

MGT 311 Fundamentals of Operations Management
BBA BI, 7th Semester

Course Objectives

The objective of this course is to introduce students to the field of Operations Management (OM). It will give a survey of the main OM issues and the key concepts and tools for dealing with them.

Course Description

This course provides an introduction to the concepts, principles, problems, and practices of operations management. Emphasis is on managerial processes for effective operations in both goods-producing and service-rendering organization. Topics include operations and productivity, operations strategy, forecasting, product and process design, quality assurance, location and layout strategies, supply chain management, inventory management, operations scheduling, JIT and lean operations. The topics are integrated using a systems model of the operations of an organization.

Course Outcomes

By the end of this course, students should be able to:

- Understand and appreciate the production and operations management functions in any organization;
- Understand the importance of productivity and competitiveness to organizations;
- Understand the various production and operations design decisions;
- Explain the importance of product and service design decisions and how they relate to the overall strategies of organizations;
- Explain the importance of quality management practices to attain organizational effectiveness;
- Describe the roles of inventories and basics of managing inventories in various demand settings;
- Analyze the contemporary operations and manufacturing organizational approaches and supply-chain management activities.

Course Contents

Unit I: Introductions to Operations Management

Operations and Productivity

5 hours

Introduction, organizing for transformation process, objectives, heritage of operations management, operations in service sector, Trends in operations management, productivity challenges, Ethics and social responsibility.

Operations Strategy

5 hours

Global view of operations, developing missions and strategies, achieving competitive advantages through operations, strategy development and implementation.

Unit II: Designing Operations

Product and Process Design

7 hours

Product selection, Generating new products, product development, issues for product design, service design, Process strategies, process analysis and design, product process matrix,

service process design, capacity planning, capacity considerations, demand and capacity management in services.

Quality Assurance

7 hours

Defining quality, International quality standards, Total quality management, Tools of TQM, TQM in services, statistical process control (Statistical Control Chart, \bar{X} chart, R-chart, p-chart)

Unit III: Managing Operations

Supply Chain Management

7 hours

Strategic importance, supply chain strategies, vendor selection, logistics management, measuring supply chain performance, outsourcing, risks in outsourcing, ethical issues in outsourcing.

Inventory Management

7 hours

Functions of inventory, types of inventory, inventory models for independent demand (deterministic model), material requirement planning, enterprise resource planning.

Operations Scheduling

6 hours

Strategic importance, scheduling issues, loading jobs, sequencing jobs, scheduling services.

JIT and Lean Operations

4 hours

Just-in-Time, JIT layout, JIT inventory, JIT scheduling, JIT quality, lean operations, lean operations in services.

Basic Text

Heizer J., Render, B., & Rajashekhar J. *Operations Management*. New Delhi: Pearson Education Inc.

References

1. Krajewski, L. J., Ritzman, L. P., Malhotra, M. K., & Srivastava S. K. *Operations Management: Process and Supply Chain*. New Delhi: Pearson Education Inc.
2. Stevenson, W. *Operations Management*. New Delhi: Tata McGraw Hill Education.
3. Gaither, N. and Gaither, F. *Operations Management*. New Delhi: Cengage Learning.

FIN 333 Property and Liability Insurance

BBA BI, 7th Semester

Course Objectives

This course aims to provide students broad knowledge on properties and liability insurance, and equip them with skills to put the knowledge in practice. The course will also familiarize students with the current problems and prospects in the field of property and liability insurance in Nepal.

Course Description

This course is designed to provide broad understanding on properties and liability insurance. Specifically the course deals with the introduction to properties and liability insurance, the nature of general insurance contract, various services provided by fire, motor, marine, aviation, engineering and miscellaneous insurances. The course also addresses current problems and prospects in the field of property and liability insurance in Nepal.

