

AS-769

M.B.A. (Semester—III) Examination

RISK MANAGEMENT

Paper—MBA/3106/F

Time : Three Hours]

[Maximum Marks : 70

Note :—(1) Attempt **ALL** questions.

(2) Figures to the right indicate marks.

SECTION—A

1. (a) “Risk creates an economic burden for the society by raising the cost of certain goods and services and eliminating the provision of others.” Do you agree or disagree with this statement ? Justify your answer. 14

OR

- (b) “Risk is a condition in which there is a possibility of an adverse deviation from a desired outcome that is expected or hoped for.” In the light of this statement explain the concept of risk and discuss the impact of risk on organisation with suitable examples. 14

SECTION—B

2. (a) What is Risk Assessment ? Explain the advantages and disadvantages of risk assessment techniques. 7
- (b) “The purpose of risk management training is to raise basic awareness of risk management concepts and mechanisms, to enable participants to identify, and manage risks in their own units and to strengthen project management through adequate forward planning of potential risk.” Do you agree with this statement ? Give reasons to support your answer. 7

OR

- (c) What is Risk Classification System ? Explain the significance of risk classification system. 7
- (d) “An effective risk culture is one that enables and rewards individuals and groups for taking the right risk in an informed manner.” In the light of this statement why effective risk culture is important for an organisation ? Justify. 7
3. (a) Who are Stakeholders ? What are their expectations ? 7
- (b) If project risk management is not being practiced in your organisation, how could you suggest its use for effective project management to the board of directors of your organisation ? 7

OR

- (c) Define Operational Risk Management. Explain the importance of operational risk management. 7
- (d) Recently a leading automobile manufacturing company in the country is reported to have recalled some of the cars from the customers across the country, who have purchased from its dealers. Why have they recalled the vehicles (Cars) from customers ? What are the specific risks that the company is exposed to and which they are trying to eliminate ? 7

SECTION-C

4. (a) Describe the relationship between risk appetite, risk exposure and risk capacity. 7
- (b) What is enterprise risk management ? What are the key elements of enterprise risk management ? 7

OR

- (c) Can enterprise risk management seriously affect the businesses and organizational style ? Give reasons to support your answer. 7
- (d) What do you mean by risk transfer ? What are the roles of the transferor and the transferee in risk transfer ? 7

SECTION-D

5. One of the largest beverage companies in India, realized that CSR had to be an integral part of its corporate agenda. According to the company, it was aware of the environmental, social and economic impact caused by a business of its scale and therefore it had decided to implement a wide range of initiatives to improve the quality of life of its customers, the work-force and society at large.

However, the company came in for severe criticism from activists and environmental experts who were charged with depleting groundwater resources in the areas in which its bottling plants were located, thereby affecting the livelihood of poor farmers, dumping toxic and hazardous waste materials near its bottling facilities, and discharging waste water into the agricultural lands of farmers.

Notwithstanding the criticisms, the company continued to champion various initiatives such as rain water harvesting, restoring ground water resources, going in for sustainable packaging and recycling and serving the communities where it operated. Company planned to become water neutral in India as a part of its strategy of achieving water neutrality. Critics felt that the company was spending millions to project a green and environment friendly image of itself, while failing to make any changes in its operations.

- (i) Analyze the CSR strategy adopted by the beverage company. 4
- (ii) What are the reasons for the growing criticism against the company in India ? Suggest remedies in which the company can address this issue. 5
- (iii) What are the key issues and challenges faced by the company with regard to its sustainability initiatives in India ? 5