

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2020

Programme: BBA-BI

Full Marks: 70

Course: Essentials of e-Business

Pass Marks: 31.5

Time: 2 hrs.

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

Group 'A': Attempt all questions (5×10=50)

1. Explain about different types of Business model.

OR

Lenovo decides to implement “Work from home or virtual workplace” to cope up with new normal of Pandemic. Elaborate various types of e-business technologies required and discuss each of them in concise and succinct manner.

2. You as a one of the top digital marketers. Plan your e-marketing strategies along with various digital marketing tools and techniques for any products or services. [5+5]
3. Express your views on "purchase and procurement are closely related process in e-business". Differentiate between buy-side and sell-side with necessary examples. [5+5]
4. Express your views on importance of e-contracting in any e-business transactional activities. Why there is need of digital signature in e-contracting? Discuss some generic services and legal affairs in e-contracting. [3+2+5]
5. Explain different popular digital payment options available along with their merits and demerits for e-payment in the countries like Nepal. Also explain different features of digital payment over traditional payment. [7+3]

Group 'B': Problem-solving/case studies (1×20=20)

6. “If your business is not on the internet, then your business will be out of the business.” – Bill Gates, Founder of Microsoft. In the recent contexts around the globe, E-commerce and e business has been growing by leaps and bound. E-Commerce, in general, embodies the concept of doing commercial buying and selling transactions over the Internet. It has been experiencing rapid growth since its evolution, even in Nepal. Just think of it, people who need to get Groceries are getting all the preferred items on their doorstep in just a click. E-Commerce has made the daily life of individuals convenient and even more to those who are swamped with their works. It has helped to save the valuable time of people. Similarly, it has a huge contribution to economic growth too.

History of E-Commerce in Nepal

Initially, E-Commerce was introduced in our country just with the purpose that the Nepali people residing abroad can send gifts to the one in Nepal. People outside the country were given an opportunity to send presents to their loved ones in Nepal. This is how the concept of E-Commerce in Nepal got started.

Later on, some online stores were seen but those were just virtual stores having no product as well as lacking management of customer service. No proper process of buying and selling online was to be seen. The purpose of virtual stores in Nepal was just to bring awareness of E-Commerce among the mass of people. This way the E-Commerce came into existence.

Current Status of E-commerce in Nepal

Nepal has been witnessing a whirlwind growth in online business. But still, the condition has not come an up-to-the point as it is meant to be. For an E-Commerce business, there's no proper registration which majorly leads to the mushrooming of Online Stores in Nepal. Similarly, the owner of the online store lacks proper knowledge about how E-Commerce really operated and new technology and methods of boosting your store through online platforms. It has been a piece of cakes to many people to start E-Commerce, having said that it doesn't mean that there are no good online businesses in Nepal. There are. For instance, **Daraz online**, **Sasto deal**, **Munchha.com**, **URBAN GIRL** etc.

Challenges

If we see from the perspective of buyers, the first thing that comes is trust issues. Trust for what? Trust for the products they buy online. Some people have discontinued buying online because of the bad experiences of getting the worst customer service, delivery of not exact products, and no return policy. On top of that, there is a lack of online payment gateway. Simply, buyers buy from social media such as Facebook, Instagram but they can't pay online and are said to make cash payments when the goods will be delivered, i.e. cash on delivery. The elder generation still prefers the traditional shopping habit, going from shops to shops and bargining to the fullest and getting things done.

Future of E-commerce in Nepal

The future of E-commerce business in Nepal seems to be very promising. Online business houses are upgrading their system and learning ways to customer satisfaction and expanding their market. Still, there are a limited number of applications of online business since most are just on social media like Facebook and Instagram. Also, slowly people are catching the trend of online shopping. Still, a lot of infrastructures are lacking. Hence, careful analysis and perseverance will surely pay off as the country is finally over its transition phase.

Answer the following Questions: [4x5=20]

- a) Differentiate e-commerce and e-business.
- b) Do you agree with the current scenario of ecommerce in Nepal is in maturity state? Express your opinion.
- c) Express, how the future of E-commerce in Nepal supports the digital economy.
- d) Explain various issues related to e-commerce and e-business?

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2020

Programme: BBA/BI/TT

Full Marks: 70

Course: Financial Management

Pass Marks: 31.5

Time: 2 hrs.

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

Group 'A': Attempt all questions (5×10=50)

1. What types of agency problems arise in business firms, and how can the issues be resolved?

OR

Chemical Fertilizer Centre sells 240,000 bags of lawn fertilizer annually. The optimal safety stock (Which is on hand initially) is 1,500 bags. Each bag costs centre Rs. 8, inventory-carrying costs are 20 percent, and the cost of placing an order with its suppliers is Rs. 25.

