

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2022  
(Sixth Semester)

Branch – BANKING, STOCK AND INSURANCE

RISK MANAGEMENT

Time: Three Hours

Maximum: 75 Marks

SECTION-A (10 Marks)

Answer ALL questions

ALL questions carry EQUAL marks (10 x 1 = 10)

1. Most of the organizations are mainly concerned with managing \_\_\_\_\_.  
(i) Personal risks (ii) Pure risks  
(iii) Speculative risks (iv) None of these
2. Which of the following helps in Risk improvement?  
(i) Ambulance (ii) Salvage crops  
(iii) Fire brigade (iv) Engineers who survey property to insured
3. When a bank borrower, or counter party, fails to meet its payment obligations regarding the terms agreed with the bank, it is called.  
(i) Market risk (ii) Operational risk  
(iii) Liquidity risk (iv) Credit risk
4. PCA stands for \_\_\_\_\_.  
(i) Prompt Corrective Action (ii) Public Channel Agency  
(iii) Principles of Corporate Accounting (iv) Public Current Account
5. When the risk of losses in on-or off-balance sheet positions arise from movement in market prices, it is called.  
(i) Liquidity risk (ii) Market risk  
(iii) Systemic risk (iv) Credit risk
6. Which of the following is not a major component of market risk?  
(i) Interest rate risk (ii) Equity risk  
(iii) Foreign exchange risk (iv) Credit risk
7. RMIS is \_\_\_\_\_ tools used for risk management.  
(i) Software (ii) Hardware  
(iii) Hardware & Software (iv) All of the above
8. Financial derivatives include.  
(i) Stocks (ii) Bonds  
(iii) Futures (iv) None of the above
9. Insurance is a risk management technique involving.  
(i) Personal risks (ii) Risk evaluation  
(iii) Risk reduction (iv) Risk retention
10. Which of the following steps in the risk management processes helps in deciding the sum insured under policies?  
(i) Risk identification (ii) Risk evaluation  
(iii) Risk reduction (iv) Risk retention

Cont...

**SECTION - B (35 Marks)**

Answer **ALL** Questions

**ALL** Questions Carry **EQUAL** Marks (5 x 7 = 35)

- 11 a State the benefits of risk management.  
OR  
b What does risk control include?
- 12 a Explain the difficult tasks in measuring the liquidity.  
OR  
b Outline the reasons for increasing risks in banking sector.
- 13 a How to measure a successful credit risk management?  
OR  
b Summarises the Operational risk.
- 14 a Describe important of a risk management information system.  
OR  
b Outline the functions of derivatives markets.
- 15 a Classify different types of Enterprise Risk Management.  
OR  
b Bring out methods of managing risk control in insurance.

**SECTION - C (30 Marks)**

Answer any **THREE** Questions

**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Analyse the various steps involved in risk management process.
- 17 Discover the various types of risks in banking business.
- 18 Enumerate the different types of Interest Rate Risk.
- 19 Trace the Advantages and Disadvantages of Derivatives.
- 20 Identify the risk control tools and techniques.

Z-Z-Z

END