TO OUR READERS

The current business era is the era of heightened risks, which are multiplying with every new forward push of globalisation. The multitude of events happening in an organisation are affected both by internal and external environment which gives rise either to a host of positive risks which may be termed as opportunities or negative risks which need to be managed effectively. The cut-throat competition, growing interdependence and misuse of IT revolution by way of hacking, e-frauds and virus attacks have enhanced negative risks for modern business enterprises.

And the ever increasing display of even smaller risks transforming into huge gains and losses in the recent years have left the business world surprised and stirred, forcing every one of it – big or small — to take serious note of the phenomena. The age-old adage of 'high risk high gain' is moving millions and millions of new-age businesses. As such, 'risk management' has come to be the key focus of the modern enterprises.

This is more so in the financial sector. Of late, the banks have become more of a risk intermediary than a traditional financial intermediary. Having learnt bitter lessons from mega failures in the past, they are managing risks quite profitably, thanks to Basel accords, the latest of which, Basel II, promises a resurgent and risk-free banking. India is set to adopt it by 2006-end, courtesy the RBI, whose sincere work in this direction deserves all the praise and support.

With risks taking newer and newer forms ever, 'risk mitigation' has become an issue of great importance more than ever before, not only in banking but also in almost every business activity of the day. The same can be achieved through efficient internal controls, internal audit, forensic audit, systems audit and a forward looking agenda, including therein political risks, terrorism, litigations and even natural disasters like the recent earthquake in Kashmir.

In this context, the role of professionals has come under sharper focus as they bear all the basic traits of an efficient risk manager – be it as CEOs, CFOs, managers, analysts, auditors, financial executives or advisors.

The emerging mantra of risk-mitigation success is 'to Bear, Share and Insure'. The decision-making starts where the formulae ends. The need of the hour is to convert weaknesses into strengths and use risks as opportunities for change.

This Issue of the Journal aims to put 'risk management' in present as well as future perspective. We hope it serves its purpose.

- Editorial Board
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