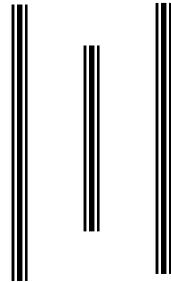


**EFFECTIVENESS OF SALES PLANNING  
IN  
NEPAL TELECOM**



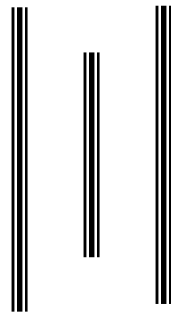
*Submitted by*

**Jivan Sharma Acharya**

**Shanker Dev Campus**

**T.U. Reg. No. 5-1-19-93-98**

**Roll No. 1225/062**



*Submitted to*

**Office of the Dean**

**Faculty of Management**

**Tribhuvan University**

**In partial fulfillment of the requirement for the  
Master's Degree of Business Studies (M.B.S)**

**Kathmandu  
September, 2008**

## VIVA VOCE SHEET

We have concluded the viva-voce examination of the thesis presented by  
**Jivan Sharma Acharya**

Entitled

### **Effectiveness of Sales Planning in Nepal Telecom**

*And found the thesis to the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for Master's Degree in Business Studies (M.B.S).*

### **Viva Voce committee**

Head of Research Department \_\_\_\_\_

Member (Thesis Supervisor) \_\_\_\_\_

Member (Thesis Supervisor) \_\_\_\_\_

Member (External Expert) \_\_\_\_\_

**Date:**

**RECOMMENDATION**

**This is to certify that the Thesis**

*Submitted by*

**Jivan Sharma Acharya**

Entitled

**EFFECTIVENESS OF SALES PLANNING IN NEPAL TELECOM**

has been prepared as approved by this department in this prescribed format of the Faculty of Management. This thesis is forwarded for examination.

.....  
Ass. Prof. Dr. Kamal Deep Dhakal  
(Thesis Supervisor)

.....  
Dr. Kamal Deep Dhakal  
(Campus Chief)

.....  
Mr. Joginder Goet  
(Thesis Supervisor)

**Date:**

## **DECLARATION**

I, hereby declare that the work reported in this thesis entitled "Effectiveness of Sales Planning in Nepal Telecom" submitted to Shankar Dev Campus, Faculty of Management, Tribhuvan University, is my original research work done in the form of partial fulfillment of the requirement for the Master's Degree in Business Studies (M.B.S.) under the supervision and guidance of Associate Professor Dr. Kamal Deep Dhakal and Mr. Jogender Goet, Lecturer of Shankar Dev Campus.

Jivan Sharma Acharya

Researcher

Roll No. 1225/062

Reg. No.: 5-1-19-93-98

**Date:**

## **ACKNOWLEDGEMENT**

This research paper is prepared for partial fulfillment of the Master Degree in Business Studies (M.B.S) on titled "Effectiveness of Sales Planning in Nepal Telecom " I select this topic to know about application of Sales Plan in Nepal Telecom.

I express my profound gratitude to my supervisors Associate Professor Dr. Kamal Deep Dhakal and Mr Joginder Goet lecturer of Shanker Dev Campus, T.U; the precious recommendation, guide ness, and regular cooperation through out this study period.

I also owe indebtness to all reputed authors whose writing have invaluable material for the enrichment of my dissertation in all possible ways. My thanks also goes to Mr. Pradeep Raj Upadhyay (Financial Planning and Management Department- NT), Mr. Prdhyumna Sharma (Central Library-NT) and all my friends, who directly and indirectly helps in preparation of this research work.

**Jivan Sharma Acharya**

Roll No. ....

**Date:**

# TABLE OF CONTENTS

Recommendation

Viva-Voce Sheet

Declaration

Acknowledgement

Table of Contents

List of Tables

List of Diagrams

List of Graphs

List of Abbreviations

<b>CHAPTER I</b>	<b>INTRODUCTION</b>	<b>Page No.</b>
1.1	General Background	1
1.2	Brief overview of Nepal Telecom Ltd.	2
1.2.1	Historical Background of NT	2
1.2.2	Role of NT	3
1.2.3	The Mission, Vision and Goal of NT	4
1.2.4	Objectives and Duties of NT	4
1.2.5	Capital formation of NT	5
1.2.6	Services provided by NT	5
1.3	Statement of Problem	6
1.4	Objectives of the Study	7
1.5	Significance of the study	7
1.6	Limitation of the Study	8

