TRIBHUVAN UNIVERSITY

2082

B.B.S. 4 Yrs. Prog./ IV Year / MGMT

Business Research Methods — **Full Marks: 50**

MGT- 221 New Course — **Time: 1½ hrs**

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

The figures in the margin indicate full marks.

Group "A"

Brief Answer Questions **[5×2=10]**

Attempt ALL questions.

1. Why does literature review essential in business research?
2. What is case study?
3. Write the types of research report.
4. State the objectives of research.
5. Define moderating variable.

Group "B"

Short Answer Questions **[2×10=20]**

Attempt any two questions from Q. No. 6 to 8 and Q. No. 9 is compulsory.

6. Discuss reliability and validity in the attitude measurement.
7. Explain different types of research design.
8. Explain about sampling and non sampling errors.
9. Write short note on any ONE: **[5]**
   a. Types of Scales
   b. Concept of hypothesis formulation

Group "C"

Comprehensive Answer Questions **[1×15=15]**

Attempt any ONE question.

10. What are the characteristics of scientific research? Also, describe the process of scientific research.
11. State the purpose of research proposal. Also, explain format of research proposal.

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2082

B.B.S. 4 Yrs. Prog./ IV Year / MGMT

Entrepreneurship | Full Marks: 100

MGT- 225 (New Course) | Time: 3 hrs.

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

The figures in the margin indicate full marks.

Group "A"

Brief Answer Questions [10×2=20]

Attempt ALL questions.

1. What is an ecopreneurship?
2. Mention the significance of entrepreneurship to community.
3. Write major geographical factors that leverage the growth of entrepreneurship.
4. Enlist the ways of recognizing entrepreneurial opportunities in Nepal.
5. List out the traits of a successful entrepreneur.
6. Differentiate between sole proprietorship and partnership form of business organization.
7. Mention the stages of family business development.
8. State the major prospects of ethnic entrepreneurship in Nepal.
9. Highlight two major roles of ELAM in entrepreneurship development in Nepal.
10. Show the difference in business canvas model and Lean canvas model.

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Group "B"

Descriptive Answer Questions [5×10=50]

Attempt any FIVE questions.

11. Explain the relationship among entrepreneur, entrepreneurship and owner manager.
12. How do you evaluate opportunities for new ventures?
13. Describe the institutional support made by different stake holders in entrepreneurial competencies development.
14. How do you create venture project? Describe.
15. Explain the ethical issues in Nepalese entrepreneurship.
16. Highlight the support of the government in entrepreneurship development.

Group "C"

Analytical Answer Questions [2×15=30]

Attempt any TWO questions.

17. Financial and marketing plans are two major plans for the creation of entrepreneurial ventures. If so, justify your answer.
18. Green entrepreneurship is a buzz term in the today's world. However, it has many problems and perspects in Nepalese scenario. Discuss the statement.
19. Critically evaluate the role of financial support agencies in entrepreneurship development.

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2082
B.B.S. 4 Yrs. Prog./ IV Year / MGMT
Commercial Bank Management — Full Marks: 100
FIN- 251 (New Course) — Time: 3 hrs.

Candidates are required to give their answers in their own words as far as practicable.
The figures in the margin indicate full marks.

Group "A"

Brief Answer Questions [10×2=20]
Attempt ALL questions.

1. List out reasons for the regulation of banks.
2. Define off-balance sheet activities with example.
3. What does positive rupee gap mean?
4. Why is credit scoring important?
5. Define primary reserve.
6. What is the electronic banking?
7. State the meaning of hire purchase loan.
8. Classify the investment of Nepalese banks?
9. A bank has Rs.100 million in assets with duration of 5 years and Rs.80 million in liability with duration 4 years. What is its duration gap?
10. A bank either will have surplus of Rs.800 million or deficit liquidity of Rs.900 million next month with equal probability. What is the expected liquidity requirement of the bank?

Group "B"

Descriptive Answer Questions [5×10=50]
Attempt any FIVE questions.

