

# POKHARA UNIVERSITY

Level: Bachelor

Semester: Fall

Year: 2024

Programme: BBA-BI

Full Marks: 100

Course: Credit Risk Management

Pass Marks: 45

Time: 3 hrs.

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

## Section “A”

### Very Short Answer Questions

Attempt all the questions. [10×2]

1. What is credit risk management?
2. List down few importance of credit policy.
3. Differentiate between Credit Scoring and Credit Rating.
4. Write down the characteristics of good collateral.
5. What is interest coverage ratio?
6. What does asymmetric information mean in the context of lending?
7. Define consortium financing. Mention the sources of credit information for a loan officer?
8. List out the parties involved in LC.
9. What do you understand by Credit Audit?
10. What do you mean by non-performing assets (NPA)? What are the provisioning requirements for NPA?

## Section “B”

### Descriptive Answer Questions

Attempt any six questions. [6×10]

11. Discuss in brief how each steps in lending process is related to credit risk management and mitigation.
12. Explain the fundamental principles of lending and outline the major regulations on credit disbursement issued by Nepal's Central Bank.
13. Lending on Real Estate and Residential Real Estate sectors have been regulated by Nepal Rastra Bank (NRB). Discuss about the provisions of NRB in this regard.

14. Discuss the importance of commercial and industrial loans for country like Nepal in current macroeconomic scenario with the help of a suitable example.
15. BFIs issue various types of Bank Guarantees in order to assure the parties involved in business regarding the commitments for their business. Discuss about various types of such Bank Guarantees issued by BFIs.
16. In order to minimize risks of lending, BFIs usually insist on good security and would like to create a charge on the assets of the borrower in favor of BFIs. Discuss about various methods of creating charge over securities by BFIs.
17. What are the key characteristics and indicators of credit risk? What measures would you suggest to authorities for minimizing credit risk?

### Section “C”

#### **Case Analysis**

18. *Read the case situation given below and answer the questions that follow:* [20]

XYZ Ltd. Biscuit Industry is recently registered with the Office of Company Registrar and is planning for availing the credit facilities for the purpose of Term Loan required for the development of the structure and installation of Plant and Machinery, which is to be imported and to meet the Working Capital Requirement of the Industry.

Shareholders of the Industry are locally based people who were working as dealers of the biscuit industry and now are investing their equity to purchase the land required for set up of the factory premises adjacent to Siddhartha Highway. XYZ Ltd. is going to set up in Bhairahawa with the full capacity utilization of Plant. As the factory is going to be newly set up the latest technological development are being used.

Investors of the company are planning to hire the expert for the industry for the production of varieties of biscuits. As the company is producing the biscuits, which is frequently consumed by each Nepalese family, company is expected to sell the products to replace the products imported from India.

Loan requirement of the company is estimated to be Rs. 3 crores of fund based out of which Rs. 1 crore is estimated for working capital and Rs. 2 crores of non-fund based limits. The company approached ABC Bank Ltd. for their requirement.

## Projected Financial Indicators of XYZ Ltd

Rs. in '000

SN	Particulars	2024 (Estimate)	2025 (Estimate)	2026 (Estimate)
1	EBIT	10,00	20,00	30,00
2	Current Assets	2,00,00	2,25,00	2,50,00
3	Current Liabilities	50,00	70,00	90,00
4	Net Working Capital	1,50,00	1,55,00	1,60,00
5	Paid-up Capital	10,000	10,000	10,000

You are required to answer the following case questions (*all questions carry equal marks*):

### Questions:

- a. Bank and Financial Institutions prefer collateral against their lending as it serves as a protection for BFIs against possible default by a borrower. Discuss about various types of collateral that is likely to be placed in this case.
- b. Collateral placed with BFIs against their lending shall be disposed of in the event of default by the borrower. Discuss whether the types of collateral to be placed in this case falls under good collateral.
- c. Various types of loan are required to run an industry. What are the possible types of loan required in this case?
- d. Should the present loan proposal be accepted as proposed? Justify with reference to results from the case analysis.

