

Generic Elective Course- 8.2 (GE-8.2): Risk Management

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Risk Management: GE-8.2	4	3	1	0	Pass in Class XII with Mathematics/Accountancy	NIL

Risk Management

BCH: GE- 8.2

Learning Objectives:

The course aims to provide knowledge and an insight into the spectrum of risks faced by businesses and to learn the techniques of managing risks.

Learning Outcomes: After completion of the course, learners will be able to:

1. Explain the types of risk in business.
2. Identify and evaluate business risk.
3. Evaluate various techniques of managing business risk.
4. Perform quantitative analysis of business risk.
5. Analyse financial leverage and credit risk.

Course Contents:

Unit 1: Introduction (5 hours)

Concept and meaning of Risk, Risk and Uncertainty, Classification of Risks, Dynamic Nature of Risks, Types of Risk, including Systematic and Unsystematic Risk, Strategic and Operational Risks, Business Risk, Financial Risk. Information Risk, Liquidity Risk.

Unit 2: Business Risks Measurement and Risk Management (18 hours)

Identification and Sources of Risk, Various methodologies for measuring Business Risk, Impact of Business Risk on different stakeholders of business concern, Role of Risk Manager and Risk Committee in identifying and diversifying risk.

Risk Management- concept, objectives and importance; Process of Risk Management, Risk Management techniques, managing risk through diversification, Strategy of transferring the risk through re-insurance, underwriting and factoring etc.

Unit 3: Quantitative Analysis (11 hours)

Population and Sample Analysis, Bayesian analysis, Statistical inference and hypothesis testing, EWMA and GARCH Model, Volatility, Artificial Intelligence and Business Analytics, Risk model- VAR, Stress Testing, Scenario Analysis. Analysis with the help of relevant software.

Unit 4: Credit Risk Measurement and Financial Leverage (11 hours)

Credit risk- concept, components, relevance, evaluation and reduction. Emerging sources of credit risk and their impact on business development, Credit Risk and Financial Leverage.

Exercises:

The learners are required to:

1. Recognise the types of risks faced by different businesses.
2. Discuss and evaluate various methodologies for measuring business risk.
3. Evaluate various techniques of managing business risk.
4. Perform quantitative analysis of business risk.
5. Analyse the credit risk of any firm.

Suggested Readings:

- Crouhy, M., Galai, D., & Mark, R. (2013). The Essentials of Risk Management. New York: McGraw-Hill Education.
- Hopkin, P. (2018). Fundamentals of Risk Management: Understanding, Evaluating and Implementing Effective Risk Management. London: Kogan Page.
- Popli, G. S. & Gupta, S. Principles and Systems of Insurance. PHI Learning

Note: Suggested readings will be updated by the Department of Commerce and uploaded on Department's website.