BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(END SEMESTER EXAMINATION)

CLASS: MBA **SEMESTER : IV**
BRANCH: MANAGEMENT **SESSION : SP/2022**

SUBJECT: MT555 RISK MANAGEMENT

TIME: 2 HOURS **FULL MARKS: 50**

INSTRUCTIONS:
1. The question paper contains 5 questions each of 10 marks and total 50 marks.
2. Attempt all questions.
3. The missing data, if any, may be assumed suitably.
***4*. Before attempting the question paper, be sure that you have got the correct question paper.**
5. Tables/Data hand book/Graph paper etc. to be supplied to the candidates in the examination hall.

Q.1(a) Explain the components of the international financial environment. [5]
Q.1(b) Define interest rate risk. How does it affect the price of a bond? Explain [5]

Q.2(a) ‘Foreign exchange market is a 24-hour market’. [5]
Q.2(b) ‘The RBI controls both appreciation and depreciation of the domestic currency against dollar’. [5]

Q.3(a) Define Value at Risk (VaR). Explain its importance in measuring the risk of a portfolio. [5]
Q.3(b) If the correlation between two securities is positive in a portfolio, it will enhance the portfolio risk’. Comment. [5]

Q.4(a) How is the currency risk present in the global investment scenario? [5]
Q.4(b) Explain a note on Yen-carry trade syndrome. [5]

Q.5(a) How is the concept of VaR used in setting risk limits? Explain. [5]
Q.5(b) Write a short note on the capital adequacy ratio to be maintained by the banks. [5]

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