- a) What is the economic order quantity?
- b) What is the maximum inventory of fertilizer?
- c) What is Centre's average inventory?
- d) How often must the Centre order?

2. Consider the following information of Himalayan noodles company.

Selling price = Rs. 5, Variable cost = Rs. 3 and Fixed cost Rs. 24,000 including depreciation of Rs.8,000. Based on the above information, calculate;

- a) Operating BEP.
- b) Cash BEP.
- c) Why do you calculate cash BEP if you have an operating BEP figure?
- d) If desired profit is Rs. 30,000, how many units firm need to sell?

3. Kathmandu Batteries Company (KBC) is a leading Nepalese producer of automobile batteries. The company turns out 1,500 batteries a day at the cost of Rs. 6 per battery for materials and labour. It takes the firm 22 days to convert raw materials into a battery. The company allows its customers 40 days to pay for the batteries, and the firm generally pays its suppliers in 30 days.
 - a) What is the length of the company's cash conversion cycle?
 - b) At a steady state in which the company produces 1,500 batteries a day, what amount of working capital must it finance?

c) By what amount could the company reduce its working capital financing needs if it was able to stretch its payables deferral period to 35 days?

4. The ABC Company has warrants outstanding that allow the holder to purchase 3 shares of stock for a total of Rs. 60 for each warrant. Currently, the market price per share of the company common is Rs. 18. Investors hold the following probabilistic beliefs about the stock 6 months hence:

Market price per share	Rs. 16	Rs. 18	Rs. 20	Rs. 22	Rs 24
Probability	0.15	0.20	0.30	0.20	0.15

- a) What is the present theoretical value of the warrant?
- b) What is the expected value of stock price 6 months hence?
- c) What is the theoretical value of the warrant 6 months hence?
- d) Would you expect the present market price of the warrant to equal its theoretical value? If not, why not?

5. Simmons Mineral Operations, Inc. (SMO) currently has 100,000 shares of stock outstanding that sell for Rs.70 per share. Assuming no market imperfections or tax effects exist, what will the share price be after:

- a) SMO has a five-for-three stock split?
- b) SMO has a 15 percent stock dividend?
- c) SMO has a 42.5 percent stock dividend?
- d) SMO has a four-for-seven reverse stock split?

Group 'B': Problem-solving/case studies (20)

6. TT Company needs a machine for the construction of a tunnel. One alternative is to lease the machine on 4-year contract for a lease payment of Rs.50,000 beginning of year payment. Alternatively, it could purchase a machine for Rs.200,000 financing by a bank loan with an interest rate of 10 percent and instalments are paid at the beginning of the year. The machine depreciated under MACRS 3-year property class. The cash salvage value of machine at the end will be Rs. 20,000. The corporate tax rate is 30 percent.

- a) What are the main benefits of leasing and purchasing?
- b) What is the cost of leasing?
- c) What is the cost of purchasing using the table method?
- d) Should the company lease or purchase the machine?
- e) Why company uses Kdt as a discount rate in evaluating leasing and purchasing decisions?

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2020

Programme: BBA-BI

Full Marks: 70

Course: Legal Aspects of Banking and Insurance

Pass Marks: 31.5

Time: 2 hrs.

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

Group 'A': Attempt all questions (5×10=50)

1. In Section 15 of Banking Offence and Punishment Act, 2064 there is special categorical provisions relating to punishment in pursuant to banking offence. Briefly explain.
2. Explain what various impact of exchange rate along with categorical definitions of various exchange arrangements.

OR

Write a detail note on development of modern banking in Nepal also elaborate extensively on global history of banking.

3. Explain the claim settlement process in life insurance claims. Also, explain the semi judiciary role of insurance board in claim settlement process.
4. Entire loans and advances extended by a licensed institution have to be classified based on expiry of the repayment of the principal and interest. Explain different provision for laws relating to lending mentioning its importance.
5. A contract is a written or expressed agreement between two or more than two parties to provide a product or service. What are the different elements of contract that make it legal and binding? Explain in your own words.

Group 'B': Problem-solving/case studies (4×5=20)

6. *Read the case situation given below and answer the questions that follow:*

Nepal has been consistently reforming its Central bank policy and directives. In doing so Government of Nepal has signed various international instrument recent on being Basel I, II, III. Policy reviews shows that there are strategic changes that will bring instability in the banking sector; however, this is not officially confirmed.

Nepal Rastra Bank (NRB) has however postponed plans for phase-wise roll out of latest international regulatory frameworks aimed at strengthening the shock absorbing capacity of banks.