# POKHARA UNIVERSITY

Level: Bachelor

Semester: Fall

Year: 2024

Programme: BBA/BBA-BI/BBA-TT/BCIS

Full Marks: 100

Course: Fundamentals of Operations Management

Pass Marks: 45

Time: 3 hrs.

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

## Section "A"

### Very Short Answer Questions

Attempt **all the** questions. [10×2]

1. A company produces 10000 sheets of aluminum foils per day. Labor cost was \$100, material cost was \$50 and overhead was \$150. Standard price was \$10 per foil. Determine multifactor productivity.
2. Define the service blue printing.
3. Material delays have routinely limited production of household sinks to 600 units per day. If the plant efficiency is 80%, what is the effective capacity?
4. Explain the concept of control chart in brief.
5. Define the agile strategy of supply chain.
6. What is inventory decoupling?
7. Define the meaning of critical ratio.
8. Define the lean operation system.
9. Define the competitive advantages in operation system.
10. Differentiate between critical success factors and core competencies of an organization with suitable examples.

## Section "B"

### Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. Define operations system. Explain the major changing operations environment you have observed in Nepal.
12. Mention the major elements of JIT? Is JIT system possible to implement in country like Nepal? Discuss.
13. Five jobs have to be processed with two workstations cutting and drilling shown as follows:

Jobs	Cutting (hr.)	Drilling (hr.)
A	9	6
B	7	10
C	12	8
D	14	11
E	11	16

If the drilling is first and cutting is second job in process. You are required to prepare the following:

- a. Total Completion time
- b. Total Job waiting time
- c. Total machine idle time

14. Illustrate the concept of supply chain management. Explain process of vendor selection in supply chain.

15. Explain product process matrix with suitable diagram. How it simplifies the selection of production process for operations manager?

16. The following data represent the size of product from when the process was in control.

Sample	Observations			
	1	2	3	4
1	604	612	588	600
2	597	601	607	603
3	581	570	585	592
4	620	605	595	588
5	590	614	608	604

[For  $n=4$ ,  $A_2=0.729$ ,  $D_3=0$ ,  $D_4=2.282$ ]

- a. Calculate the control limit for Mean Chart and Range chart.
- b. Is the process still in control?

17. Find the reorder point if the annual demand for a product is 12000 units operating for 300 days in a year, having a lead time of 10 days for new order to arrive.

### Section "C" Case Analysis

18. *Read the case situation given below and answer the questions that follow: [20]*

Tata Motors, a part of the Tata Group, is one of India's largest automobile manufacturers and a significant player in the global automotive market. The company's global supply chain strategies are crucial to its ability to compete internationally. Tata Motors employs a robust global sourcing strategy to ensure cost-effectiveness and quality: Strategic Sourcing: Tata Motors sources components from multiple countries to optimize costs and quality. This includes partnerships with suppliers in China, Europe, and North America. Supplier Collaboration: The company collaborates closely with suppliers to ensure they meet quality standards and delivery timelines. Long-term relationships with key suppliers enhance reliability. Local Sourcing in Foreign Markets: To reduce logistics costs and lead times, Tata Motors sources parts locally in markets where it has a significant presence, such as the UK and South Africa. Tata Motors leverages technology to enhance its supply chain efficiency: Digital Supply Chain: Implementation

