Roll No. ……………………………........ **Total Pages: _ _**

Paper ID: GCT003 **Course Code:** GC-CST3

Examination (January - 2024)

Certificate Programme in Stock Marketing and Trading Operations

Risk Management

Time Allowed: 2 Hours **Max.Marks: 70**

Instructions for the Students

1. The question paper shall consist of 70 Multiple Choice questions.
2. All questions are compulsory. Each question carries 1 mark.
3. There will be no negative marking.

Q1 The major types of business risk include all of the following except: A. Price risk B. Diversification risk C. Pure risk D. Credit risk	Q2. Which of the following is not a method of loss financing? A. Diversification B. Retention C. Insurance D. Hedging
Q3. Which one of following is not a major method of managing risk? A. Loss control B. Loss identification C. Loss financing D. Internal risk reduction	Q4. Risk management is responsibility of the A. Customer B. Investor C. Developer D. Project team
Q5. RE represents what A. Risk expense B. Related expense C. Risk exposure D. Risk evaluation	Q6. Which of the following technique will ensure that impact of risk will be less? A. Risk avoidance technique B. Risk mitigation technique C. Risk contingency technique D. All of the above
Q7. What is associated with product risk? A. Control of test item B. Negative consequences C. Non-availability of test environment D. Test object	Q8. What is risk? A. Negative consequence that could occur B. Negative consequence that will occur C. Negative consequence that must occur D. Negative consequence that shall occur

Q9 inherent risk, control risk and detection risk are components of ___________. A. Business risk. B. Materiality risk. C. Auditor's risk. D. Audit risk.	Q10. Risk assessment procedures that may indicate fraud include inquiries of management regarding: A. Whether management knows of any fraud in the entity. B. If there is fraud elsewhere in their industry. C. If there are any relatives of the executives employed in the entity. D. Internal control effectiveness.
Q11. Significant conditions, events, circumstances or actions that could adversely affect the entity's ability to achieve its objectives and execute its strategies create: A. Management risks. B. Detection risks. C. Control risks. D. Business risks.	Q12. Document you use to capture all known risks is called: A. Risk log B. Risk register C. Risk list D. D. Risk diary
13. A process that involves prioritizing risks for further action or analysis by assessing the impact and the probability of occurrence is called A. Qualitative risk analysis B. Risk brainstorming C. Quantitative risk analysis D. Risk retrospective	Q14. When do you perform risk identification? A. At the beginning of a project. B. During project planning. C. During the whole lifetime of a project. D. During project execution.
Q15. Who should be involved in risk management activities? A. Only project team. B. Only project manager. C. As many stakeholders as practical. D. All stakeholders except clients	Q16. The measures aimed at avoiding, eliminating or reducing the chances of loss production is covered by _______________ A. Risk control B. Risk retention C. Risk avoidance D. Risk financing
Q17. The risk manager may be able to identify the new ventures involved in _______________. A. Pure risk. B. Group risk. C. Speculative risk. D. Particular risk	Q18. The person whose risk is insured is called _______________. A. Insured B. Merchandiser C. Marketer D. Agents

Q19. The success of whole process of risk management depends on its _______________. A. Identification B. Risk analysis C. Assessment of risk D. Evaluation of risk	Q20. If RMIS has poor system documentation, then the remedy is to provide _______________. A. Solid vendor account team B. Internal access to system expert C. Assessment in proper manner D. Clear and comprehensive specifications
Q21. The risk management can be done by _______________. A. Insurance B. Hedging C. Derivatives D. All of the above	Q22. Risk management is a subject which falls under _______________. A. Production B. Hr C. Marketing D. Finance
Q23. The first step in risk management process is _______________. A. Risk avoidance B. Risk identification C. Insurance D. Risk evaluation	Q24. Which of the following is the last step in the risk management process? A. Insurance B. Review C. Risk evaluation D. Loss prevention
Q25. Risk retention means _______________ A. Saving money to pay for the losses B. Accepting and agreeing to finance the loss oneself C. Not taking up any activity which is risky D. Insuring the risk	Q26. The risk which has three outcomes with possibility of gain is _______________ A. Pure B. Speculative C. Static D. Dynamic
Q27. Pure risk was grouped _______________. A. Property risk B. Personal risk C. Liability risk D. All the above	Q28. Risk management process includes _______________ A. Risk analysis B. Risk control C. Risk analysis and control D. Risk reduction
Q29. The foundation for risk management is provided by _______________ A. Risk control B. Risk analysis C. Risk identification D. Risk retention	Q30. A. Insurance B. Hedging C. Derivatives D. All the above
Q31. The strategy pursued by the business firms to tackle risk by spreading into a number of business is _______________. A. Diversification	Q32. RMIS has the problem of incompatibility of software, then the remedy is to provide _______________. A. Solid vendor account team