The banking sector regulator had previously decided to introduce Basel III regulatory frameworks at commercial banks from the beginning of

2015. It is now mulling over launching those regulations from mid-July next year.

"We were supposed to finalize drafts of regulations on implementation of Basel III Capital Regulations by October. But we couldn't," NRB Director told *The ACE daily*, However there is a caveat: the proportion of common equity in Tier 1 capital should stand at 66.67 per cent in 2015, which will be reduced to around 64.30 per cent by 2019, shows the NRB timetable designed in April.

In other words, minimum common equity capital ratio should stand at 4-4.5 per cent of risk weighted assets in between 2015 and 2019, while the portion of non-core Tier 1 capital will rise from two per cent of risk weighted assets in 2015 to 2.5 per cent in 2019.

Banks here currently do not take common equity into account while calculating Tier 1 capital. However, the central bank says commercial banks, excluding the two state-owned banks, will not have problem in meeting this requirement as they are currently required to maintain paid-up capital of at least Nrs two billion. Another new provision in Basel III is capital conservation buffer. Initially, the buffer should be maintained at one per cent of the risk weighted assets and gradually raised to 2.5 per cent by 2019.

Questions:

- a) What are other Banking policy and other measures that can be taken to adjust such changes within banks?
- b) Also, please advise the government on globalization of banking along with its importance and its reforms through Basel framework.
- c) The Government also seeks your expert review on Basel committee on banking supervision its Core banking supervision.
- d) Elucidate on Globally systematic important banks (G-SIBs) and The Financial Stability Board requirement for being G-SIB's

POKHARA UNIVERSITY

Level: Bachelor

Semester: Spring

Year: 2020

Programme: BBA-BI

Full Marks: 70

Course: Life and Health Insurance

Pass Marks: 31.5

Time: 2 hrs.

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

Group 'A': Attempt all questions (5×10=50)

1. "There is no single life insurance product best fit to all individual and families since income structure and risk perception influence the insurance demand". Validate this statement.

OR

"Pricing of life insurance product depends on various factors" Justify the statements with sufficient logic, examples and arguments.

2. "Large number of endowment life insurance policies are available in Nepalese insurance market." Elaborate with examples.
3. "Group health insurance is not only a risk management tool to its employees but also a benefit package to please the employees." Discuss the statement.
4. Explain the underwriting practices adopted by Nepalese life insurance companies. Also highlight the differences and similarities of the underwriting practices among the life and nonlife insurance companies.
5. Elaborate the evolution of life insurance market in Nepal including the significant events and activities. Also mention the contribution of the life insurance in economic development and society.

Group 'B': Problem-solving/case studies (1×20=20)

6. *Read the case situation given below and answer the questions that follow:*

Various types of groups can be covered under the group insurance mechanism. The most common group consists of employees of a single employer. Other possibilities are employees of multiple employers, members of a professional association, or members of labor unions. In all such groups, the employee chooses his or her beneficiaries. Debtor-creditor groups form a distinct type of group where there is typically some required evidence of insurability and where the creditor is the beneficiary of the insurance. Other groups, such as multi-level sales associations, students or parents of students, members of clubs or other

organizations, purchasers of certain items such as cars, can take advantage of group insurance administrative efficiency, but normally require some evidence of insurability for members to be covered, since in effect, such groups can be open to anti-selection and it is difficult to ascertain the mortality risk.

Group insurance typically consists of one-year renewable term life insurance that pays a fixed benefit upon the death of the employee. There are usually no exclusions for the basic life cover other than for suicide in the first year of cover. At the end of the coverage year, the insurance automatically renews without employees having to provide evidence.

The availability of various supplementary riders to the basic life cover makes the group scheme even more attractive and valuable to employees. Insurers are often offering a few or all of the following riders: accidental death cover (ADB); critical illness (CI) cover; accident only or accident-and-sickness Total and Permanent Disability (TPD) cover which can provide benefits either as a lump-sum or over several years; and some partial disability benefits (containing schedules of benefits per event, such as for the loss of one hand). The conditions and exclusions vary by type of rider. The CI and disability riders may be either of an additional payment kind or may accelerate (or prepay) the base life insurance cover. The definition used in TPD is typically very strict, such as the inability to earn any income for the remainder of a lifetime.

For a modest increase in the group premium, a terminal illness benefit feature is also sometimes included that prepays the sum assured when it has been ascertained that the life insured has fewer than six months to live. Finally, insurers are offering health riders (e.g. daily hospital allowance) and savings or pensions products. Whatever riders are chosen, the actuary should notice regulations that place limits on the portion of the premium used to pay for riders.

Questions:

- a) Why group scheme is useful to employer.
- b) Discuss the features of term life insurance?
- c) List out the riders for different types of insurance and what is their impacts on rate of the premium.
- d) Give the reasons why exclusions are included in life insurance policies.