of digital tools and platforms for real-time tracking and management of supply chain activities. Advanced Planning Systems: Use of advanced planning and scheduling systems to optimize production planning and inventory management. Flexible Manufacturing Systems: These systems allow Tata Motors to quickly adjust production based on demand fluctuations, reducing lead times and improving responsiveness. Lean Manufacturing Practices: Adoption of lean manufacturing principles to minimize waste and enhance efficiency. Efficient logistics and distribution are critical to Tata Motors' global supply chain: Integrated Logistics Network: Tata Motors operates an integrated logistics network that includes road, rail, sea, and air transport to optimize delivery times and costs. Third-Party Logistics (3PL): Collaboration with 3PL providers for warehousing, transportation, and distribution services to enhance operational efficiency. Global Quality Standards: Implementation of stringent global quality standards and regular audits to ensure compliance. Supplier Quality Management: Comprehensive supplier quality management programs to ensure that suppliers meet Tata Motors' quality requirements. Continuous Improvement: Ongoing initiatives for continuous improvement in quality through feedback loops and performance monitoring. Sustainability is a key focus area for Tata Motors' supply chain: Sustainable Sourcing: Sourcing materials and components that meet environmental standards and regulations. Energy Efficiency: Implementing energy-efficient practices in manufacturing and logistics operations. Waste Reduction: Initiatives to reduce waste in manufacturing processes and promote recycling and reuse of materials. Tata Motors has developed strategies to mitigate risks and enhance supply chain resilience: Diversified Supplier Base: Maintaining a diversified supplier base to reduce dependency on a single source and mitigate risks. Risk Assessment and Mitigation: Regular risk assessments and development of mitigation strategies for potential disruptions. Supply Chain Visibility: Enhancing supply chain visibility through digital tools to identify and address issues proactively.

**Questions: [4×5]**

- a. How does Tata Motors' global sourcing strategy contribute to cost-effectiveness and quality in its supply chain?
- b. What are the key principles of lean manufacturing that Tata Motors adopts to minimize waste and enhance efficiency?
- c. What role do third-party logistics providers play in Tata Motors' logistics and distribution strategy?
- d. How has Tata Motors' commitment to sustainability and quality strengthened its corporate social responsibility and brand reputation?

# POKHARA UNIVERSITY

Level: Bachelor

Semester: Fall

Year: 2024

Programme: BBA-BI

Full Marks: 100

Course: Property and Liability Insurance

Pass Marks: 45

Time: 3 hrs.

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

## Section “A”

### Very Short Answer Questions

Attempt all the questions. [10×2]

1. What do you mean by general insurance?
2. Define exclusion clause in general insurance.
3. Explain the concept of co-insurance in property insurance.
4. What is goods in transit insurance?
5. Define retrocession in brief.
6. Give the concept of rate making in general insurance.
7. What is the benefit of third party liability insurance in motor insurance?
8. Explain *res ipsa loquiter* in insurance.
9. Briefly state the meaning of Cover note in aviation insurance.
10. Differentiate between tariff and non tariff in insurance.

## Section “B”

### Descriptive Answer Questions

Attempt any six questions. [6×10]

11. “General insurance is the driver of economic development” Explain with examples.
12. Discuss scope, risk coverage and importance of engineering insurance. [2+4+4]
13. Define basic legal liability and imputed negligence. Explain briefly of each type. [2+2+3+3]
14. “The contribution of agriculture insurance is significant in Nepal”. Justify.
15. Describe the role and responsibilities of Insurance Surveyor and Third-Party Administrator in Nepalese context. [5+5]
16. Explain in detail the claim settlement process in Property Insurance.
17. Explain Underwriting process of general insurance.

## Section “C”

### Case Analysis

18. *Read the case situation given below and answer the questions that follow:* [20]  
A major infrastructure project was underway at the Narayanghat - Muglin Highway, involving road expansion and stabilization of the hillside to

enhance traffic flow and safety. The project was contracted to East West Consult, a reputable firm specializing in roadworks and civil engineering.

During the monsoon season, a massive landslide occurred at one of the key project sites in Narayanghat - Muglin section. The landslide not only caused significant damage to equipment and partially completed work but also delayed project timelines. East West Consult faced substantial financial losses due to the suspension of operations, increased costs for debris removal, and penalties imposed for missed deadlines.

Due to the heavy landslide in this area following incidents may be happened as per risk management experts.

The landslide led to:

- i. **Damage to Equipment and Materials:** Earthmovers, cranes, and other machinery were buried or rendered non-functional.  
Construction materials such as asphalt, cement, and aggregates were lost or contaminated.
- ii. **Loss of completed works:** Significant portions of completed work were washed away or destabilized. Rework and additional stabilization efforts were required.
- iii. **Project Delays and Penalties:** The contract stipulated completion within a specific timeframe. The landslide extended the timeline, resulting in penalty clauses being invoked.
- iv. **Increased Operational Costs:** Additional resources and labor were needed to clear the debris and stabilize the site before resuming work.