11. Describe four major sources of non-deposit liabilities. (10)
12. What is credit scoring, and how is it applied in commercial lending? (4+6)
13. ABC Bank limited reports total interest revenue of Rs.170 million, total interest expenses of Rs. 115 million, provision for loan losses Rs. 7 million, total non-interest revenue of Rs. 30 million, total non-interest expenses of Rs. 56 million, and an income tax rate of 40 percent. Total assets are Rs. 1,680 million.
    a. What is ABC Limited's net interest income?
    b. What is its net interest margin?
    c. What is its return on assets?
    d. What is its assets utilization?
    e. What is its profit margin ratio? (5×2)
14. ABC Paper Mill wants to factor Rs. 500,000 in account receivable. The Sunrise Bank is willing to factor 80 percent of that amount. The bank charges a 3 percent commission, required 10 percent of the factored amount to be held in reserve, and charge 12 percent per annum on the amount advanced. The bank can invest it's found at a 6 percent per annum return. How much will the bank earn during the first month of factoring? (10)
15. Everest Bank Ltd. received Rs. 60,000 million from deposits. The reserve requirement on deposits is 10 percent. An interest expenses on deposits is 5 percent on the deposit received during the year. It received Rs.500 million for service revenue. The allocated expenses for labour, premises, occupancy expenses and other operation

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expenses associated with deposits services amount to 0.25 percent of the deposits.

a. Calculate the funds available for investment.
b. Calculate the total cost of fund.
c. Calculate the average cost of funds received from deposits. (3+3+4)

16. Describe the major issues related with deposit pricing. (4+6)

Group "C"

Analytical Answer Questions [2×15=30]
Attempt any TWO questions.

17. What are the reasons for regulating the banking industry? Describe the role of Nepal Rastra Bank in overseeing and regulating banks and financial institutions in Nepal. (7+8)

18. Given the following information of National Bank Ltd.(Rs. in million)

Assets			Liabilities and equity		
Rate sensitive	Rs.4,000	13%	Rate sensitive	Rs.6,000	7%
Non-rate sensitive	8,000	11%	Non-rate sensitive	6,000	6%
Non-earning	2,000		Equity	2,000	
Total assets	Rs.14,000		Total liabilities and equity	Rs. 14,000	

a. Calculate (i) GAP (ii) relative GAP (iii) interest sensitive ratio (iv) net interest income (v) net interest margin.
b. How much will net interest income change if interest rate falls by 300 basis points?
c. How much will net interest income change if interest rate increases by 300 basis points?
d. What changes in portfolio composition would you recommend to management if you expected interest rates to increase?

(5+4+4+2)

19. ABC Bank has assets of Rs 10 million with a risk weight of zero, assets of Rs 350 million with a 0.2 risk weight, asset of Rs 680 million with a 0.5 risk weight and assets of Rs 1010 million with a risky weight of 1.00. (5 × 3)

a. What is the ABC Bank's total risk - weighted assets?
b. What is the tier-one capital ratio if ABC Bank has tier - one capital of Rs 90 million?
c. What is the tier-two capital ratio if ABC Bank has tier - two capital of Rs 60 million?
d. What is the total capital ratio of ABC Bank?
e. Doe the bank have enough total capital? Explain why and why not?

TRIBHUVAN UNIVERSITY
2082
B.B.S. (4 Yrs.)/ IV Year / MGMT
Fundamentals of Investment — Full Marks: 100
(FIN-253) (New Course) — Time: 3 hrs.

Candidates are required to give their answers in their own words as far as practicable.
The figures in the margin indicate full marks.

Group "A"

Brief Answer Questions [10×2=20]
Attempt ALL questions.

1. What are steps in investing?
2. Differentiate between initial margin and maintenance margin.
3. What is the role of stock broker?
4. What is call option?
5. How does stock broker differ from stock dealer?
6. What are the major sources of risks?
7. Suppose you have 500 shares of XYZ Company and currently selling at Rs. 2,000 per share. What would happen to the number of shares and market price after 5 percent stock dividend?
8. What do you mean by convertible securities?
9. The net assets value of an open-end fund is Rs. 20 per share. What would be the offering price if fund's front-end load fee is 4 percent?
10. Suppose risk free rate is 5 percent, market risk premium is 7 percent, what is expected market return? What would be required rate of return of stock Alpha with its beta coefficient of 1.10?

Group "B"

Descriptive Answer Questions [5×10=50]
Attempt any FIVE questions.

