RISK ASSESSMENT AND CONTROL

Kameswari Peddada*

Abstract

"No pains! No gains!" No enterprise can run without some risk exposure. The outcome of risk exposure may be negative or occasionally positive. Losses from a negative outcome may be mild and acceptable or huge and unacceptable, leading to closure and serious effects on society and the nation. Good risk management with identification, assessment and control of risks faced is part of good management. Planning against risk at enterprise/company, national and international levels are required. Some such exposures may do no harm, but present new business opportunities.
The present study involves an extensive review of available literature on risk management. A reputed textile company has been selected for case-study of performance in terms of risk management.

Keywords: Risk, Risk Assessment, Risk Control, Risk Tolerance, Corporate Governance

* *Professor & Head of Department, College of Business Management, J.B.I.E.T. Group, Hyderabad-500075, Andhra Pradesh, India*
Tel.: +91-9866497670, +91-40-23054025
E-mail: thuppal2000@yahoo.com

"The first step in the risk management process is to acknowledge the reality of risk. Denial is a common tactic that substitutes deliberate ignorance for thoughtful planning."- Charles Tremper

1. Introduction

Recent events in the world have brought risk into a higher profile. Terrorism, extreme weather events and the global financial crisis represent the extreme risks that society and commerce are facing. The risk of potential losses creates significant economic burden for businesses, government and individuals. Huge amounts are spent each year on strategies against potential financial losses. When losses resulting from risks are not planned in advance, they may cost even more. Risk of loss may not only make organizations sick, but also deprive society of services and are judged to be too serious. Lots of effort in planning for risk should be put forth well before any disaster strikes.

2. Definitions Of Risk

"A chance or possibility of danger, loss, injury or other adverse consequences." – Oxford English Dictionary

"Risk is often described as an event, a change in circumstances or a consequence creating uncertainty and the effect of the uncertainty on objectives." –ISO 31000

"Risk is the combination of the probability of an event and its consequence. Consequences can range from positive to negative."- Institute of Risk Management

3. Categories of Risk

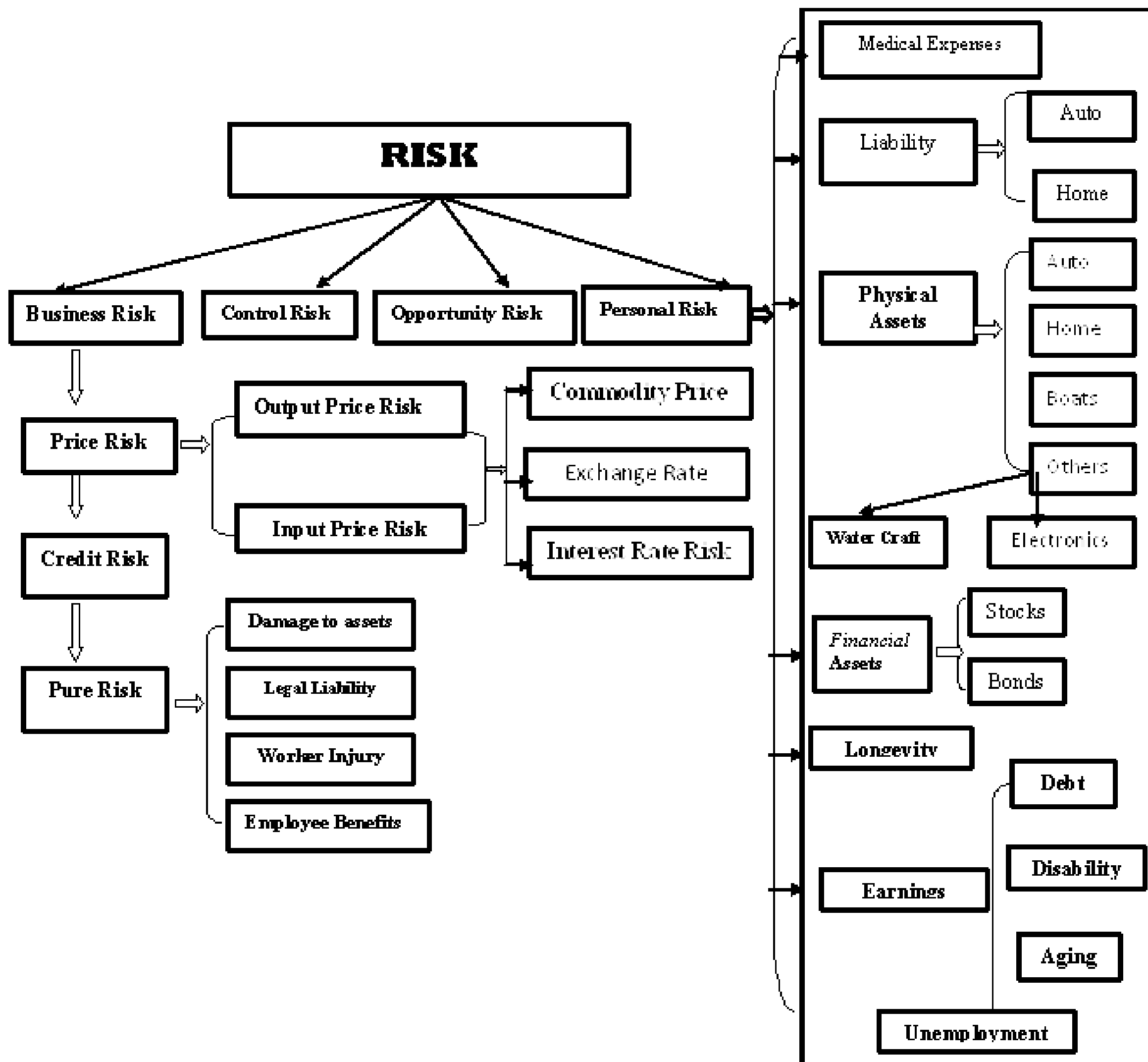
Risks are divided into the following categories:

