

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024  
(Sixth Semester)

Branch – COMMERCE (BANKING & INSURANCE)

**RISK MANAGEMENT**

Time: Three Hours

Maximum: 50 Marks

**SECTION-A (5 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

- 1 What is risk?
  - (i) Negative consequences that could occur
  - (ii) Negative consequences that will occur
  - (iii) Negative consequences that must occur
  - (iv) Negative consequences that shall occur
- 2 The relative variation of actual loss from expected loss is :
  - (i) Subjective Risk
  - (ii) Objective Risk
  - (iii) Personal Risk
  - (iv) Impersonal risk
- 3 .....Risk is the possibility that borrowers repay debt ahead of schedule.
  - (i) Liquidity
  - (ii) Inflation
  - (iii) Prepayment
  - (iv) Investment
- 4 An agreement between two companies to exchange cash flows in future.
  - (i) Futures
  - (ii) Options
  - (iii) Swaps
  - (iv) Forwards
- 5 An instrument by which a pure risk is transferred by a party other than insurer is?
  - (i) Insurance
  - (ii) Retention
  - (iii) Non Insurance Transfer
  - (iv) reinsurance

**SECTION - B (15 Marks)**

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

- 6 a List down the objectives of risk management.  
OR  
b Differentiate between Risk and Uncertainty.
- 7 a What is a Sovereign Risk? Explain in brief the sources of Sovereign Risk.  
OR  
b Explain the concept of Prompt corrective Action in Banks.
- 8 a State the benefits of operational risk management.  
OR  
b What are the different types of Credit Risk and how they managed in a Bank?
- 9 a Bring out the various participants of derivatives market.  
OR  
b Write a note on 'RiskMaps'.
- 10 a Briefly explain about Risk Avoidance and Risk Retention.  
OR  
b Describe the steps in Personal Risk Management.

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

- 11 a 'Risk cannot be avoided but can be minimized' Discuss.  
OR  
b Outline the various methods involved in risk management process.
- 12 a Classify risks and explain them in detail.  
OR  
b Examine the role of Credit Rating Institutions in India.
- 13 a How the banks are measure and manage operational risk? Explain.  
OR  
b Enumerate the principles for the Assessment of Banks' Management of Credit Risk.
- 14 a "Derivatives as a tool for risk management". Explain  
OR  
b Assess the Composition of regulatory Capital. Suggest the minimum regulatory capital requirement for Banks in India as per Basel III Accord.
- 15 a Explain the various methods of managing the risk.  
OR  
b Discuss the risk control tools and techniques in Insurance.

Z-Z-Z

END