



[Summary]

Conventional Tools to Handle Risk

Subject:	Business Economics
Course:	B. A. (Hons.), 5 th Semester, Undergraduate
Paper No. & Title:	Paper – 551 Elective PaperP1 – Project Management
Unit No. & Title:	Unit – 3 Incorporating Risk in Projects
Lecture No. & Title:	Lecture – 1 Conventional Tools to Handle Risk

Summary

In above all discussion, concept of risk, traditional methods of risk assessment, NPV and risk adjusted discounted rate associated with project is discussed in detail. How risk is affected any project success and its failure with cash return is also focused. We discussed the concept of risk associated to a project and conventional tools used to handle risk. The conventional tools we discussed are Risk Adjusted Discount Rate, Certainty equivalent and sensitivity analysis. How risk adjusted discount ate affect certainty equivalent model and its affect of decision making also shared in detail. Each traditional tolls pros and cons also discussed with case study so practical enhancement would give proper clarity of the topic. Concept of Net Present Value and how it is important to take decision for any project is been discussed also.