

**MASTER OF VOCATION**  
**Management Banking and Finance**  
**Subject: Risk Management**  
**Subject Code: GPSE203**  
**Semester: Third**  
**January 2021**  
**Theory (External): 70 Marks**  
**Time: 03 Hours**

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**Instructions to the Students**

1. This Question paper consists of two Sections. All sections are compulsory.
2. Section A comprises 10 questions of objective type in nature. All questions are compulsory. Each question carries 2 marks.
3. Section B comprises 8 essay type questions out of which students need to do any 5. Each question carries 10 marks.
4. Read the questions carefully and write the answers in the answer sheets provided.
5. Do not write anything on the question paper.
6. Wherever necessary, the diagram drawn should be neat and properly labelled

**Roll Number**

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**SECTION –A (SHORT/OBJECTIVE TYPE QUESTIONS)**  
**(10x2=20 Marks)**

- A. What is risk?
- B. Explain Decision Tree Analysis.
- C. Define LTCM.
- D. What is risk management?
- E. Describe co-efficient of variation.
- F. Explain sensitivity analysis.
- G. What is degree of risk?
- H. Explain form or risk.
- I. Define return.
- J. What is KMV model?

**SECTION –B (ESSAY TYPE QUESTIONS)**  
**(5x10=50 Marks)**

1. Define risk management. Also explain various types of risk and their management.
2. Explain sources and degree of risk.
3. What is Risk determination? Explain in detail the various methods of risk determination.
4. Describe risk management process. Explain its need and importance also.
5. Explain in detail various risk financing techniques.
6. What is risk measurement? How can evaluate the frequency and severity of losses?
7. Write down short note on the following:
  - a) Sensitivity Analysis
  - b) Standard Deviation method.
  - c) Certainty equivalent method.
  - d) Risk adjusted discounted late.
8. A bank in India has bought USD 10 million in the spot market. It would like to assess the risk of holding this position for 1 day given the volatility of the currency to be at 10% per year, at the exchange rate of USD 1 = Rs 30 (i.e. Rs 1 = 1/30 USD =0.0333 USD). Assume 250 trading days in a year and required confidence level at 99%.
  - a) What could be the VAR?
  - b) Explain the different possible solutions.
  - c) How to manage the risk in the above situation.

**==END OF PAPER==**