

MASTERS OF BUSINESS ADMINISTRATION
(BANKING AND FINANCE)
(MBABFEV)

Term-End Examination

June, 2013

MCN-024 : RISK MANAGEMENT

Time : 3 hours

Maximum Marks : 100

Note : Attempt any five questions.

All questions carry equal marks.

1. (a) What is risk management process ? 10
(b) What are major risk management methods ? 10
2. What is 'identifying business risk exposure' ? Can we apply the concept of probability and statistics in risk measurement ? Explain. 20
3. (a) How is risk diversified in business ? 10
(b) How can individual investors in financial market diversify risk and maximise return ? 10
4. Suppose that Company A and Company B are identical in all respects, except that company A has greater financial leverage than company B. Which firm would you expect to purchase more insurance ? Briefly explain. 20

5. (a) What is optimal mix of risk retention and risk transfer ? 10
(b) What are major factors to be considered optimality ? 10
6. Describe the major types of risks that are typically hedged using derivatives. 20
7. What is alternative risk transfer ? What are its characteristics ? 20
8. Write short notes on *any two* : 20
(a) Classification of risk
(b) Insurance as risk management technique
(c) Types of risks in banking
(d) Measurement of risk
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