11. What is investment? Describe the types and sources of investment information in Nepalese perspective. [2+8]
12. Sushil purchased 1,000 shares of National Insurance Company stock on margin at the beginning of the year for Rs. 200 per share. Initial margin requirement was 50%. Sushil paid 10% interest on the margin loan and never faced a margin call. National Insurance paid dividends of Rs.10 per share during the year.
    a. At the end of year, if Sushil sold National Insurance stock for Rs. 300 per share. What would Sushil 's rate of return be for the year?
    b. At the end of year, if Sushil sold stock for Rs.150 per share, what would Sushil 's rate of return be for the year?
    c. Recalculate your answers to part (a) and part (b) assuming that Sushil made stock purchase for cash instead of on margin. [3+3+4]
13. Current dividend of Daunne Company (DC) stock is Rs 20 per share. Required rate of return on stock is 15 percent. The current market price of stock is Rs. 200 per share.
    a. What is growth rate of earnings of Daunne Company?
    b. What would be present value of stock if growth rate is 10 percent per year forever?
    c. Suppose growth rates of dividends are 20 percent for the first three years, 10 percent for next one year and 5 percent thereafter. What would be the price of stock at end of fourth year? What would be the present value of stock? [2.5+2.5+5]
14. The composition and information of number of shares and prices of Lumbini Fund Portfolio are given below:

Stocks	Shares	Price (Rs.)
A	2,000	110
B	3,000	120
C	4,000	130
D	5,000	140

The fund has accrued management fee obligation of Rs. 200,000. There are 100,000 shares outstanding.
    a. What is net assets value of the Lumbini fund?

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b. What is percentage of premium or discount if the fund is currently selling in the market at Rs. 20 per share?

c. Suppose you purchased Lumbini fund at Rs. 19.20 per share, your plan is to hold it for one year. What would be your holding period return if you receive Rs. 2 as dividend and Rs. 1.50 as capital gain at the end of one year and then sell the fund at 10 percent discount of Rs. 25 per share? [3+3+4]

15. Consider the following information for securities of three companies:

Year	Market Price (Rs.)			Number of shares outstanding		
	Alpha	Beta	Delta	Alpha	Beta	Delta
2022	15	40	35	1000	3000	2000
2023	9	45	30	3000	3000	2000
2024	10	50	40	3000	3000	3000

There has been 2-for-1 stock split of Alpha stock at the end of year 2022.

a. Determine price weighted index for each year using 2022 as the base year.

b. Determine value weighted index for each year using base value of 100.

c. What is the return for stock for 2023 and 2024 based on the price weighted and value weighted index? [4+3+3]

16. (a) Suppose Ambika is holding a put option on NABIL stock that gives the right to sell 100 shares at Rs. 500 a share at the end of three months. What is the value of option if price of NABIL stock falls Rs. 450 per share in the market? What is the gain (loss) for Ambika if put premium is Rs. 10 per option? [5]

(b) Describe Sharpe's measures and Treynor's measures of portfolio performance. [5]

Group "C"

Analytical Answer Questions [2×15=30]

Attempt any TWO questions.

17. Explain about the current investment environment in Nepal.

18. Consider the following probability distribution and returns of stock Alpha and stock Beta

State of Economy	Probability	Return of stock Alpha (%)	Return of stock Beta (%)
First	0.30	10	25
Second	0.40	20	20
Third	0.30	30	15

a. What are the expected returns and standard deviations of Stock Alpha and Stock Beta?

b. Which stock would you prefer to invest? Why?

c. Calculate correlation coefficient between returns of stock Alpha and Beta.

d. If you form a portfolio with investment of your 70 percent funds in stock Alpha and 30 percent funds in stock Beta, calculate the your expected portfolio return and risk.

e. Suppose risk-free rate is 6 percent, you form a new portfolio investing your 20 percent fund in risk-free assets and 80 percent funds in portfolio constructed in part (d), what would be expected portfolio return and risk in your new portfolio? [5+2+3+3+2]

19. A 9 percent coupon bond of Rs. 1,000 par has 10 years maturity. The bond is currently trading at Rs. 1020 per bond in the market. Assume coupon of the band is paid annually.

a. What is the yield to maturity of the bond?

b. What is the current yield rate of the bond?

c. Calculate the capital gain/loss of the bond.

d. What would be the yield to call of the bond if it is callable at Rs. 1,050 per bond at the end of the fifth year? [5+2.5+2.5+5]

TRIBHUVAN UNIVERSITY

2082

B.B.S. 4 Yrs. Prog./ IV Year / MGMT

Management of Financial Institutions — Full Marks: 100

FIN 255 (New Course) — Time: 3 hrs.

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

The figures in the margin indicate full marks.

Group "A"

Brief Answer Questions [10×2=20]

Attempt ALL questions.