3.1. Business Risk.

Concerned with possible reductions in business value from any source. Business value to shareholders, as reflected in the value of a firm's common stock, depends fundamentally on the expected size, timing and risk associated with the firm's future net cash flows. The major business risks that give rise to variations in cash flows and business value are price risk, credit risk and pure risk. "Price Risk" refers to an uncertainty over the magnitude of cash flows due to possible changes in output and input prices. Three specific types of price risk are: a.) commodity price risk: from fluctuations in the prices of commodities, like oil, gas and electricity, b.) foreign exchange rate risk: the fluctuations affect output and input prices due to globalization of economy, and c.) interest rate fluctuation risk: affecting output and input prices. "Credit Risk" is the risk arising when a firm's customers and the parties to which it has lent money delay or fail to make promised payments. "Pure (or Hazard) risk" is risk from events resulting in negative outcomes, like reduction in value of business assets due to physical damage, theft and expropriation, legal liability for damages from harm to customers, suppliers, shareholders and others, payment of benefits to injured workers under

workmen compensation laws and payments for death, illness and disability to employees as per the employees' compensation plans agreed upon.

Figure 1. Categories of Risk



3.2. Control/Uncertainty Risk

It is associated with unknown and unexpected events (called uncertainty) and can be extremely difficult to predict, quantify and control.

3.3. Opportunity/Speculative risk

There are risks or dangers associated with taking an opportunity, but there are also risks associated with not taking an opportunity. They may not be physically apparent, but are financial in nature. They are taken with the intention of having a positive outcome, which is not guaranteed, like acquiring new property, moving to a new location and diversifying into new products.

3.4. Personal Risks

Faced by individuals and families. Classified into 6 categories: a.) Earnings Risk: potential fluctuation in a family earnings from a decline in the value of an income earner's productivity due to debt, disability, ageing or a change in technology, b.) Medical Expenses Risk: (uncertain, unexpected and often costly), c.) Loss in the value of physical assets: owned by a firm, like automobiles, computers and home that can be lost, stolen or damaged, d.) Financial Asset Value Fluctuation: due to inflation and changes in real value of stocks and bonds, e.) Liabilities: like failure to repay due to interest rate fluctuations, home loans and vehicle loans. f.) Longevity Risk: from the possibility that retired people will outlive their financial resources.

