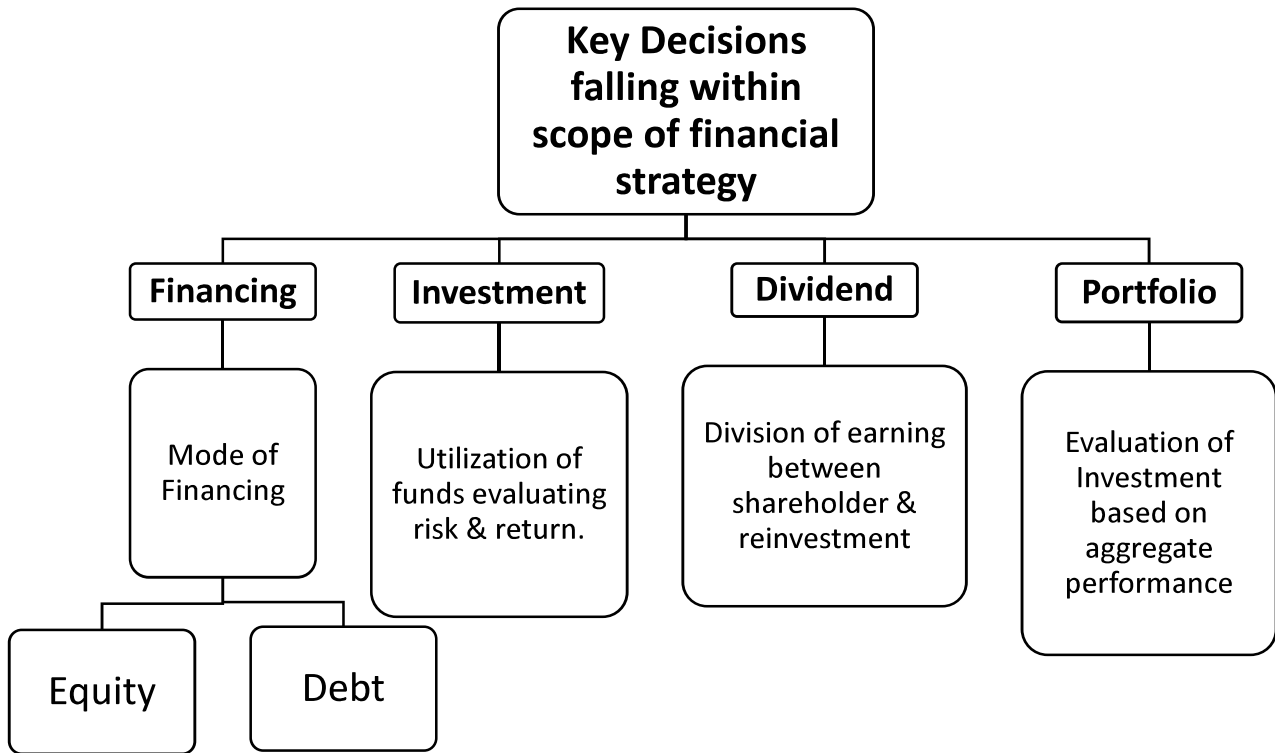


Question 2). What are the key decisions falling within the scope of financial strategy? [MTP APR'21, JAN'21, NOV'19, MTP OCT'19] (4 marks)

Answer



Question 2) :- Explain Counter Party Risk with methods to identify the same and some techniques to manage it? [MTP Oct'19, DEC'21] (4 marks)

Answer :

Non-honouring of obligations, non – delivery, Non -repayment (credit risk)

Methods for identification of counter party risk

Building Material Supplier	Failure to obtain necessary resources
Action by govt and foreign govt	Regulatory restrictions from the Government Action of foreign government
Decline by party	• Let down • Insolvent

Techniques To Manage Counter Party Risk

1) Inspect Party

- Due Diligence

2) Decide its limit not over commit and review limit

- Exposure limits
- Do not over commit to a single entity
- Review the limits

3) Take action or use guarantee

- Rapid action likelihood of defaults
- Use of performance guarantee insurance

Question 4) :- Explain Interest Rate Risk with methods to identify the same and some techniques to manage it?