Course Outcomes

On successful completion of this course students will be able to:

- understand the principles of general insurance;
- understand provisions of general insurance contract;
- select appropriate policies of fire insurance to cover the risk of fire;
- explain fundamentals of motor insurance and select appropriate policies of motor insurance to cover the risk associated with motor insurance including third party liabilities;
- understand fundamentals of marine and goods-in-transit insurance and its role in international trade;
- explain important concepts related to liability insurance;
- understand fundamentals of aviation insurance and its market;
- identify appropriate products for engineering and contractors' all risk insurance; and
- follow underwriting and claim settlement process of general insurance.

Course Contents

Unit I: Introduction

4 hours

Introduction to general insurance; types of general insurance; development of general insurance in general and in Nepal; and principles of general insurance.

Unit II: General Insurance Contract

5 hours

General insurance contract; proposal form; inspection; general insurance policy; coverage; adds on Cover; exclusion; policy condition; schedule; endorsements; days of grace; trailers; and policy cancellation and reinstatement of the policy.

Unit III: Fire Insurance

5 hours

Brief history of fire insurance; types of fire insurance; fire insurance contract; major coverage; comprehensive cover; and major clauses of fire insurance policy and policy conditions.

Unit IV: Motor Insurance**5 hours**

Types of motor insurance; certificate of motor insurance; fire and theft cover; other coverage; cover note; no claim discount; green card system; policy conditions; motor tariff; own damage loss; third party liability; knock for knock; and hit and run.

Unit V: Marine Insurance and Goods in Transit Insurance**5 hours**

Brief history of marine insurance; marine insurance and international trade; types of marine insurance; goods in transit insurance; coverage; and policy condition; and exception.

Unit VI: Engineering Insurance**5 hours**

Concept of engineering insurance; contractors all risk insurance; erection all risk insurance; machinery breakdown insurance; boiler insurance; coverage; policy condition; and exception.

Unit VII: Aviation Insurance**3 hours**

Types of aviation insurance; aviation cover note; role of aviation insurance; and aviation insurance in Nepal.

Unit VIII: Liability Insurance**6 hours**

Concept of liability insurance; basic legal liability; law of negligence; imputed negligence; res ipsa loquitur; special application of the law of negligence; current tort liability problem; general liability loss exposure; and different types of liability insurance.

Unit IX: Miscellaneous Insurance**5 hours**

Cash insurance; bankers' indemnity insurance; personal accident insurance; burglary insurance; micro insurance; cattle and crop insurance; pecuniary loss insurance; cattle and crop insurance; micro insurance; and reinsurance.

Unit X: Underwriting and Claim Settlement**5 hours**

Underwriting process of property and liability insurance; pricing; tariff and premium calculation; de-tariff claim settlement process; insurance surveyor and third party administrator's role in claim settlement process; issues in claim settlement process; and claim settlement process in Nepal.

Basic Texts

1. Regda, G. E. *Principles of risk management and insurance*. New Delhi: Pearson Education.
2. Dorfman, M.S. *Introduction to risk management and insurance*. New Delhi: Prentice-Hall India Learning.

References

1. Harrington, Scott E. *Risk management and insurance*. New Delhi: Tata McGraw- Hill Publishing Company.
2. Mishra, M. N. & Mishra, S. B. *Insurance principles and practice*. New Delhi: S. Chand & Company.
3. Vaughan, E. J. & Vaughan, T. M.. *Fundamentals of risk and insurance*. John Wiley & Sons
4. Indian Institute of Banking and Finance. *Risk management*. New Delhi: Macmillan India.

5. Holyoake, J. & Weipers, W. *Insurance*. New Delhi: A.I.T.B.S. Publishers and Distributer.
6. Balachandran S., et al. *Principles of insurance*. Insurance Institute of India.
7. Government of Nepal. *Insurance Act and Regulations*.
8. Beema Samiti: *Directives to insurance companies*.

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FIN 334 Treasury Operations (or Management)
BBA BI, 7th Semester

Course Objectives

The course aims to equip students with knowledge and skills necessary to organize treasury department and manage treasury functions related to corporate liquidity, investments and risk related to these functions in a bank. It will also familiarize students with the tools and methods available to carry on these treasury functions.