4. Assessment & Control of Risk

Risk recognition and risk rating to determine the significant risks facing an organization, project or strategy together form the risk assessment component of Risk Management Process. It is defined as the overall process of risk identification, risk analysis and risk evaluation. An important feature of undertaking a risk assessment is to decide whether the identified risk is going to be evaluated at the inherent level or at the current (residual) level.

Step-I: Identification and Measurement of Exposures to Loss

The identification process begins with recognizing 4 categories of losses: a.) direct loss of property, b.) indirect losses of income, c.) liability losses and d.) loss of key personnel. This step is important, not only for traditional risk management, which focuses on pure risk, but also for enterprise risk management, where much of the focus is on identifying a firm's exposures to a variety of risk sources, including operational, financial and strategic activities. There are a wide range of risk assessment techniques available and a Final Draft International Standard (F.D.I.S.) has recently been published providing detailed information on the full range of risk assessment techniques that can be used.

Table 1. Risk Assessment

Technique	**Brief Description**	**Advantages**	**Disadvantages**
Questionnaire & Checklists	Information collected to assist in recognizing significant risks	1.Consistency 2. Involvement greater than in workshops	1. Missing of some risks 2. Questions from historical knowledge
Workshops & Brainstorming	To collect & share information & to discuss events impacting objectives, core processes or key dependencies	1.Consolidated opinions 2.Greater interaction→ more ideas	1. Domination by sr. Management 2. Issues missed if incorrect people involved
Inspections & Audits	Physical Insp. – premises & activities Audit- compliance with established systems & procedures	1.Opinion from physical evidence 2. Good structure from audit approach	1. More suitable for Hazard Risks 2. Historical Experience focus of audit approach
Flowcharts & Dependency Analysis	To identify critical components key to success	1.Useful output usable elsewhere 2. Better processes understanding	1. Difficult to use for strategic risks 2. Too detailed & time consuming
Hazard & Operability(HAZOP) Studies and Failure Modes Effects Analysis (FMEA) Approaches	Quantitative technical failure analysis techniques	1.Omits no risks ← structured approach 2.Wide range of personnel involved	1. Most easily applied only to Manufacturing 2.Analytical but time consuming
Strengths,Weaknesses,Opportunities&Threats (SWOT) & Political, Economic, Social, Technological, Legal and Environmental (PESTLE) Analysis	Offer structured approaches to risk identification	1.Well established techniques & proven results 2. SWOT linked to strategic decisions	1. Some risks may be missed 2. Rigidity restricts imaginative thinking

Source: F.D.I.S.

When a risk has been recognized as significant, an organization needs to rate the risk to assign priority in control. There are many different styles of risk matrix, the most common one relating the likelihood of a risk materializing and the impact of the event should it materialize. Other features of risk can be represented on a risk map for achieving further risk improvement.

Step-II: Loss Control & Risk Financing

'Loss control' activities are designed to reduce cost of loss and include the following risk management tools: a.) Risk Avoidance: The best method of dealing with an exposure to loss is to avoid all possibility of loss occurring. It means the chance of loss has been eliminated. b.) Loss Prevention: Successful activities lower the frequency of losses as mandated by several federal laws, like Occupational Safety and Health Act. c.) Loss Reduction: Such activities aim at minimizing the impact of losses. They are designed to reduce the severity of losses, like an automatic fire sprinkler system. 'Risk financing' determines when and by whom the cost of losses is borne, like risk assumption, risk transfer, hedging, self insurance & financed risk retention and insurance.

