

MBA- BF (525)

BUSINESS ENVIRONMENT AND STRATEGIC MANAGEMENT

Credit Hours: 3

LH: 48

Course Objectives

The purpose of this course is to familiarize the students with the business environment condition prevailing in Nepal and globally and understand its impact to business (BF) and the purpose of this course is to provide exposure of strategic options and their rationalities and familiarize students with the prevailing strategic practices both in global and domestic context. After the completion of this course, the students will be capable of understanding dimensions of strategic decisions viz. innovation, rationality and legitimacy, and thereby making strategic decisions to pursue competitive advantage.

Course Description

This type of course is designed to provide the nature and scope of business environment and identify the suitable organizational arrangement for competitive advantage.

Learning Outcomes

Students who successfully complete this paper will be able to:

- explain the nature and scope of business environment and identify the suitable organizational arrangement for environment scanning.
- familiarize the nature of economic environment and various factors that constitute the total economic environment.
- identify the importance of business active participation in culture.
- explore the various opportunities and challenges of global business.
- inculcate students with the foundation of strategic management that is expected to be the cushion for understanding the strategic nature of decisions.

- familiarize students with both generic business strategies and other grand strategic options along with the supportive tools to make choice of most suitable strategy amongst them.
- execute procedures and techniques of strategy implementation.
- familiarize students with proactive actions and control techniques.

BUSINESS ENVIRONMENT

Unit I

LH 3

Framework of Business Environment

Concept, Component and Significance of Business Environment; Business and Environment Interface; Environmental Scanning: Process, Techniques /Methods and Types, Emerging business environment in Nepal.

Unit II

LH 3

Political and Legal Environment

Components of Political environment. Government and its branches: legislative system, executive system, and other constitutional bodies. Business-government relationship, Government ownership of Nepalese business.

Unit III

LH 4

Economic Environment

Economic dimensions of an economy: Gross Domestic product, sectoral shares, agricultural output, inflation, money supply, foreign trade, Privatization and Liberalization, Special Economic Zone (SEZ) and Export Promotion Zone (EPZ).

Unit IV

LH 3

Socio-Cultural Environment

An introduction to socio-cultural environment. Socio-cultural components: attitude and belief, religion, language, education, family structure and social organizations, Geo-socio cultural environment in Nepal.

Unit V

LH 3

Introduction, Business and Technology. Human factors and technology. Technology policy. And technology Transfer, R&D Environment, Information Technology Policy, 2009. Electronic Transactions Act, 2007. Present level of technology adopted by the Nepalese business.

Unit VI

LH 6

Global Business Environment

Meaning and Levels of globalization, Factors influencing Globalization. Effects of Globalization, MNCs Regional economic groupings of Nations. Regional Trade Agreement in Asia: SAFTA, SAPTA, BIMSTEC, ADB. Global organizations: WTO, IMF, WB. Nepal's membership of WTO: opportunities and threats for the Nepalese business. (Case study is compulsory in all Units).

STRATEGIC MANAGEMENT

Unit VII

LH 3

Introduction

Framework of strategic management; Strategic Management Model; Characteristics of strategic management; Formality in strategic management; Mission; Vision; Strategic intent; Strategic objective vs. Financial objective; Long-term objectives.

Unit VIII

LH 10

Strategy Formulation and Choice Techniques

Porter's Generic Strategies: Cost Leadership, Differentiation, Grand Strategies (Concentration, Market Development, Product Development, Innovation, Vertical and Horizontal Integration, Concentric and Conglomerate Diversification, Joint Venture, Strategic Alliance, Retrenchment/Turnaround, Divesture, Liquidation, Bankruptcy); Corporate Level Analytical Tools – BCG and GE Nine-Cell Matrices; Business Level Analytical Tools – Grand Strategy Selection Matrix and Grand Strategy Cluster.

Unit IX

LH 6

Strategic Implementation

Concept and Steps of Strategy Implementation; Business Policy, Operationalisation of Strategy: Annual Objectives; Functional Tactics (Finance, Marketing, Human Resource, R&D, Production Operations, and MIS); Installing Information System; Installing Reward System; Institutionalization: Structure, Types, Matching Structure with Strategy; Resource Allocation, and Budgeting and Role of Leadership in Strategy Implementation.

Unit X

LH 4

Strategic Control

Difference between Strategic and Operational Control; Strategic Control Tools – Premise Control, Strategic Surveillance, Implementation Control, and Special Alert.

Suggested Readings

Pant Prem R. *Business Environment in Nepal*. Buddha Academic Publishers and Distributors, Kathmandu.

