



RISK MANAGEMENT

SURE SHOT MCQs

Risk Management

1. Which of the following is NOT a characteristic of risk?

- a) It involves uncertainty in outcomes
- b) It always leads to financial loss**
- c) It can be measured through probability
- d) It can be managed through mitigation strategies

2. Which of the following correctly differentiates Risk from Uncertainty?

- a) Risk is always uncontrollable, whereas uncertainty is manageable
- b) Risk can be measured statistically, while uncertainty cannot**
- c) Risk has no financial impact, while uncertainty does
- d) Uncertainty always results in losses, whereas risk does not

3. Which risk classification considers whether risk remains after applying mitigation strategies?

- a) Strategic Risk
- b) Residual Risk**
- c) Inherent Risk
- d) Operational Risk

4. An automobile company's risk of losing market share due to emerging electric vehicles is an example of:

- a) Operational Risk
- b) Financial Risk
- c) Strategic Risk**
- d) Compliance Risk

5. Which risk management strategy involves transferring risk to a third party, such as an insurance provider?

- a) Risk Avoidance
- b) Risk Retention
- c) Risk Transfer**
- d) Risk Mitigation

6. A company installs high-security firewalls to prevent cyberattacks. This is an example of:

- a) Hedging
- b) Risk Mitigation**
- c) Risk Retention
- d) Risk Transfer

7. Which of the following is an external risk for a manufacturing company?

- a) Labor strikes within the factory
- b) Changes in government taxation policies
- c) Outdated production machinery
- d) Poor employee training programs

8. Which of the following correctly describes the relationship between risk classification and controllability?

- a) Internal risks are usually more controllable than external risks
- b) External risks are always manageable with proper mitigation
- c) Financial risks are never controllable
- d) Strategic risks are always controllable

9. An organization facing a lawsuit for environmental violations due to improper waste disposal is an example of:

- a) Compliance Risk
- b) Strategic Risk
- c) Customer Satisfaction Risk
- d) Financial Risk

10. In risk management, the term "Risk Appetite" refers to:

- a) The maximum risk an organization is willing to take
- b) The probability of an event occurring
- c) The financial impact of an event
- d) The total number of risks an organization faces

11. Which of the following is NOT a component of the COSO Enterprise Risk Management (ERM) Framework?

- a) Risk Governance and Culture
- b) Risk, Strategy, and Objective-Setting
- c) Risk Expansion and Market Penetration
- d) Risk Information, Communication, and Reporting

12. According to ISO 31000:2018, which of the following is the core principle around which the Risk Management Standard is established?

- a) Risk Identification and Treatment
- b) Value Creation and Protection
- c) Governance and Compliance
- d) Performance Optimization

13. What is the primary objective of defining 'Risk Appetite' in an organization?

- a) To eliminate all risks associated with business operations
- b) To determine the level of risk an organization is willing to accept in achieving its objectives
- c) To create uncertainty in business decisions
- d) To establish mandatory regulations for risk control

14. Which of the following is an essential step in the ISO 31000:2018 Risk Management Process?

- a) Increasing business revenue through risk exposure
- b) Avoiding all business risks entirely
- c) Communicating and consulting with stakeholders
- d) Implementing financial penalties for risk-taking behavior

15. Under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, what is the minimum number of members required for a Risk Management Committee?

- a) Two
- b) Three
- c) Four
- d) Five

16. Which of the following is a key reason for integrating Business Continuity Plans (BCP) with Enterprise Risk Management (ERM)?

- a) To increase regulatory burdens
- b) To ensure a coordinated response to operational interruptions and risks
- c) To eliminate the need for board oversight
- d) To focus only on financial risks

17. According to G20/OECD principles, which of the following is a key aspect of Corporate Governance?

- a) Maximizing shareholder returns at any cost
- b) Avoiding compliance with regulatory bodies
- c) Ensuring transparency, fairness, and accountability in corporate decision-making
- d) Limiting board oversight to financial matters only

18. What is the purpose of conducting Scenario Analysis in Risk Management?

- a) To predict future risks and their potential impact
- b) To eliminate all possible risks
- c) To manipulate financial data for risk reporting
- d) To focus only on internal operational risks

19. As per the Companies Act, 2013, which section requires directors to lay down internal financial controls and ensure their adequacy?

- a) Section 134(5)(e)
- b) Section 177(4)
- c) Section 143(9)
- d) Section 21

20. What does SA 315, issued by ICAI, primarily focus on?

- a) Assessing business profitability
- b) Identifying and assessing risks of material misstatement in financial statements
- c) Maximizing revenue through risk-taking
- d) Establishing penalties for non-compliance

21. Which of the following is a key responsibility of the Board of Directors in risk management?

- a) Setting strategy and high-level objectives
- b) Executing daily risk mitigation activities
- c) Auditing financial transactions
- d) Approving only financial risks

22. Who is primarily responsible for setting the "tone at the top" for risk management within an organization?

- a) Chief Risk Officer (CRO)
- b) Chief Executive Officer (CEO)
- c) Risk Manager
- d) Internal Auditor

23. Which of the following is NOT an internal stakeholder in risk management?

- a) Employees
- b) Managers
- c) Shareholders
- d) Regulatory Authorities

24. Which of the following is a key role of a Risk Manager?

- a) Approving the company's financial statements
- b) Identifying and assessing risks within the organization
- c) Setting up internal control mechanisms for audits
- d) Defining risk appetite for shareholders

25. What is the primary role of Risk Owners within an organization?

- a) Overseeing external regulatory compliance
- b) Identifying, assessing, and mitigating specific risks
- c) Conducting statutory audits
- d) Handling only financial risks

26. How does the CEO contribute to risk management in an organization?

- a) By assuming overall ownership of risk management
- b) By focusing only on financial risk reporting
- c) By approving statutory audit reports
- d) By delegating risk management entirely to internal auditors

27. Which of the following responsibilities is NOT part of a Risk Owner's role?

- a) Assigning risk responsibilities to internal stakeholders
- b) Conducting independent financial audits
- c) Implementing risk mitigation plans
- d) Monitoring and reviewing risks regularly

28. What is the primary function of an External Auditor in risk management?

- a) Monitoring governance and control systems
- b) Approving corporate risk policies
- c) Making strategic business decisions
- d) Managing the company's operational risks