### **Questions:**

- a. In your opinion what are the insurance policies that to be purchased by East West Consult?
- b. Suggest to East West Consult suitable risk management tools that to be followed.
- c. Suppose, July to September is most risky period for East West Consult, what is your suggestion to mitigate loss of East West Consult?
- d. Give five suggestions to Government permanent solution of risk in this highway based on the financial constraints.

# POKHARA UNIVERSITY

Level: Bachelor

Semester: Fall

Year: 2024

Programme: BBA-BI

Full Marks: 100

Course: Treasury Management

Pass Marks: 45

Time: 3 hrs.

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

## Section "A"

### Very Short Answer Questions

Attempt all the questions. [10×2]

1. What do you mean by treasury control?
2. Write down the process of check base payment.
3. What do you mean by interest rate parity?
4. Define investment.
5. Define cash reserve ratio (CRR).
6. Convert NPR'500,000 into USD if exchange rate is NPR'139/USD.
7. What is 'SWIFT' connectivity?
8. What are the sources of Liquidity?
9. Define Gross and Net Settlement.
10. Define Net Interest Income (NII).

## Section "B"

### Descriptive Answer Questions

Attempt **any six** questions. [6×10]

11. What is 'treasury management'? In your opinion, how important is treasure management in overall financial health of a bank? Explain along with the role of treasure department in banking.
12. What do you mean by the term 'payment system' in banking? Briefly explain the payment systems widely used for local and international payment.
13. Briefly explain the difference between money market and capital market.
14. Managing liquidity is one of the most crucial job of a treasurer. Demand for and supply of the liquidity must be closely monitor to keep a balance position. Elaborate.
15. What are the long term implications of foreign exchange risk on Nepal's economic growth? Explain in brief highlighting the sources of foreign exchange risk exposure.

16. Write about features of Electronic Cheque Clearing service provided by NCH.

17. Calculate duration of a bond with Face value Rs.1,000, Coupon Rate 14%, Market Rate 17% and Selling for Rs.935?

**Section "C"**  
**Case Analysis**

18. *Read the case situation given below and answer the questions that follow:* [20]

a. Following financial information has been obtained from one of the regional level bank of Nepal.

Assets	Amount	Average Duration (in Years)	Liabilities	Amount	Average Duration (in Years)	Amount in NPR Mio
Retail Lending	340	5.6	Deposit	640	3.4	
Lending in SME/ M-SME	400	2.3	Borrowing	60	2.1	
Corporate Financing	110	3.2	Equity	150		
<b>Total</b>	<b>850</b>		<b>Total</b>	<b>850</b>		

i. Calculate the duration of bank assets. [2.5]

ii. Calculate the duration of bank liabilities. [2.5]

iii. What is its leverage-adjusted duration gap? [2.5]

iv. Suppose interest rate increase by two percentage from 8% - 10% on both assets and liabilities, what is the change in value of bank's net worth? [2.5]

b. Based on following information construct a spreadsheet of Cash Reserve Ratio. LCY Deposits preceding two weeks are as below:

[10]

Sunday – Rs.25000

Monday-Rs.15000

Tuesday –Rs.35000

Wednesday-Rs.45000

Thursday-Rs60000

Friday-Rs.10000

Saturday-Rs.15000

Balance at the beginning of the week are as below:

- NRB Kathmandu Rs.18000

- NRB Branch Office Rs.25000
- Cash in transit Rs.13000
- Note Kosh Rs.5000
- On 3<sup>rd</sup> day of the week there is deposit of Rs. 37000 and on 4<sup>th</sup> day there is withdrawal of Rs.50000 in NRB Kathmandu
- On 2<sup>nd</sup> day there is addition of Rs.15000 in NRB Branch balance.