Answer :

**Investment loss due to change in interest rate.
Important for banking**

Methods for identification of interest rate risk

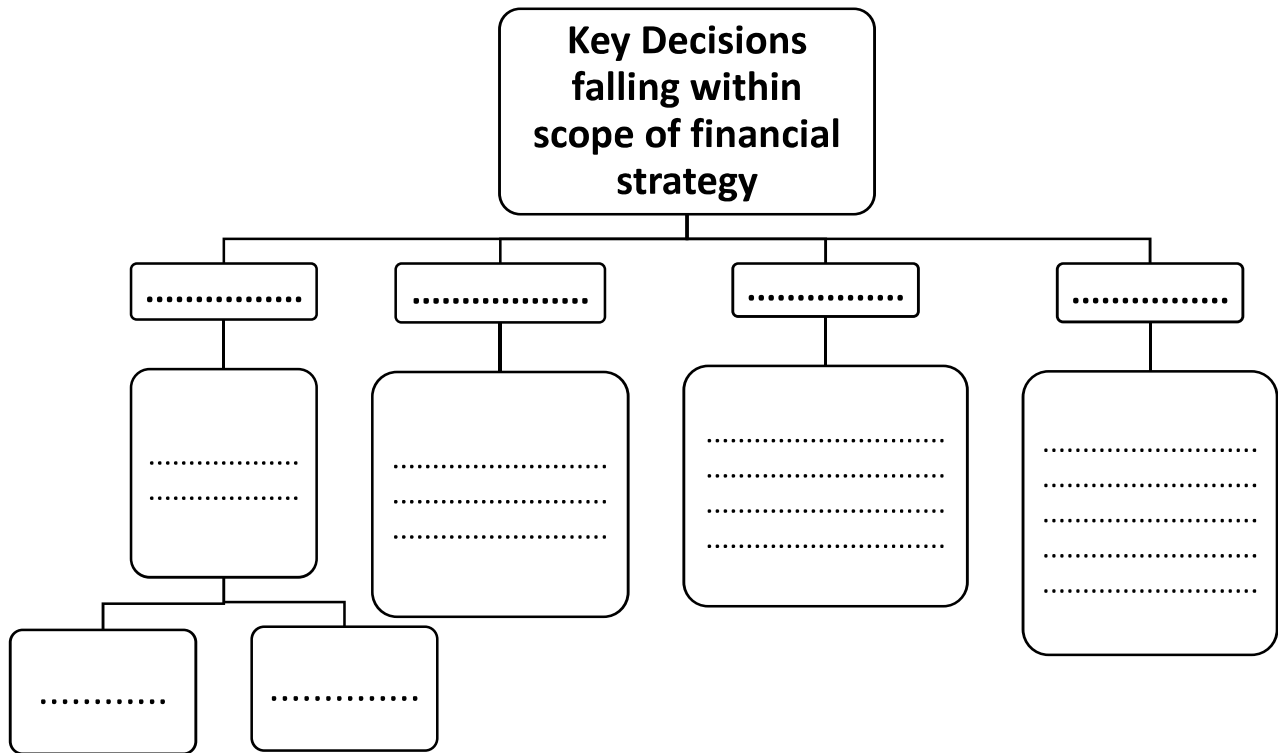
Government policy and action	<ul style="list-style-type: none"> • Monetary Policy • Govt action like demonetization
Economy, Industry	<ul style="list-style-type: none"> • Economic growth • Industrial Data
Foreign Investment and stock market	<ul style="list-style-type: none"> • Change in stock market • Foreign investment

Techniques to manage Interest Rate Risk

- i. Futures
- ii. Forward
- iii. Swap

Question 2). What are the key decisions falling within the scope of financial strategy? [MTP APR'21, JAN'21, NOV'19, MTP OCT'19] (4 marks)

Answer



Chapter 2

Risk Management

Question 1). What are the different risks to a business organization? [MAY'22]

Answer :

Strategic risk

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Compliance risk

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Operational risk

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Financial risk

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Question 5) :- Explain Currency Risk with methods to identify the same and some techniques to manage it?[RTP NOV'19,MTP OCT'19,RTP NOV'18,MTP-OCT'22]

Answer :

Change in exchange rate affect if deal in foreign exchange

Methods for identification of Currency risk

Government	
Rate	
Extrordinary circumstances	

Techniques to manage currency risk

- (i)
- (ii)
- (iii)

Question 6) :- Explain Liquidity Risk

Answer :

- (i)
- (ii)
- (iii)