix components for the service product.
9. What are the reasons to use a mix channel?
10. Give any four examples of sales promotion tools used in the Nepalese market.

**Group “B”**

***Descriptive Answer Questions (Attempt any SIX questions)***

***[6× 5 = 30]***

11. Define the marketing mix and describe its components with examples.
12. What is market segmentation? Explain the bases for consumer market segmentation.
13. Define marketing information systems. Differentiate between internal record system and marketing intelligence.
14. Show your acquaintance with the term ‘shopping product’ and also explain the marketing considerations required to sell such products effectively in the Nepalese market.
15. Draw the channel structure for consumer goods and explain what types of consumer goods are marketed through direct channels.
16. Give the meaning of pricing and also discuss the factors affecting pricing with suitable examples.
17. What is advertising? What are its features? Explain.

### **Group “C”**

*Analytical Answer Questions (Attempt any THREE questions)*

*[3 × 10 = 30]*

18. “Marketing is creating, communicating, and delivering value for customer satisfaction.” Do you agree or not? Give your arguments.
19. Discuss the marketing strategies suitable for various stages of the product life cycle.
20. “Marketing channels are critical in nature and influence all other marketing mix decisions.” Elaborate.
21. You are the marketing manager of a biscuit company; discuss the factors that may have an effect on the selection of promotion mix decisions in your company.

### **Group “D”**

*Comprehensive Answer Questions/Case Study:*

*[1 × 20 = 20]*

22. Read the following case carefully and answer the questions given below:

Caterpillar is a leading manufacturer of construction and mining equipment. Its CEO, Donald Fites, publicly proclaims that the single biggest reason for Caterpillar’s considerable success is its marketing channel. Fite’s reasoning is tied to the nature of the Product category (“the machine that makes the world work”). Earth moving equipment is highly expensive, so industry unit volume is low. Thus, there are few points of sale. The products are complex but fairly standard. The same machine, with minor customization, can be sold to mining operations, farms, and construction projects throughout the world.

Caterpillar’s strategy in this market is to charge a premium price, justified by differentiation on the basis of post-sales service. To ensure superior service, Caterpillar sells most of its products worldwide through a close network of alliances with only 186 dealers, all of them independently owned, two-thirds of them outside the company’s North American home market. Caterpillar sells through independent dealers because, according to Fites, local dealers are long-standing members of their communities. They understand customers and can relate to them better than a global company can. For their customers, they serve as trusted sources of advice, financing, insurance, operator training, maintenance, and repair. To do this, Caterpillar forges alliances with dealers, who in turn are the face of the company to its customers. This does not mean dealers are solely responsible for all channel flows. Caterpillar maintains an extensive inventory of parts, with guaranteed delivery anywhere within 48 hours. And Caterpillar makes investment in its dealers including:

- Territory exclusivity
- Strong working relations with dealer personnel
- Assistance in inventory management, logistics, equipment management and maintenance
- Joint marketing campaigns
- Technical training of dealer personnel

Dealers, in turn, make heavy Caterpillar-specific investments including:

- Exclusive dealing
- Multi-million dollar inventories of parts
- Heavy fixed investments in Caterpillar-specific equipment and information technology
- Joint marketing

- Training their customers in the use of Caterpillar equipment

Dealer and factory personnel work together to resolve product problems i.e. “sharing the pain and spreading the gain.” In this regard, Caterpillar refuses to do direct selling. Even when customers insist, the company refers the business to dealers.

Over time, a large stock of trust has accumulated. But there is also a reasonable level of conflict about the limit of service territories, product and pricing policies, and the dealer’s desire to diversify into other product categories Caterpillar does not serve.

Ultimately, Caterpillar credits its dealers with the manufacturer’s leading position as a global leader.

- i. Discuss the main issues of the case.
- ii. Critically evaluate the Caterpillar’s distribution strategies.
- iii. Based on the above case, discuss the channel conflicts that arise within their channel.
- iv. Suppose, Caterpillar is planning to enter Nepal, suggest the appropriate distribution strategy for the Nepalese market.