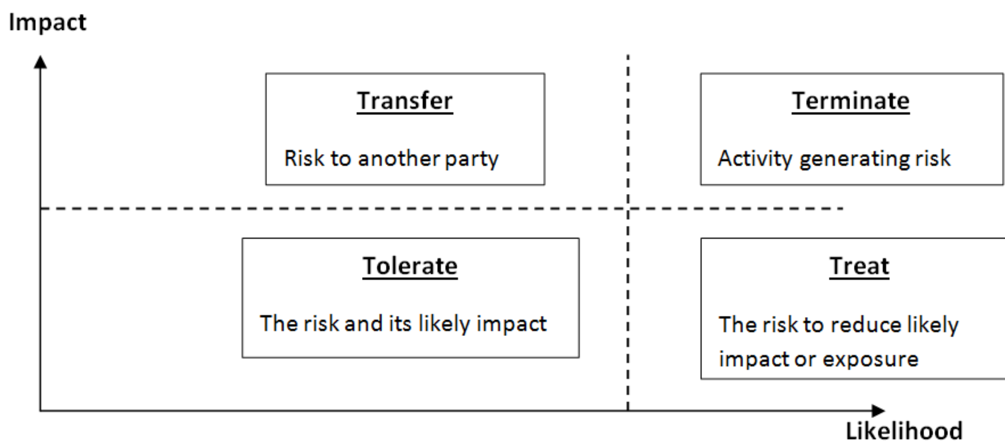
Step-III: Evaluation of Risk

For each source of risk identified, an evaluation should be performed. Pure risks can be categorized as to how often they are likely to occur. In addition to evaluation of loss frequency, an analysis of the severity of the loss is helpful. Consideration should be given both to most probable size of any losses that may occur and to the maximum possible losses that might happen. Computation of degree of risk in a meaningful way is possible in some situations, but not in others, especially when individuals are involved.

Step-IV: Selection of Techniques for Risk Management

The rational way of management: A. Avoid risk: Risks eliminated without adverse effect on the goals of an individual/ business. B. Implement appropriate loss control measures, like present value analysis. It can be useful in deciding how much money to spend on loss control. If the net present value of cash flows is positive, expenditures on loss control are justified.
C. Select the optimal mix of 4 Ts: As the diagram suggests, in each of the 4 quadrants of the risk matrix one of the 4 Ts will be dominant. Tolerate will be the main response for a low likelihood & low impact risk. Treat will be the dominant response for high likelihood & low impact risk. Transfer will be the dominant response for high impact & low likelihood risk. Terminate will be the dominant response for high impact & high likelihood risks.

Figure 2. Risk Matrix & The 4T's Hazard Management



D. High versus Low Loss Frequency & Severity classifications are useful in deciding on an appropriate risk retention and risk transfer. Risk retention tends to be optimal when expected severity is low, especially if expected frequency is high. Risk transfer is appropriate, when expected frequency is low, but there is high potential severity.

E. Capital budgeting & statistical analysis can be used to select the best mix of risk retention and risk transfer, accomplished through the selection of a deductible or the establishment of health insurance fund. Self Insurance may provide some financial advantages to a firm. Businesses considering self insurance should analyze their ability to predict probable losses, maintain accurate loss records and administer the many details of the arrangement and deal with large and unusual losses.

F. Implement and Review Decisions: Risk management should be an ongoing process, in which prior decisions are reviewed regularly. Sometimes

new risk exposures arise or significant changes in expected loss frequency or severity occur. Pure risks are not necessarily static; the dynamic nature of many risks requires a continual scrutiny of past analyses and decisions. A review of risk management plans is always useful.

5. Corporate Governance and Risk Management

Corporate Governance is the system by which organizations are directed and controlled. It is concerned with systems, processes, controls, accountabilities ad decision making at the highest level and throughout an organization. The purpose of corporate governance is to facilitate accountability and responsibility for efficient and effective performance and ethical behavior.