Course Description

This course provides an understanding of the nature of treasury functions in a bank and equips the students with necessary skills, methods and tools to successfully carry on these functions. Specifically, the course covers the key aspects of corporate liquidity, investments and risk related to these functions in a bank. The topics covered in this course are – treasury management, payment system, asset-liability management, investment function, liquidity and reserve management, foreign exchange risk management, clearing and settlement, and treasury system.

Course Outcomes

On successfully completing this course, students will be able to:

- understand the role and position of treasury function in commercial bank;
- understand various payment systems and choose appropriate system for the payment;
- develop asset-management strategies and analyze duration gap;
- select appropriate instruments for investment and evaluate the investment risk in those securities;
- estimate liquidity and reserve requirements and develop strategies to maintain them at optimum level;
- identify foreign asset liability position and foreign currency risk exposure;
- understand clearing and settlement system; and
- understand treasury technology and treasury management system.

Course Contents

Unit I: Treasury Management

4 hours

Role of the treasury department; treasury controls; treasurer job description; position of treasury department and its components – front, mid and back office – within the corporate structure.

Unit II: Payment Systems

4 hours

Payment systems overview; cash payments; check-based payments; large-value funds; electronic Transfers (Wire Transfer); small-value transfer or automated clearing house systems (ACH); and card based payment systems.

Unit III: Asset-Liability Management

8 hours

Asset-liability management strategies: asset management strategies, liability management strategy, fund management strategy; interest rate risk: forces determining interest rates, the measurement of interest rates, the components of interest rates; goal of interest rate hedging: interest-sensitive gap management, duration gap management; using duration to hedge

against interest rate risk; limitation of duration gap management; and asset-liability management committee.

Unit IV: Investment Function

8 hours

Investment instruments; money market investment instruments: Treasury bills, short-term treasury notes and bonds, government agency securities, certificate of deposit, international Eurocurrency deposits, bankers' acceptance, commercial paper, short-term municipal obligations; capital market investment instruments: Treasury notes and bonds, municipal notes and bonds, corporate notes and bonds; investment securities held by banks; factors affecting choice of securities; evaluating investment risk: security-specific risk, portfolio risk, inflation risk; and investment strategies – passive investment strategies, aggressive investment strategies.

Unit V: Liquidity and Reserve Management

8 hours

The demand for and supply of liquidity; reasons for liquidity problems; Strategies for liquidity managers; estimating liquidity needs; legal reserve and money position management; factors in choosing among the different sources of reserves; liquidity ratios; optimum bank liquidity; and NRB's reserve requirements; the Basel rules.

Unit VI: Foreign Exchange Risk Management

8 hours

Foreign exchange rates and transactions: foreign exchange rates, foreign exchange transactions; sources of foreign exchange risk exposure; foreign currency trading; foreign asset and liability position; and purchasing power parity and interest rate parity.

Unit VII: Clearing and Settlement, and Treasury System

8 hours

Clearing and settlement systems: characteristics of clearing and settlement systems; overview of the clearing and settlement process; Fedwire, automated clearing house (ACH) system; clearing house interbank payments system (CHIPS); check clearing; the continuous link settlement (CLS) system; treasury systems: treasurer's technology needs, treasury management system; and SWIFT connectivity.

Basic Texts

1. Bragg, S. M., *Treasury management*. New Jersey: Wiley & Sons.
2. Rose, P. S., & Hudgins, S. C. *Bank management and financial services*. New Delhi: Tata McGraw-Hill Education.

References

1. Gup, B. E., & Kolari, J. W. *Commercial banking*. New Delhi: Willey India
2. Saunders, A. & Cornett, M. M. *Financial institutions management*. New Delhi: McGraw-Hill Education.
3. Choudhry, M. *An introduction to banking – Liquidity risk and asset-liability management*. West Sussex, U K: Willy Publication.
4. Association of Financial Professionals. *Essentials of treasury management*.
5. Nepal Rastra Bank. *Unified directives*. Kathmandu: Nepal Rastra Bank.