1. Write the meaning of financial markets.
2. What do you mean by the expectation theory of interest rate?
3. Write down open market operations tools used by Nepal Rastra Bank.
4. What are the two major liabilities of the commercial banks?
5. State the meaning of group lending.
6. What do you mean by cooperatives?
7. Write the types of insurance business in Nepal.
8. The real risk-free rate is 2%. Inflation is expected to be 2% this year and 4% during the next 2 years. Assume that the maturity risk premium is zero. What is the yield on 2-year Treasury securities?
9. An investor purchases a mutual fund share for Rs 200. The fund pays dividends of Rs 4, distributes a capital gain of Rs 5, and charges a fee of Rs 3 when the fund is sold one year later for Rs 210. What is the net rate of return from this investment?
10. The current one-year Treasury bill rate is 5 percent, and the expected one-year rate one year from now is 6 percent. According to the unbiased expectations theory, what should be the current rate for a two-year Treasury security?

Group "B"

Descriptive Answer Questions [5×10=50]

Attempt any FIVE questions.

11. Explain the concept and key principles of microfinance.
12. Explain the [illegible]onal of growing cooperatives in Nepal.
13. Suppose, you deposit Rs 15,000 annually into a provident fund for the next 10 years after which time you plan to retire.
    a. If the deposit are made at the beginning of the year and earn an interest rate of 10 percent, what will be the amount of retirement funds at the end of year 10?
    b. Instead of a lump sum, you want to receive annuities for the next 20 years (year 11 through 30). What is the constant annual payment you expect to receive at the beginning of each year if you assume an interest rate of 10 percent during the distribution period?
    c. What implications you find from above calculations to derive benefits from provident fund? Explain.
14. Suppose that a mutual fund has the following assets and liabilities

	Rs
Stock (at current market value)	20,000,000
Bonds (at current market value)	10,000,000
Cash	500,000
Total value of assets	30,500,000
Less: Liabilities	300,000
Net worth	30,200,000

Number of outstanding shares: 1 million

a. What is the net asset value (NAV)?

b. If the value of stock held in portfolio rises by 10% and value of bond held in the portfolio falls by 2%, and cash and liabilities remain the same, what will be net asset value?

c. What will be the yield on your investment in the mutual fund if you purchase the mutual fund unit at NAV calculated in part 'a' and sell the unit at NAV calculated in part 'b'?

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15. Coverall Property and Casualty Co. has the following ratios:

Loss ratio = 75.5%

Expense ratio = 29.2%

Dividend ratio = 1.5%

In addition, the company's net investment income divided by premiums earned was 9.5 percent.

a. Compute the company's combined ratio (after dividends).
b. Compute the company's operating ratio.
c. What do the numbers suggest about the Coverall's profitability?

16. Following are the information of a hypothetical commercial bank (Rs in thousands):

Common Stock	Rs 30,000
Perpetual preferred stock	5,000
Surplus	2,000
Undivided profit	100,000
Capital reserves	1,000
Reserves for loan and lease losses	5,000
Subordinated notes and debentures	2,000

a. What is Tier 1 capital, Tier 2 capital, and Total capital?
b. If the bank has total risk weighted assets (in thousands) of Rs 2,840,000, does it have adequate capital under regulatory standard?
c. If risk adjusted assets equal Rs 2,000,000 (thousand), is capital adequate?

Group "C"

Analytical Answer Questions [2×15=30]

Attempt any TWO questions.

17. Investment banker is the middlemen between issuing company and investors. In this connection, briefly explain the functions performed by the investment bankers in the Nepalese capital market.

18. Consider the following information for two commercial banks.

	Bank Alpha	Bank Zebra
Total interest income	Rs 710.26	Rs 68,551.40
Total interest expenses	166.62	10,320.62
Investment securities	5,377.62	442,877.57
Net loans and leases	10,510.46	922,619.06
Interest bearing liabilities	15,151.56	1,414,090.10
Total noninterest income	189.12	32,831.80
Total noninterest expense	543.34	41,929.06

a. Calculate net interest margin for each bank.
b. Calculate the spread for each bank.
c. Calculate overhead efficiency of each bank. Interpret the results.

19. Suppose the banking system has total deposits of Rs 1,000 billion. Nepal Rastra Bank's required reserve ratio is 4% and Nepal Rastra Bank has announced that the reserve ratio is increases by 1 percent to control the liquidity in the banking system.

a. What will be the required reserves before increasing the reserve ratio?
b. What will be the required reserves after increasing the reserve ratio?
c. What will be the short of reserves after increase in the reserve ratio?
d. What will be the money multiplier before and after increase in the reserve ratio?
e. Calculate the maximum amount of contraction of money supply in the banking system?

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