Suresh Bedi *Business Environment*, Excel, New Delhi.

Aswathappa, K. *Business Environment for Strategic Management*, Himalaya Publishing House, Bombay.

Cherunilam, F. *Business Environment* Himalaya Publishing House, Bombay.

Pearce, J. A., & Robinson, R. B., *Strategic Management: Formulation, Implementation, and Control*. New Delhi: Tata McGraw Hill.

Porter, M. E., *Competitive Strategy*, New York: The Free Press.

Johnson, G., Scholes, K., & Whittington, R., *Exploring Corporate Strategy*, New Delhi: Pearson.

Thomson, A., & Strickland, *Strategic Management*, New Delhi: Tata McGraw Hill.

David, F. R., *Strategic Management: Concepts and Cases*, New Delhi: Prentice Hall.

Hitt, M. A., Ireland, R. D., Hoskisson, R. E., & Manikuttu, S., *Strategic Management: A South-Asian Perspective*. New Delhi: Cengage Learning.

Dess, G. G., Lumpkin, G. T., & Eisner, A. B., *Strategic Management: Text and Cases*. New Delhi: Tata McGraw Hill.

MBA-BF (526)

CORPORATE TAXATION

Credit Hours: 2

LH: 32

Course Objectives

This course is designed to explore the students with basic principles underlying the provisions of tax laws & tax planning in Nepal and expose them to real life situations involving taxation and to equip them with techniques for taking tax sensitive decisions. It also aims to introduce students about practical aspects of tax planning as an important managerial decision making process.

Course Description

This course includes conceptual foundation of taxation, and income tax provisions in Nepal. Capital Gain taxation, Value Added Taxation, Custom and Excise Duty and tax planning scope in Nepal provided by Income Tax Act 2058

Learning Outcomes

Students who successfully complete this paper will be able to:

- explain the conceptual foundation of taxation including concept, objectives, types, Canons of taxation, historical development of tax laws in Nepal and definition of related terms.
- conceptualize the tax laws provision relating to business and investment in Nepal and computation of tax liability of profession, sole trading business, partnership business and corporate business houses.
- exercise capital gain taxation and its computation in Nepal under Income Tax Act-2058.
- explain and understand Value Added Tax (VAT) system and its computation under Value Added Tax Act 2052.
- explore custom duty and excise duty practices in Nepal.
- evaluate tax planning and its scope in Nepal provided by Income Tax Act-2058.

Unit I

1 LH

Introduction to Taxation

Sources of Government financing in Nepal- Concept, objectives, types, canons of taxation-Historical development of tax law in Nepal-Definition of key terms.

Unit II

12 LH

Income Tax in Nepal

Source of income as per Income Tax Act 2058-Tax exempted organization, Tax exempted income, Deduction not allowed-Tax rates, tax exemption, and tax rebate-Withholding payments (tax deduction at source)-Assessable income from investment-Amounts included in business income-Amounts excluded from business income-Allowable deductions and reductions-Tax credit (Medical tax credit and foreign tax credit)-Computation of assessable income, taxable income and tax liability of business-Set off and carry forward of losses including inter-source and inter-head adjustments

Unit III

4 LH

Provision of Capital Gain Tax in Nepal

Meaning of Capital Gains and Capital Losses-Types of Assets-Provisions relating to Capital Gains Tax in Income Tax Act 2058-Disposal of asset and liability-Computation

of capital gain tax

Unit IV

4 LH

Value Added Tax in Nepal

Meaning of value added tax-Types of value added tax-Origin and evolution of Value Added Tax in Nepal-Provision relation to value added tax in Nepal-Computation of Value Added Tax-Collection, realization and refund of VAT-Penalties, Actions and Appeal-VAT mechanism in Nepal

Unit V

4 LH

Introduction of Customs Duty and Excise Duty

Concept of customs duty and excise duty-Provision of customs duty and excise duty in Nepal

Unit VI

7 LH

Scope of Tax Planning in Nepal

Concept of tax evasion and avoidance-Concept and objectives of tax planning-Tax planning and tax management for natural person and artificial person-Tax planning for capital structure, location, lease vs. purchase and timing of activity.