B. Centralization C. Risk retention D. Financing	B. Internal access to system expert C. Clear and comprehensive specifications D. Financial check
Q33. To avoid rmis being obsolete provide _______________. A. Solid vendor account team B. Internal access to system expert C. Standard software configuration D. Clear and comprehensive specifications	Q34. The process of reducing the level of risky activities firstly affect the frequency of losses is the strategy of _______________. A. Risk avoidance B. Retention C. Hedging D. Other contractual risk transfer
Q35. The risk which arises because of change in major economic, social, cultural and political factors are _______________. A. Particular risk B. Fundamental risk C. Speculative risk D. Dynamic risk	Q36. Credit risk is high in case of _______________. A. Companies B. Partnership C. Financial institutions D. None of these
Q37. The risk which directly affects the individual's capability to earn income is called _______________ A. Personal risk B. Risk financing C. Risk retention D. Risk sharing	Q38. The risks which have some financial impact from the part of risk management are _______________ A. Dynamic and speculative risk B. Pure and speculative risk C. Pure and static risk D. Personal and static risk
Q39. Personnel risk in a firm depends upon the ability integrity and enthusiasm of _______________. A. Creditors B. Debtors C. Government D. Management and employees	Q40. Transfer of risk to other party is done through _______________. A. Reduction B. Control C. Retention D. Insurance
Q41. If RMIS shows lack of service, then you need to provide _______________. A. Reference checks including on site B. Assessment in proper manner C. Financial check D. Standard software configuration	Q42. The methods of risk management are _______________. A. Loss control B. Loss financing C. Internal risk reduction D. All of the above
Q43. Insurance is a risk management technique involving _______________. A. Risk transfer B. Risk retention C. Risk avoidance D. Loss control	Q44. All dynamic risks are _______________. A. Predictable B. Unpredictable C. Possibility D. Judgement

Q45. Dynamic risks are closely related to ______________. A. Speculative risks B. Static risks C. Personal risks D. Particular	Q46. Risk management information is not useful in one of the following ______________. A. Reporting B. Hedging C. Claim adjustment process reviews D. Derivatives
Q47. Risk of two securities with different expected return can be compared with: A. Coefficient of variation B. Standard deviation of securities C. Variance of securities D. None of the above	Q48. A portfolio having two risky securities can be turned risk less if A. The securities are completely positively correlated B. If the correlation ranges between zero and one C. The securities are completely negatively correlated D. None of the above.
Q49. This type of risk is avoidable through proper diversification A. Portfolio risk B. Systematic risk C. Unsystematic risk D. Total risk	Q50. A measure of risk per unit of expected return A. Standard deviation B. Coefficient of variation C. Correlation coefficient D. Beta
Q51. A statistical measure of the degree to which two variables move together A. Coefficient of variation B. Variance C. Covariance D. Certainty equivalent	Q52. Which measures the systematic or non -systematic risk of a security? A. Beta B. Standard deviation C. Variance D. Range
Q53. Is the variability in a security's returns resulting from fluctuations in the aggregate market? A. Market risk B. Inflation risk C. Credit risk D. Intend rate risk	Q54. Risk can be measured by be using data. A. Specific B. Technical C. Systematic D. Financial
Q55. Which of the following is not a common risk factor? A. Market risk B. Promotional risk C. Interest rate risk D. Inflation risk	Q56. The relationship between potential unsystematic risk and reward is given by A. Excess return to beta ration B. Excess return to security's standard deviation ratio C. Excess return to security's variance ratio D. Excess return to beta square ratio
Q57. Unsystematic risk is . A. The risk associated with movements in security prices. B. Reduced through diversification. C. Higher when interest rates rise. D. The risk of loss of purchasing power.	Q 58. Market risk is best measured by the . A. Alpha. B. Beta. C. Standard deviation. D. Coefficient of variation.
Q59. In order to determine the compound growth rate of an investment over some period, an investor would calculate the A. Arithmetic mean. B. Geometric mean.	Q60. Unsystematic risk may arise due to the following reason. A. Change in interest rate B. Increase in population C. Employee strike in the company

C. Calculus mean. D. Arithmetic median	D. Exchange rate fluctuations
Q61. Financial derivatives include A. Stocks. B. Bonds. C. Futures. D. None of the above	Q62. Financial derivatives include A. Stocks. B. Bonds. C. Forward contracts. D. (d) both (a) and (b) are true
Q 63. By hedging a portfolio, a bank manager A. Reduces interest rate risk. B. Increases reinvestment risk. C. Increases exchange rate risk. D. increases the probability of gains.	Q64. Hedging risk for a short position is accomplished by A. Taking a long position. B. Taking another short position. C. Taking additional long and short positions in equal amounts. D. Taking a neutral position
Q65. Which of the following types of risks best meets the requirements for being insurable by private insurers? A. Market risks B. Property risks C. Financial risks D. Political risks	Q66. Risk and premium are fixed on the basis of _______________. A. Strategic methods B. Survey methods C. Scientific methods D. Probability methods
Q 67. The risk evaluation breaks into two parts. They are _______________ A. The cause of loss and its affects B. The probability of loss occurring and its severity C. The loss due to any reasons D. The risk and return	Q68. Risk management is concerned with _______________. A. Planning B. Arranging and controlling of activities C. Managing of funds D. Planning, arranging and controlling of activities
Q69. Which of the following steps in the risk management process helps in determining sum insured under policies? A. Risk identification B. Risk retention C. Risk evaluation D. Risk transfer	Q70 a person who dislikes risk is known as _______________ A. Risk lover B. Risk averse C. Risk neutral D. Insurer