

MS - 494

Master of Business Administration (Banking & Finance) (MPB)

**ASSIGNMENT
For
January 2025 and July 2025 Sessions**

MS - 494: Risk Management in Banks

**(Last date of submission for January 2025 session is 30th April, 2025
and for July 2025 session is 31st October, 2025)**



**School of Management Studies
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
MAIDAN GARHI, NEW DELHI – 110 068**

ASSIGNMENT

Course Code	:	MS - 494
Course Title	:	Risk Management in Banks
Assignment Code	:	MS – 494/TMA/JAN/2025
Coverage	:	All Blocks

Note: Attempt all the questions and submit this assignment to the coordinator of your study centre. Last date of submission for January 2025 session is 30th April, 2025 and for July 2025 session is 31st October, 2025.

1. 'Risk is inherent in the banking business and is unavoidable'. In light of this statement, discuss various types of risks to which banks are exposed.
2. Explain the concept of credit ratings and their significance in credit risk management. With the help of an example, illustrate how credit risk can be effectively managed through portfolio diversification.
3. Discuss the various types of interest rate derivatives and their applications while providing relevant illustrations. Also, explain the concept of immunization in the context of managing interest rate risk and its practical significance.
4. Compare the Basic Indicator Approach and the Standardised Approach for operational risk management, highlighting their qualifying criteria, advantages, and disadvantages.
5. Explain the concept of stress testing in banking risk management and discuss the various approaches used to conduct stress tests. Also, explain how credit risk mitigants can be identified.