

**TRIBHUVAN UNIVERSITY
FACULTY OF MANAGEMENT**

**Office of the Dean
2016**

**Full Marks: 60
Time: 3 hrs**

BIM/Sixth Semester/ MGT 206 : Business Environment in Nepal
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Candidates are required to answer the questions in their own words as far as practicable

Group "A"

Brief Answer Question:

[10×1=10]

1. Write the types of general environment of a business.
2. Mention the dimensions of the Nepalese economy.
3. Specify any three impacts of IT on Nepalese business firms.
4. State three principles of SAPTA.
5. Point out three major provisions of current monetary policy of Nepal (2016).
6. Enlist four major economic factors that influence business decisions.
7. State any four major social factors influencing business decisions.
8. Enlist the elements of socio-cultural environment.
9. Point out any three characteristics of joint family structure.
10. Name four major legislations related to finance and investment in Nepal.

Group "B"

Short Answer Question:

[6×5=30]

11. What are the various models of environmental analysis? Explain the Porter's five forces model of scanning competitive environments.
12. Critically examine the privatization policy of Nepalese government. Discuss the impact of privatization policy in state – owned enterprises in Nepal.
13. Explain the role of WTO in regulating international trade. What benefits did Nepal get from the membership of the WTO?
14. Discuss the emerging socio-cultural forces influencing the business organization Nepal.
15. Explain about the impact of technological environment on the efficiency and competitiveness of Nepal business.
16. Nepal is going through big political change with the implementation of new constitution. In your opinion what would be the impact of the new constitution on the business environment of Nepal?

Group "C"

Comprehensive Question:

[4×5=20]

17. Read the following case carefully and answer the questions given below:

The business's total project cost was put at Rs. 3.10 million, out of which Mr. Singh's own sourced equity participation amounted to Rs. 1.60 million, and bank loans would fund another Rs. 1.50 million.

Keshav Rana, CEO of Nepal Food Pvt. Ltd. (NFPL) was excited at having received an attractive offer from Switzerland based giant Nestle. The offer included a Nestle Proposal to work in collaboration with Nepal's NFPL to develop new wheat –based syrup Nes- Fru targeted at Nepali working couples in particular and urban consumers in general.

Keshav knew his team at the NFPL would have to work rigorously for marketing of the NES-Fru, as it was still an untested product for general Nepali consumers.

If the NFPL entered into this collaboration, it would also be entrusted to handle the job of distributing all products of Nestle and its allies throughout the Nepali markets.

The two-pronged offer involved great opportunities, as it will open new avenues for NFPL to get hooked to the international network of Nestle, which has tied its knots with the archrival General Mills a couple of years ago.

Consequently, Nestle and USA-headquartered General Mills have also created a joint venture known as Cereal Partners to produce and market cereals.

Among others, the Nestle – General Mills' venture has already positioned a new product Kokocruch into the market. Their new product, which has already entered Nepali market is set for hand-on competition with Kellogg's Chocos, product that has been in Nepali market over the years. It was something Keshav has already learnt from preliminary market survey.

Their new venture has not only started manufacturing of its own, but also launched marketing of the products, by making use of their two parent companies' international distribution system to enter the new markets and countries, which would otherwise be the uncharted or inaccessible ones. General Mills has thus found a strait into Nepali market that it earlier had not peeked into thanks to the Nestle's distribution network.

Keshav, meanwhile, also found that the offer involved risks, as the contract would bind the NFPL also lacks experience and exposure in working with such professionally managed – company that boasts of its big size and global network. To cope with the need for efficient managerial professional, NFPL must hire a dynamic management team. All this certainly increase its cost.

Furthermore, Keshav is also aware of how Nestle's cerelac with rice flavor had performed unsuccessfully in Nepali market a few years ago. As an MBA in marketing management, he believed it could be one of the lessons to the cereal giant of the world.

As Nestle's failure to consider Nepal's environmental factors was basically to blame for the product rejection by Nepali consumers in the past, their recent offer to NFPL seems to be a more market-oriented strategy that could place Nestle on the winning end. Taking stock of the

past events and trends, Keshav has found his company position at the crossroads. Now, he has got only a week's time to decide on the Nestle's deal.

Questions:

- a.** Should Keshav accept the Nestles' offer? Defend your answer with adequate logic and illustrations.
- b.** Which specific environmental factors cause the failure of Cerelac rice flavor product? Illustrate your answer from a business environment point of view.
- c.** Could NFPL reap the strategic benefits that the general Mills – Nestle alliance did in their market performance? Why?
- d.** If NFPL accepted the offer any way, what specific local and global environment factors should it analyze and take into consideration? Base your answer on the information furnished in the case.