Corporate governance is the structures and processes for the direction and control of companies. It concerns the relationships among the management, board of directors, controlling shareholders, minority shareholders, and other stakeholders. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies and increasing their access to outside capital. The Organization for Economic Cooperation and Development (O.E.C.D.) and the London Stock Exchange provide the overall requirements and framework within which corporate governance must be delivered. Risk management activities should be viewed within the wider framework of corporate governance. For government agencies robust corporate governance arrangements are usually mandatory. The main motivation for ensuring good standards of risk management in a typical government agency will be the desire to support the corporate governance arrangements in the agency. Corporate governance of risk management are designed to assist the organization to achieve its objectives, establishing a framework of control that supports innovation, integrity, and accountability and encourages good management throughout the organization. Risk governance in firms is the ways in which directors authorize, optimize and monitor risk taking in an enterprise. It includes the skills, infrastructure (i.e., organization structure, controls and information systems) and culture deployed as directors exercise their oversight. Good risk governance provides clearly defined accountability, authority and communication/reporting mechanisms. Risk oversight is the responsibility of the entire board. However, some boards use risk committees to help fulfill responsibilities. The risk committee might be independent, or the work might be combined with audit tasks and assigned to an audit and risk committee. Linking risk management efforts to corporate governance can also enable specific areas of risk to be identified for particular attention, like value for money, business continuity, fraud prevention and information technology security assurance.

6. Enterprise Risk Management (E.R.M.)

E.R.M. is “A comprehensive and integrated framework for managing credit risk, market risk, operational risk and economic capital and risk transfer in order to maximize firm value” (Lam, 2003). It views risk management as a coordinated value-creating activity and not just a mitigating activity. It does away with isolated and no-value-addition handling of each organizational risk. Some of the terms in common use in the context of an organization’s risk approach are:

Risk Aversion: A manifestation of a general preference for certainty over uncertainty to minimize the negative outcome of an exposure.

Risk Policy: It is a crucial management guideline developed by and reflecting the aggregate risk aversion of decision makers, and specifying the types and degree of risks a company is willing to undertake in pursuit of its goals.

Risk Tolerance: It denotes the boundaries of risk taking, outside of which an organization is not prepared to venture in the pursuit of its long-term objectives.

Risk Appetite: It is the amount of risk an organization is willing to accept in pursuit of its long term objectives.

Risk Universe: It is the full range of risks that could impact either positively or negatively on the ability of an organization to achieve its long term objectives.

7. Regulatory & Policy Environment in India

The Indian banking industry is governed by a very diligent regulatory and supervisory framework. The Reserve Bank of India is the primary regulatory body for all banks in India. The RBI is the central bank of the country and is responsible for managing the operations of the entire financial system. The legal framework which governs the banking industry includes some umbrella acts like the RBI Act (1934), Banking Regulation Act (1949), Companies Act (1956), Banking Companies Act, SBI Act (1955), Regional Rural Bank Act (1976), Bankers’ Books Evidence Act (1891), SARFAESI act (2002) and Negotiable Instruments Act (1881). The Reserve Bank of India is entrusted to be solely responsible for the regulation and supervision of banks. It is also empowered to inspect and regulate banks keeping in view the banking policy in place and in the interest of the banking system as a whole. The ‘monetary authority’ function of the RBI is also critical to the functioning of banks, as it has direct implications on interest rates and bank credit.

RBI regulates banking activities through several measures:

1. Branch Authorization Policy
2. Policy on Foreign Banks
3. Prudential Norms (concerning income recognition, asset classification and provisioning) are applicable to all banks in the country. Risk management and capital adequacy norms in the form of Capital to Risk-weighted Assets Ratio (CRAR) are enforced.
4. Exposure Limits, Exposure Diversification and Exposure to Capital Markets of banks for better risk management
5. Prudential Norms governing investment portfolio of banks
6. Various Foreign Investment Norms
7. Priority Sector Norms
8. Statutory Requirements: in terms of Cash Reserve Ratio (CRR) and Statutory Liquidity ratio (SLR)
9. Interest Rate Regime: in terms of deposits and advances
10. Supervisory Framework: especially-Risk Based Supervision (RBS)

8. International Regulations against Banking & Market Risk

The **Basel Accords** refer to the banking supervision accords - Basel I, Basel II and Basel III—issued by the Basel Committee on Banking Supervision (B.C.B.S.), whose secretariat is at the Bank for International Settlements in Basel, Switzerland. The committee does not have the authority to enforce recommendations, although most member countries as well as some others tend to implement the Committee's policies through their national laws and regulations. Basel Accords implemented via Capital Requirements Directive were designed to ensure the financial soundness of credit institutions (banks and building societies) and certain investment firms.

