

Time: 2.30 Hrs**Marks: 75****Q.1A Choose the right options (Any Eight)****(8 Marks)**

1. Market risk is more commonly known as _____ risk.
a) Systematic b) Unsystematic c) Regular d) Irregular
2. Interest rate risk is the risk that arises from _____ of interest rates in economy.
a) Stock b) Price Security c) Bond d) Volatility
3. Financial derivatives include _____.
a) Stocks. b) Bonds. c) Futures. d) Interest rates
4. A future contract is a _____ contract.
a) Sub- standardized b) Regulated c) Standardized d) Unregulated
5. Credit approval process _____.
a) Risk Rating b) Replicate the flow of analysis c) Credit approval process d) Expected loss on default
6. India adopted Basel 1 guidelines in the year _____.
a) 1999 b) 1998 c) 1997 d) 1996
7. CAR is stands for _____.
a) Capital admin ratio b) Capital adequacy ratio c) Capital ads ratio d) Capital adequacy risk
8. I R F Stands For _____.
a) Interest Rate Futures b) Interest Rate Forwards c) Interest Rate Fixed d) Interest Rate Fluctuating
9. The _____ is a measure of a bank's capital.
a) Goods governance Minimum b) capital requirements c) Capital adequacy ratio d) Leverage
10. _____ is a measure of "risk per unit of expected return."
a) Standard deviation b) Coefficient of variation c) Correlation coefficient d) beta

1 B Match the column (any Seven)**(7 Marks)**

Column A		Column B	
i	Risk Management	a	Exchange Rate Risk
ii	Put option	b	Moody's
iii	Currency Risk	c	Right to Sell
iv	Risk Measurement	d	Unsecured Promissory Notes
v	T-bill	e	Possible Changes in Spreads
vi	Commercial Paper	f	Default Risk
vii	Credit Rating Agencies	g	Evaluation of risk
viii	Basis Risk	h	Process of measuring, or assessing risk
ix	Credit Risk	i	Unable to Meet Short term financial demands.
x	Liquidity Risk	j	91 days

- Q2. A) What are derivatives Market? Explain the various Types of derivatives. 8Marks
- Q2 B) Explain the Role of Enterprise Risk Management. 7Marks
- OR**
- Q2 C) Importance of Commodities Market in India 8Marks
- Q2 D) Major players in the derivatives market 7Marks
-
- Q3 A) Explain characteristics of credit rating. 8Marks
- Q3 B) Explain the Functions of credit rating. 7Marks
- OR**
- Q3 C) What is the process of managing credit risk. 8Marks
- Q3 D) Explain the benefits of credit rating. 7Marks
-
- Q4 A) What are the RBI guidelines for risk management? 8Marks
- Q4 B) Discuss the regulatory framework for derivatives market in India. 7Marks
- OR**
- Q4 C) Explain the Risk management in Derivatives? 8Marks
- Q4 D) Discuss the regulatory framework for derivatives market in India. 7Marks
-
- Q5 C) Explain the types of Derivatives? 8Marks
- Q5 D) Briefly explains application to interest rate forecasting. 7Marks
- OR**
- Q5. Write short notes on (**any three**) 15 Marks
- 1) Basic Risk Types
 - 2) The Role of Risk Management.
 - 3) Fixed-income Securities
 - 4) RBI guidelines on Credit Rating Framework in Banks,
 - 5) Measures of Interest Rate Sensitivity