Project Work

Students shall be provided with different Income Tax Forms for practical work

Suggested Readings

1. Nepal Government. Budget Speech and Finance Act (Recent)
2. Nepal Government. Double Taxation Avoidance Treaties with various countries
3. Nepal Government. Income Tax Act 2058 with amendments. Kathmandu: Ministry of Law, Justice and Constituent Assembly
4. Nepal Government. Income Tax Rules 2059 with amendments. Kathmandu: Ministry of Law, Justice and Constituent Assembly

5. Nepal Government. Value Added Tax Act 2052 with amendments. Kathmandu: Ministry of Law, Justice and Constituent Assembly
6. Nepal Government. Value Added Tax Rules 2053 with amendments. Kathmandu: Ministry of Law, Justice and Constituent Assembly
7. Dhakal, K.D., Pandey, B. and Bhattarai, R. Corporate Taxation with Tax Planning (Updated Edition). Kathmandu: M.K. Publishers and Distributors Pvt. Ltd.
8. Kandel P.R. Tax Laws and Tax Planning in Nepal (Updated Edition). Kathmandu: Buddha Academic Publishers
9. K.C., J.B. Tax Laws and Tax Planning: Theory and Practice (Updated Edition). Kathmandu: Khanal Books Prakashan.
10. Bhattarai, I. and Koirala, G.P. Tax Laws and Tax Planning (Updated Edition). Kathmandu: Asmita Publication.
11. Khadka, R. Vat in Nepal. (New Edition), New Delhi: UBS Publisher Distributors Ltd.
12. Lekhi, R.K. Public Finance. (New Edition), New Delhi: Kalyani Publishers
13. Prasad, B. Direct Taxes: Laws and Practice (Updated Edition). New Delhi: Vishwa Prakashan.
14. Singhaniya, V.K. Direct Taxes: Laws and Practice (Updated Edition). New Delhi: Taxman Publication Pvt. Ltd.

MBA-BF (527)
International Finance

Credits: 2

LH: 32

Course Objective

The main purpose of this course is to provide an understanding of the framework for corporate financial decision-making in a multinational context. The course also intends to introduce various risks and management strategies associated with international finance.

Course Description

Companies operating globally are different from their domestic counterparts due to their exposure to foreign exchange fluctuations, political risks, etc. To address these realities the course begins

with a background of globalization, multinational enterprises and international monetary system. Then the course moves onto the balance of payment, foreign exchange markets, the determination of exchange rates along with international parity conditions. It further addresses foreign exchange exposures – transaction, operating and translation. Next, the core of financial management – capital budgeting, capital structure including the cost of capital and working capital management in the context of MNEs are covered. Finally, the course covers foreign direct investment and associated risk.

Learning Outcomes

Students who successfully complete this paper will be able to:

- familiarize with the conceptual knowledge of globalization and multinational enterprises.
- compare cost and benefits of different sources of short term financing.
- examine term loan as a source of financing and analyze leasing versus purchasing of assets for making decision.
- evaluate long term debt, preferred stock and common stock as sources of long term financing.
- explain different aspects of dividend decisions.

Unit I

LH 4

Globalization and MNES

Globalization and international business; rise of multinational corporations; process of overseas expansion, globalization process; and difference between multinational and domestic financial management.

Unit II

LH 4

International Monetary System

History of international monetary system; contemporary currency regime; fixed versus flexible exchange rates; emerging markets and regime choices; and monetary unification and the Euro.

Unit III

LH 3

Balance of Payments

Balance of payments – importance and accounting methods; international trade flows; and factors affecting international trade flows and its effect on BOP

Unit IV

LH 9

Foreign Exchange Market and Foreign Exchange Rate Determination

Foreign Exchange Market: geographical extent of foreign exchange market; functions of foreign exchange market; market participants; transactions in interbank market. International Parity Conditions: prices and exchange rates; interest rates and exchange rates. Foreign Exchange Rate Determination: the balance of payment approach; asset market approach to forecasting; disequilibrium; exchange rates in emerging markets; and forecasting in practice.

Unit V

LH 5

Global Cost of Capital and Capital Structure

Global Cost of Capital: weighted average cost of capital; demand for foreign securities; cost of capital for MNCs compared to domestic firms. Financial Structure: optimal financial structure; optimal financial structure and the MNE; and financial structure of foreign subsidiary.

Unit VI

LH 4

Multinational Capital Budgeting

Complexities of budgeting for a foreign project; project vs. parent valuation

Unit VII

LH 3

FDI and Risk Analysis

Reasons and benefits of FDI; country risk; political risk factors; financial risk factors, types and techniques for the assessment of country risk

References

1. Eiteman, D. K. Arthur I. S. Moffett, M. H. & Pandey, A. (2007). Multinational business finance. Delhi; Dorling Kindersley (India) Pvt. Ltd.
2. Madura, Jeff. (2015). International financial management (12th ed). Singapore: Thomson South-Western
3. Shapiro, A. C. (2015). Multinational financial management (9th ed). New Delhi: Wiley India Pvt. Ltd.