Basel- I (1988) focuses on the capital adequacy of financial institutions.

Basel -II (1996) focuses on three main areas (the 3 pillars): minimum capital requirements for credit, market and operational risks, supervisory review for additional capital for risks not covered by Pillar-I, and market discipline by requiring firms to publish details of their risks, capital and risk management. The focus of this accord is to strengthen international banking requirements as well as to supervise and enforce these requirements.

Basel-III (2011): The crisis in financial markets over 2008 and 2009 prompted a strengthening of the Basel rules to address the deficiencies exposed in the previous set of rules. The proposals were sought to strengthen the regulatory regime applying to credit institutions in the following areas.

- Enhancing the quality and quantity of capital.
- Strengthening capital requirements for counterparty credit risk (and in CRD III for market risk) resulting in higher Pillar I requirements for both.
- Introducing a leverage ratio as a backstop to risk-based capital.
- Introducing two new capital buffers: one on capital conservation and one as a countercyclical capital buffer.
- Implementing an enhanced liquidity regime through the Net Stable Funding Ratio and Liquidity Coverage Ratio.

9. Conclusion

“The world is a risky place.” Individuals and business must face risk daily. Risk is everywhere and derives directly from unpredictability. The process of identifying, assessing and managing risk brings any business full circle back to its strategic objectives. It gets clear that not everything can be controlled. The local consequences of events on a global scale, such as terrorism, pandemics and credit crunches, are likely to be unpredictable. They can also include the creation of new and valuable opportunities. The modern practice of risk management is a systematic and comprehensive approach and should improve business resilience, increase predictability and contribute to improved returns. It involves a healthy dose of both common sense and strategic awareness, coupled with an intimate knowledge of the business, an enquiring mind and most critically superb communication and influencing skills. This is particularly important given the pace of change of life today. The understanding of risk may be summed up as:

- Risk is everywhere.
- Risk is a threat and an opportunity.
- People are ambivalent about risk and not always rational in the way they deal with it.
- Risks may be small/large, symmetric/asymmetric, continuous/discrete, macro/micro.
- Risk can be measured.
- Risk measurement and assessment should lead to better decisions.
- Key to risk management: deciding what to hedge, what to pass through and what to take.
- Good risk management is a good management.

Case Study: The Raymond Limited

1. Corporate Overview

Raymond Limited is India’s leading textile and branded apparel company with interests in engineering business (files, tools and auto components). The corporate headquarters is in Mumbai. The Raymond Group was incorporated in 1925 and within a span of a few years transformed from being an Indian textile major to a global

conglomerate. In the endeavor to keep nurturing quality and leadership, they always chose the path untaken - from being the first in 1959 to introduce a polywool blend in India to creating the world's finest suiting fabric, the Super 250s, made from the superfine 11.4 micron wool. The Group is currently vertically and horizontally integrated to provide customers total textile solutions. Few companies globally have such a diverse product range of nearly 20,000 varieties of worsted suiting to cater to customers across age groups, occasions and styles. They manufacture for the world the finest fabrics - from wool to wool-blended worsted suiting to specialty ring denims as well as high value shirting. After making a mark in textiles they forayed into garmenting through highly successful ventures, like Silver Spark Apparel Ltd., EverBlue Apparel Ltd. (Jeanswear) and Celebrations Apparel Ltd. (Shirts). They also have some of the most highly respected fabric and apparel brands in their portfolio, like Raymond, Raymond Premium Apparel, Park Avenue, ColorPlus, Parx, Makers and Notting Hill. The Raymond Group also has an expansive retail presence established through the exclusive chain of 'The Raymond Shop' and stand-alone brand stores. They are now one of the largest players in fabrics, designer wear, denim, cosmetics & toiletries, engineering files & tools, prophylactics and air charter services in national and international markets. All their plants are ISO certified, leveraging on cutting-edge technology that adheres to the highest quality parameters while also being environment friendly.

