

## **BRAINWARE UNIVERSITY**

Course - M. Com.

Paper Name: Risk Management (MCM306B)

(Semester - 3)

Time allotted: 3 Hours Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in

their own words as far as practicable.]

## Group -A

### (Multiple Choice Type Ouestion)

(Multiple Choice Type Question)			
1) Select the correct one from stated alternatives		$10 \times 1 = 10$	
i. Credit risk will not arise if-			
a) interest not paid in direct lending		b) Bank guarantee fund not obtained	
c) Security settlement not affected		d) none of these	
ii. Basel committee has been formed	by		
a) European countries		b) Central bank of 10 countries	
c) USA		d) India	
iii. Operational risk loss will arise du	ie to -		
a) Human error		b) Failure in the banking system	
c) Internal control failure		d) all of the above	
iv. Tier I capital includes			
a) paid up equity	b) equity, per	rpetual preference shares & disclosed reserve	
c) Authorized capital	d) none		
v. Tier 3 capital is limited to			
a) 250% of tier 1 to support market risk		b) 100% of tier 1 capital	
c) 200% of tier 1 capital		d) none of these	

vi. Minimum total capital ratio under Basel III is	% of total risk adjusted assets
a) 2.5	b) 3.5
c) 9.0	d) 10.5
vii. Certain transaction related contingency item h conversion factor is 50. Then credit risk exposure counter party	
a) Rs 50 lakhs	b) Rs 25 lakhs
c) Rs 75 lakhs	c) none of these
viii. ALM requires to tackle situation when	
a) Total asset value< total liability value	b) value of an asset < value of a liability
c) Total asset value > total liability value	d) Value of an asset < value of a liability
ix. Treasury management basically considers	
a) short term needs	b) long term needs
c) medium term needs	d) all of them
x. NPA in banking system indicates	
a) Net performance of assets	b) non performing assets
c) net profit and asset	d) none of these

# Group-B

#### (Short Answer Type Question)

 $3 \times 5 = 15$ 

#### **Answer any three questions**

- 2) Basel III has made some changes in capital requirements over Basel II. Highlight this change.
- 3) What do you mean by off balance sheet items? Give example. Can it create risk? Explain
- 4) Give an idea on credit information companies in India.
- 5) Treasury management and ALM appears to be same yet they are different-discuss
- 6) What do you mean by money laundering? It is believed that money laundering exposes bank to various risks. What are the risks associated with it? Discuss in brief.

### Group - C

### (Long Answer Type Question)

 $3 \times 15 = 45$ 

#### Answer any three questions

- 7) What is liquidity risk? Explain important liquidity risk measuring ratios.
- 8) What is second pillar of Basel II? Why supervisory review is important? Write four key principles of supervisory review.
- 9) RBI has issued guidelines to implement Basel III. Indicate major features of such guidelines
- 10) Explain fair practices code for debt collection of credit information companies in India.
- 11) Explain different types of risks associated in International Banking Transaction.