1.7 Research Methodology	8
1.8 Organization of the Study	8

## **CHAPTER II          REVIEW OF LITERATURE**

2.1 Review of Conceptual Framework	10
2.1.1 General Concept of Profit Planning and Control	10
2.1.2 Planning Vs Forecasting	16
2.1.3 Budgeting: As a tool of Profit Planning	17
2.1.4 Objectives of Budgeting	19
2.1.5 Sales Budget or Sales Plan	19
2.1.6 Production Budget or Plan	27
2.1.7 Material Purchase Budget	27
2.1.8 Labour Budget	28
2.1.9 Cash Budget	28
2.1.10 Accounting policy of Nepal Telecom	29
2.1.10.1 Basis of preparation of financial statement	29
2.1.10.2 Revenue accounting	29
2.1.10.3 Foreign Currency Transactions	32
2.2 Review of Previous Related Studies	33
2.2.1 H. Devi Prasad	34
2.2.2 Mishra, Raj	35
2.2.3 Sah, Binod	36
2.2.4 Bhatt, Lok Raj	39
2.3 Research Gap	40

## **CHAPTER III          RESEARCH METHODOLOGY**

3.1 Research Design	41
3.2 Period Covered	41
3.3 Nature and source of data	41
3.4 Data Analysis Tools	42
3.5 Research Variables	43

3.6 Research Questions	43
3.7 Research Procedure Followed	43

#### **CHAPTER IV          PRESENTATION AND ANALYSIS OF DATA**

4.1 Introduction	44
4.2 Sales Plan and Achievement of NT	44
4.3 Average Revenue per Line	79
4.4 Sales and Waiters	80
4.5 Sales per Employee	81
4.6 Profit on sales Achievement of NT	81
4.7 Ratios: Related with sales	85
4.8 Cost-Volume Profit Analysis	90
4.9 Flexible Budget	93
4.10 Variance Analysis	95
4.11 Major Finding	100

#### **CHAPTER V          SUMMARY, CONCLUSION AND RECOMMENDATION**

5.1 Summary	103
5.2 Conclusion	104
5.3 Recommendations	105

#### **BIBLIOGRAPHY**



## LIST OF TABLE

<b>Table No.</b>		<b>Page No.</b>
Table 4.1	Sales Target and Sales Achievement of NT.	46
Table 4.2	Sales Target and Sales Achievement of PSTN Tel. Service of NT in Lines	48
Table 4.3	Statistical Information Table of Target and Actual Sales in Lines	49
Table 4.4	Statistical Information Table of Target and Actual Sales in Lines of PSTN Tel. Service.	51
Table 4.5	Calculation of Trend Line of Sales in Lines by Semi-average Method of NT.	53
Table 4.6	Calculation of Trend Line of Actual Sales in Lines for PSTN Tel. Service by Semi-Average Method.	55
Table 4.7	Calculation of Trend Line of Sales in Lines by 3 Yearly Moving Average Method of NT	56
Table 4.8	Calculation of Trend Line of PSTN Lines by 3-Yearly Moving Average Method.	57
Table 4.9	Calculation of Straight Line Trend of Total Actual Sales by Least Square Method	58
Table 4.10	Calculation of Straight Line Trend of PSTN Tel. Service by Least Square Method	61
Table 4.11	Summary of Sales Budget and Achievement of NT Ending FY 2063/064	63
Table 4.12	Sales Budget and Achievement of NT in ISD Sector (Rs. in Million)	64
Table 4.13	Budgeted and Actual Sales in Lines of NT Detailed by Services (Tel. Lines), Total of 4 Months and by Year.	66
Table 4.14	4 Months Wise Sales Target and Achievement in Lines of NT.	67
Table 4.15	Budgeted and Actual Sales in Lines for PSTN Telephone Service of NT, Detailed by Months, 4 Months, and by Year.	69
Table 4.16	4 Months Wise Sales Target and Achievement in Lines of NT for PSTN Telephone Service.	70

Table 4 .17	Computation of Seasonal Indices of Actual sales by months in Lines for PSTN Telephone Service by Months.	72
Table 4.18	The Region Wise Sales Target and Actual Sales of NT in Lines for PSTN Telephone Service.	74
Table 4.19	Budgeted and Actual production Budget of NT in Lines for PSTN Telephone Service.	79
Table 4.20	Number of waiters of NT	80
Table 4.21	Sales Revenue Per Employee	81
Table 4.22	Profit Pattern of NT	82
Table 4.23	Forecasted and Actual Net Profit after Tax of NT	82
Table 4.24	Net Profit on Sales Revenue of NT (in Million).	84
Table 4.25	Statistical Information	84
Table 4.26	Financial Ratios Related with Sales of NT	86
Table 4.27	Classification of Cost (Rs. in '000')	91
Table 4.28	Flexible Budget of NT Ending FY 2062/063.	94
Table 4.29	Sales Variance of NT in Lines	96
Table 4.30	Sales variance of NT in Lines	97
Table 4.31	4 Months Wise Sales Variances of NT in Lines	97
Table 4.32	4 Months Wise Sales Variances of NT in Lines for PSTN Telephone Service	98
Table 4.33	Region wise Sales Variance of NT in Lines	99
Table 4.34	Sales Variance of NT in Amount	100

