

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

**CLASS: MBA  
BRANCH: MANAGEMENT**

**SEMESTER : IV  
SESSION : SP/2023**

**SUBJECT: MT555 RISK MANAGEMENT**

**TIME: 3 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.
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		CO	BL
Q.1(a)	Can you explain what Commodity Risk Management is?	[5]	1 2
Q.1(b)	Can you identify the sectors that may be affected by Commodity Risk?	[5]	1 2
Q.2(a)	Could you compare and contrast the two tiers of the global foreign exchange market, highlighting their similarities and differences?	[5]	2 2
Q.2(b)	Can you provide a detailed explanation of the distinctions between "Free Float" and "Fixed Float" currencies, including their characteristics, advantages, and disadvantages?	[5]	2 3
Q.3(a)	Give a brief explanation of what Transaction Risk Exposure means in the context of foreign exchange?	[5]	3 1
Q.3(b)	Explain how the Firms may use hedging strategies to reduce the exchange rate risk.	[5]	3 1
Q.4(a)	Analyze Yen Carry Trade, its mechanics, and its implications for investors, including the potential risks and rewards	[5]	4 3
Q.4(b)	Explain the popular Carry Trading Strategies with examples.	[5]	4 1
Q.5(a)	Discuss Risk Budgeting process through Sharpe Ratio.	[5]	5 2
Q.5(b)	Calculate Sharpe Ratio where portfolio return of two assets X and Y is 7.35 %, portfolio standard deviation is 2.73% and risk-free rate is 3.5%.	[5]	5 4

:::26/04/2023 E:::