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Mutual fund and risk management: An Indian prospective

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***Abstract*: risk management is a rapidly developing and there are many varied views and description of what risk management involves, how it should be conducted and what it is for. Risk management should be continuous and developing process which runs throughout the organizations strategy and the implementation of that strategy. It must translate the strategy into tactical and operational on objectives, assigning responsibility throughout the organization with each manager and employee responsible for the management of risk as part of their job description. It supports accountability, performance management and reward, thus promoting operational efficiency at all levels.**

***Keywords*: association of insurance and risk management (AIRMIC), institute of risk management (IRM), risk management**

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Introduction

The risk management standard is the result of work by a team drawn from the maker risk management organizations in the UK- the institute of risk management(IRM). The association of insurance and risk managers(AIRMIC) and ALARM. The national forum for risk management in the public sector. In addition, the team sought the views and opinions of a wide range of other professional bodies with interest in risk management. During an extensive period of consultation. Risk management is a rapidly developing discipline and there are many varied views and description of what risk management involves, how it should be conducted and what it is for. Some from of standards is needed to ensure that is an agreed.

Terminology related to the words. Process by which risk management can be carried out organization structure for risk management objective for risk management ,importantly, the standard recognizes that risk has both an upside and downside.

Risk management is not just something for corporations or public organizations, but for any activity whether short or long term, the benefits and opportunities should be viewed not just in the context of the activity itself but in relation to the many and varied stakeholders who can be affected.

There are many ways achieving the objectives of risk management and it would be important to try to set them all out in a single document. There fore it was neither intended to produce a perspective standard which would have led to box ticking approach nor to establish a certifiable process. By meeting the various component parts of this standard, albeit in different ways, organization will be in a position to report that they are in compliance. The standard represents best practices against which organization can measure themselves.

The standard has wherever possible used the terminology for risk set out by the international organization for standardization(ISO) in its recent document ISO/IEC guide 73 risk management vocabulary guidelines for use in standards.

Risk

Definition: risk can be defined as the combination of the probability of an event and its consequences (ISO/IEC guide 73)

In all types of undertakings, there is the potential for events and consequences that constitute opportunities for benefit upside or threats to success downside.

Risk management is increasing recognized as being concerned with both positive and negative aspects of risk . therefore this standard consider risk from both perspectives. In the safety field, it is generally recognized that consequences are only negative and therefore the management of safety risk is focused on prevention and mitigation of harm.

Risk management:
Risk management is a central part of any organization strategic management it is the process whereby organizations methodically address the risk attaching to their activities with the goal of achieving sustained benefit within each actively and across the portfolio of all activities.
The focus of good risk management is the identification and treatment of this risk. Its objective is to add maximum sustainable value to all the activities of the organization. It marshals the understanding of the potential upside and downside of all these factors which can affect the organization. It increases the probability of success and reduces both the probability of failure and the uncertainty of achieving the organizations overall objectives.

Risk management should be continuous and developing process which runs throughout the organization strategy and the implementation of the strategy. It should address methodically all the risk surrounding the organization with an effective policy and a program led by the most senior management. it must translate the strategy into tactical and operational objectives, assigning responsibility throughout the organization with each managed and employee responsible for the management of risk as part of their job description. It supports accountability, performance management and reward, thus promoting operational efficiency at all levels.

Factor affecting risk management:
The risk facing an organization and its operations can result from factors both external and onternal to the organization.
The diagram overleaf summarizes examples ofkey risks in these areas and shows that some specific riksk can have both external and onternal drivers and therefore overlap the two areas. They can be cagtegorized further into different types of risks such as strategic, financial, operational, hazard etc.
1.External risk
Interest risk
Foreign exchange
Credit
2. strategic risk
Competition
Customer changes
Industry changes
Customer demand
M&A integration
3. operational risks
Regulations
Culture
Board
4. hazard risk
Contracts
Natural events
Suppliers
Environment
Risk management

Internal risk.
Liquidity and cash flow
Research and development
Intellectual capital
Accounting controls
Recruitment

Supply chain
Public access
Employees
Properties

Risk management process
Risk management protect and adds values to the organization and its stakeholders through supporting the organizations objectives by:

1. Providing a framework for an organization that enable future activities to take place in a consistent and controlled manner.
2. Improving decision making, planning and priorization by comprehensive and structured understanding of business activity, volatility and project opportunity/threat.
3. Contributing to more efficient use/allocation of capital and resources within the organization.
4. Reducing volatility in non essential areas of the business
5. Protecting and enhancing assets and company image.
6. Developing and supporting people and the organizations knowledge base.
7. Optimizing operational efficiency.

What is risk assessment?
A risk assessment is simply a careful examination of what in your work could cause harm to people so that you can weigh up whether you have taken enough precaution or should more to prevent harm. Workers and others have a right to be protected from harm caused by a failure to take reasonable control measures.
Accidents and ill health can ruin your lives and affect your business too if output is lost, machinery is damaged, insurance coat increase or you have to go to court. You are legally required to assess the risk in your workplace so that you put in place a plan to control this risk.

How to assess the risk in your place:
To assess the risk in your workplace one has to follow the following five steps:

1. Identify the hazards
2. Decide who might be harmed and how
3. Evaluate the risks and decide on precautions
4. Record your findings and implement them.
5. Review your assessment and update if necessary.

References:

1. UK the institute of risk management(IRM)
2. The association of insurance and risk management(AIRMIC)
3. The national forum for risk management(ALARM)
4. ISO/IEC guide 73 risk management India