Corporate Governance at Raymond: The structure of corporate governance consists of:

1.) Board of Directors: The Members of the Board with the permission of Chairman are free to bring up any matter for discussion at the Board Meetings and the functioning is democratic. The Board plays a key role in framing policies for ensuring and enhancing good governance. Besides its primary role of setting corporate strategies and goals and monitoring corporate performance, the Board directs and guides the activities of the Management towards achieving those corporate goals, seeks accountability with a view to achieve sustained and consistent growth aimed at adding value for its stakeholders.

2.) Board Committees: 1. Audit Committee, 2.Remuneration & Nomination Committee and 3. Committee of Directors (also Shareholders'/Investors' Grievance Committee). Each Committee has been mandated to operate within a given framework.

Corporate Governance at Raymond is a rigorous and well-established framework that helps to manage the Company's affairs in a fair, accountable and transparent manner. Responsible corporate conduct is integral to the manner of conduct of business and actions are governed by values and principles, which are reinforced across all levels within the Company. Guidelines and best practices have been evolved over the years to ensure timely disclosure of information regarding financials, performance, product-offerings, distribution network and governance. The Company's governance was ranked No.16 amongst India Inc's 50 most well governed companies in an independent survey published in the Fortune India Magazine (March 2012 edition).

To succeed, maintain sustainable growth and create long-term value requires the highest standards of corporate discipline. The Company continues to focus its resources, strengths and strategies to achieve the vision of becoming a global leader in Textiles, Apparel, Garmenting and Lifestyle Brands, while upholding the core values of quality, trust, leadership and excellence.

The Code of Business Conduct and Ethics, and the Charter-Business for Peace reflect their commitment to ethical business practices, integrity and regulatory compliances. The Raymond Code of Conduct for Prevention of Insider Trading further strengthens their philosophy. The Company has in place a robust Information Security Policy that ensures proper and appropriate utilization of Information Technology resources.

2. Overview of the World & Indian Economy

Global growth has been projected to be 3.5% for the year 2012. US economy is expected to continue its slow recovery, whilst the Euro-zone grapples with its debt-crisis. Notwithstanding the current economic environment, there are strong reasons to be bullish on India’s long term growth potential. Favourable demographics and a large growing middle class with increasing disposal incomes support a strong consumption story.

3. Analysis and Review of the Textile Industry Conditions in India

The textile industry is one of the most important sectors in the economy and the second largest generator of employment after agriculture. It contributes more than 4% to the G.D.P. & 17% to the country’s export earnings. The textile sector provides employment to over 3.5 crore people.

The Government of India proposes to increase the investment in this sector to generate more employment through various schemes, like Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS), Integrated Skill Development Scheme (ISDS) and Technology Mission on Technical Textiles (TMTT). The allocation for this sector during the12th Five Year Plan (2012-2017) of India is proposed to be increased to around Rs. 49,650 crore (1 crore in Indian context = 10^7) as against an allocation of Rs. 14,000 crore during the11th Five Year Plan.

Opportunities and Challenges: The Financial year 2011-12 was an extremely challenging year, characterized by global slowdown, weak retail domestic demand, high volatility in cotton prices and foreign exchange and higher interest cost. There are challenges, which in the short term are likely to affect Raymond's performance – inflation, high interest rates, global competition, depreciating rupee, delays in policy initiatives to boost investments and capital flows and increasing cost of inputs due to frequent rise of minimum supportive price for cotton and other raw materials.

Performance Highlights: Despite the challenging business environment and weak market sentiments, especially during the second half of 2012, which is the peak season for textiles and apparel industry in the country, the Company's sales from the Textile Division registered a growth of 23%; the net revenue being Rs. 1864.61 crore in FY 2012, as against Rs. 1485.43crore in FY 2011. The Company managed to seize opportunities available to the textile and apparel sector on account of its brands resilience, strong domain expertise, state-of-the-art production facilities, emphasis on product innovation and growth potential in smaller towns & cities.

