

Course No. 503

RISK MANAGEMENT (RKMT XIX)

Marks : 80

Hours: 40

Objective: The objective of this course is to acquaint students with the concept of risk and risk management associated with banking and insurance business.

Course Contents :

Unit I: Introduction: Risk- historical background, Definition of Risk- Risk vs. Uncertainty- Economic risk, risk in business, finance. Risk assessment in management- systematic and specific risk.

20 : 10 hrs

Unit II : Management of Bank funds-sources and uses of bank funds, principles of fund management-profitability, liquidity, flexibility and risk management- Asset management-investment management-loan management-deposit management-prudential norms- capital Adequacy norms.

20 : 10 hrs

Unit III: The effect of capitalization of Bank Risk-mean variance portfolio selection approach-value maximizing approach-managerial moral hazard approach-managers most preferred asset risk-risk avoidance-risk seeking-overall risk determination.

20 : 10 hrs

UNIT IV: Asset Liability Management Practices- ALM information System- ALM organization, ALM Process- Liquidity Risk Management, Currency Risk Management. Risk associated with business of life and general insurance

20:10 hrs

Text and Reference Books:

1. Verma, SB: Risk Management; DVS Publishers.
2. Agarwal, RC: Risk Management; DVS Publishers.
3. Arunajatesan & Viswanathan: Risk Management & Insurance; Macmillan, New Delhi.
4. Kumar, Chatterjee, Chandrasekhar and Patwardhan (under the auspices of Indian Institute of Banking and Finance, Mumbai): Risk Management; Macmillan, New Delhi
5. Motihar: Principles and Practice of Insurance: Sharada Pustak Bhawan, Allahabad.