## LIST OF GRAPH

<b>No</b>		<b>Page No</b>
Graph 4.1	Budgeted and Actual Sales Lines of NT	47
Graph 4.2	Budgeted and Actual Sales Lines of PSTN Tel. Service of NT	48
Graph 4.3	Sales Trend of NT by Semi-average Method.	54
Graph 4.4	Sales Trend of NT by 3-Yearly Semi Average Method	55
Graph 4.5	Sales Trend of NT by 3-Yearly Moving Average Method.	56
Graph 4.6	Sales Trend of NT by 3- Yearly Moving Average Method for PSTN Tel. Service	57
Graph 4.7	Total Actual Sales in Lines and Trend line of NT.	60
Graph 4.8	Actual Sales of PSTN Tel. Service in Lines and Trend Line of NT	62
Graph 4.9	Budgeted and Actual Sales Revenue of NT in ISD sector.	65
Graph 4.10	Forecasted and Actual Net Profit after tax of NT	83

## LIST OF DIAGRAM

No.		Page No
Diagram 4.1	Budgeted and Actual Sales Lines of NT	47
Diagram 4.2	Budgeted and Actual Sales in Lines of PSTN Tel. Service of NT	49
Diagram 4.3	Total Actual Revenue Collection of NT	63
Diagram 4.4	Target and Actual Sales for 1st 4 Months	68
Diagram 4.5	Target and Actual Sales for 2nd 4 Months	68
Diagram 4.6	Target and Actual Sales for 3rd 4 Months	68
Diagram 4.7	Target and Actual Sales in Lines of PSTN Telephone Service for 1st 4 Months of NT	71
Diagram 4.8	Target and Actual Sales in Lines of PSTN Telephone Service for 2nd 4 Months of NT	71
Diagram 4.9	Target and Actual Sales in Lines of PSTN Telephone Service for 3rd 4 Months of NT.	72
Diagram 4.10	Target and Actual Sales of PATN Telephone Service in Lines in Biratnagar Region.	75
Diagram 4.11	Target and Actual Sales of PSTN Telephone Service in Lines in Kathmandu Region	76
Diagram 4.12	Target and Actual Sales of PSTN Telephone Service in Lines in Birgunj Region.	76
Diagram 4.13	Target and Actual Sales of PSTN Telephone Service in Lines on Bhairahaba Region	77
Diagram 4.14	Target and Actual Sales of PSTN Tephone Lines in Lines on Nepalgunj Region	77
Diagram 4.15	Target and Actual Sales of PSTN Telephone Lines in Lines on Dhangadhi Region	78
Diagram 4.16	Average Revenue Collections per Line from PSTN Billing System of NT	80
Diagram 4.17	Forecasted and Actual Net Profit after Tax of NT	83
Diagram 4.18	Sales Revenue, Variable cost, Fixed Cost and Profit of NT	95

## ABBREVIATIONS

A/C	Account
&	And
B.S.	Birkram Samwat
BEP	Break Even Point
CDMA	Code Division Multiple Access
C.V	Coefficient of Variation
Co	Company
etc	Etcetera
FY	Fiscal Year
F.C.	Fixed Cost
GDP	Gross Domestic
ISTD	International Subscribe Trunk Dialing
Km.	Kilometers
Ltd.	Limited
MIS	Management Information System
Mos	Margin of Safety
MBA	Masters in Business Administration
MBS	Masters in Business Studies
NT	Nepal Telecom
NTC	Nepal Telecommunication Corporation
%	Percentage
P.a.	Per Annum
Pvt.	Private
P.E.	Probable Error
PCO	Public Call Office
PCC	Profit Planning & Control
P/V	Profit Volume
Rs.	Rupees
S.D	Standard Deviation

SWOT	Strength, Weakness, Opportunity and Threat
STD	Subscribe Trunk Dialing
T.U.	Tribhuvan University
V.C.	Variable Costs
VSAT	Very Small Appredox Terminal
WLL	Wireless Local Loop