FIN 335 Credit Risk Management

BBA BI, 7th Semester

Course Objectives

The course aims to equip students with knowledge and skills necessary to understand the credit management function in banking institutions and acquaint them with tools and methods available to manage credit. The course attempts to enable students to understand major tasks performed by credit management department of a bank and make decisions related to sound credit management.

Course Description

This course provides an understanding of the credit process, the assessment of credit risk and managing credit risk for various types of credit facilities. Specifically, this course conceptualizes on the key areas of the credit management process: credit appraisal, administration, monitoring and review. It discusses financial and non-financial factors that affect the creditworthiness and presents comprehensive coverage of credit appraisal, credit execution and administration, and loan review process.

Course Outcomes

On successfully completing this subject, students will be able to:

- understand the nature of bank lending activities and credit risk;
- apply the principles of good lending in assessing credit propositions from bank customers;
- conduct credit analysis for the purpose of bank lending;
- perform quantitative and qualitative analysis for assessment of creditworthiness of borrowers;
- structure, price and market loan products in a competitive way;
- identify and work-out problem loans;
- apply various techniques to mitigate credit risk; and
- demonstrate knowledge and skills required for credit risk management in a bank.

Course Contents

Unit I: Introduction to Bank Credit Management

4 hours

Meaning and significance of credit management;; types of credit facilities: funded and non-funded facilities; steps in lending process; credit information and the role of Credit Information Bureau; and management of credit portfolio.

Unit II: Policies and Structure for Credit Management

4 hours

Principles and regulation of lending; credit policies and procedures; credit manuals; organization of credit function; and credit committee.

Unit III: Credit Evaluation Process

5 hours

Credit scoring; credit ratings; financial analysis; ratio analysis: profitability ratios, liquidity ratios and measures, measuring efficiency, financial leverage, review of financial indicators; common size statement analysis.

Unit IV: Commercial and Industrial Lending**10 hours**

Role of asymmetric information in lending; the competitive environment; loan policy; making loan; principal lending activities; collateral: characteristics of good collateral, types of collateral; the lending process: evaluating a loan request, structuring commercial loan agreements, pricing commercial loan, and monitoring and loan review.

Unit V: Real Estate and Consumer Lending**8 hours**

Real estate lending: mortgage debt outstanding, characteristics of mortgage loan, the real estate portfolio, residential mortgage loan, alternative mortgage instruments, technology, commercial real estate loan; consumer lending: types of consumer loan, leases, finance charges, annual percentage rate, real estate and consumer credit regulation.

Unit VI: Non-Fund Based Operations**5 hours**

Bank guarantees; letter of credit: meaning and types, establishing letter of credit, parties involved, basic documents, risk assessment in letter of credit.

Unit VII: Credit Administration, Monitoring and Review**8 hours**

Credit structuring; bank documentation; types of securities and methods of creating charge over securities; loan covenants; credit file and credit evaluation memo; sanction and disbursement; follow up mechanism for monitoring; indicators of problem loans; credit audit; handling problem loans: credit restructuring; non-performing assets and provisioning norms; non-banking assets.

Unit VIII: Credit Risk and Mitigation**4 hours**

Characteristics of credit risk, indicators of credit risk, credit risk and bank failure, mitigating credit risk.

Basic Texts

1. Rose, P. S., & Hudgins, S. C. *Bank management and financial services*. New Delhi: Tata McGraw Hill Education Pvt. Ltd.
2. Gup, B. E., & Kolari, J. W. *Commercial banking*. New Delhi: Willey India.

References

1. Murali, S., & Subbakrishna, K. R. *Bank credit management*. Mumbai: Himalayan Publishing House.
2. Vijayaragavan, G. *Bank credit management: Text and cases*. Mumbai: Himalaya Publishing House.
3. Gestel, T. V., & Baesens, B. *Credit risk management*. New York: Oxford University Press.
4. Nepal Rastra Bank. *Risk management guidelines*. Kathmandu: Nepal Rastra Bank.
5. Nepal Rastra Bank. *Unified directives*. Kathmandu: Nepal Rastra Bank.