

CS/BIRM/SEM-5/BIRM-506/2012-13

2012

ENTERPRISE RISK MANAGEMENT

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10X1 = 10

i) ERM refers to

- a) Economic Risk Management
- b) Entrepreneur Risk Management
- c) Enterprise Risk Management
- d) All of these.

ii) Financial Risk refers to

- a) Price Risk b) Credit Risk
- c) Market Risk d) All of these.

iii) What do you mean by operational risk ?

- a) A risk of operating a bank deposits
- b) Risk of operating a vehicle
- c) Risk associated with day to day operations of an enterprise
- d) Risk of operating a patient.

iv) Turn Bull Report was published by

- a) Bombay Stock Exchange
- b) London Stock Exchange
- c) Tokyo Stock Exchange

- d) None of these.
- v) 'COSO' stands for
 - a) Common Sales Objections
 - b) Commonwealth Sports Operation
 - c) Committee of Sponsoring Organisation
 - d) none of these.
- vi) Market Risk involves
 - a) Interest rate risk b) Currency rate risk
 - c) Commodity risk d) All of these.
- vii) CRO means
 - a) Chief Rating Officer
 - b) Chief Return Officer
 - c) Corporate Relationship Officer
 - d) Chief Risk Officer.
- viii) Clients inability or unwillingness to pay the bills involves
 - a) Price Risk b) Credit Risk
 - c) Market Risk d) All of these.
- ix) NAV stands for
 - a) Net Available Value b) Net Asset Value
 - c) Not Available Value d) Net Access Value.
- x) Hedging is a
 - a) Risk enhancing method
 - b) Risk reducing method
 - c) Divestment d) Rorschach test.
- xi) IRDA of India is situated in
 - a) New Delhi b) Madras
 - c) Mumbai d) Hyderabad.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Describe the concept of Pure Risk for the Corporate Risk Management.
3. Differentiate between speculative risk and strategic risk.
4. What are the prerequisites of enterprise risk management
5. What are the sources of risk in an Enterprise ?
6. What are the benefits of Enterprise Risk Management ?

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. Write notes on following : $3 \times 5 = 15$
 - a) Role of CRM
 - b) Merger & Acquisition
 - c) Market Risk.
8. What is Risk handling ? Discuss about the various methods of handling risks in enterprise ? $5 + 10$
9. Define Derivatives. Explain the various types of financial derivatives with example. $5 + 10$
10. a) Define Merger and Acquisition.
b) Why is merger risky ?
c) Describe the strategic issues in merger and acquisition.
11. Define Market Risk. What are the methods adopted to measure and handle Market Risks ? $8 + 7$