PG – 530

II Semester M.Com. Examination, July 2017
(CBCS)
COMMERCE
Paper – 2.2 : Risk Management

Time : 3 Hours Max. Marks : 70

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. **(7×2=14)**

   a) Define Risk.

   b) What do you mean by Sovereign Risk ?

   c) Define volatility.

   d) Define Credit Spread Risk.

   e) Define expected return.

   f) What do you understand by Fidelity Risk ?

   g) What is Loan Review Mechanism ?

   h) Define Operational Risk Management.

   i) Differentiate between options and futures contract.

   j) What do you mean by intrinsic value of an option ?

SECTION – B

Answer **any four** questions out of six. **Each** question carries **five** marks. **(4×5=20)**

2. What are the major Personal Risks and Commercial Risks ?

3. State the features of Risk Management.

4. "Without risk taking and the prudent management of those risks ... the rewards will not materialize." Substantiate.

5. Compare and discuss the relationship between risk managers and shareholders.

6. Write a note on Extreme Value Theory.

7. Is futures market leading the spot market or does the reverse occur ? Explain.

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SECTION – C

Answer **any three** questions out of five. **Each** question carries **twelve** marks. **(3×12=36)**

8. Explain the quantitative approaches adopted by banks to compute expected and unexpected losses in operations.

9. From the following information find Call Option Value by using Black-Scholes Model for XYZ company share.

   Spot rate : Rs. 1,640, strike rate : Rs. 1,600, Maturity Period : 6 months, continuous compounding interest rate : 10% p.a. ; standard deviation : 15%.

10. Explain the following concepts in detail :

    a) KMV Approach – Credit Risk Management Model

    b) Monte Corlo simulation model – VAR analysis

    c) Expected Monetary Value Analysis – Quantitative Risk Analysis Technique.

11. What do you mean by Risk Management ? What constitutes Risk in a project ? Explain.

12. Explain the types and process of risk management associated with finance in detail.