Market Share and Retail Network: Raymond is the market leader in India for high quality clothing, both fabric and apparel, in FY 2012. The Company continues its focus on retail network expansion during this financial year. The Company is operating through more than 800 retail stores, which include TRS (The Raymond Shop) and EBOs (Exclusive Brand Outlets), covering more than1.6 million sq. feet of dedicated retail space (including overseas). The Company's Brands are available across 30,000 plus points of sale. In FY 2012, the Textile Division's domestic sales were Rs. 1668.91 crore as compared to Rs. 1349.03 crore in FY 2011. During FY 2012, the Company opened 100 TRS stores and continues to be prudent in its selection of store locations.

Exports: The Company has shown a remarkable growth of 44% during FY 2012. The textile exports during 2012 were Rs. 195.70 crore as against Rs. 136.40 crore in 2011.

Raw Material: Wool prices remained high in 2012 and the depreciation of the rupee made wool imports costlier. Polyester fibre prices have been volatile but have ended soft during the year.

4. Risk Management by Raymond

The Company has been exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk, compliance risks and people risks.

Foreign Exchange Risk: The Company has been actively managing the long-term foreign exchange (Forex) risk within the framework laid down by their Board-approved policy.

Interest Rate Risk: The Company has adopted a prudent and conservative risk mitigating strategy to minimize the interest costs in the face of interest rate fluctuations.

Commodity Price Risk: Exposed to the risk of price fluctuation on raw materials as well as finished goods in all products, the Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigate the impact of price risk on finished goods.

Risk Element in Individual Businesses: Apart from the risks on account of interest rate, foreign exchange and regulatory changes, various businesses of the Company are exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

Compliance Risks: The Company is exposed to risks attached to various statutes and regulations, including the Competition Act, 2002. They are mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.

People Risks: Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as rollout of strategic talent management system, training and integration of learning activities. The Company has also established 'Raymond Leadership Academy' which helps to identify, nurture and groom managerial talent within the Raymond Group to prepare them as future business leaders.

5. Remarks on Risk Performance

In the face of threats and opportunities faced by the textile sector, both domestically and internationally, the Company has been utilizing inherent strengths to overcome the weaknesses imposed internally and externally. Well thought-out and researched risk management policy and strategies have made Raymond the market leader and enable it to retain that position in the face of so many uncertainties faced.

References

1. George E. Rejda, (2008), *Principles of Risk Management and Insurance, 10th Edition, Dorling Kindersley (India) Pvt. Ltd., Noida, U.P.*
2. Harrington, Niehaus, (2004), Risk Management and Insurance, 2nd Edition, Tata McGraw-Hill Publishing Company Ltd., New Delhi
3. Kotreshwar,G. (2005), Risk Management- Insurance and Derivatives, 1st Edition, Himalaya Publishing House Pvt. Ltd., Mumbai

4. Mark S. Dorfman (2008), *Introduction to Risk Management and Insurance, 9th Edition,* PHI Learning Pvt. Ltd., Delhi
5. Paul Hopkin, (2010), *Fundamentals of Risk Management, 1st Edition,* Kogan Page, London
6. Rene M. Stulz, (2003), Risk Management and Derivatives, South-Western Cengage Learning, New Delhi
7. Trieschmann Hoyt Sommer, (2005), Risk Management and Insurance, 12th Edtion, South Cengage Learning, New Delhi
8. Vivek, Asthana P.N., (2009), Financial Risk Management, 1st Edition, Himalaya Publishing Pvt. Ltd., Bombay
9. http://www.indiainfoline.com/Markets/Company/Fundamentals/Management-Discussions/Raymond-Ltd/500330
10. http://money.livemint.com/IID93/F100330/Accounting Policies/Company.aspx
11. http://www.fsa.gov.uk/about/what/international/basel