



Arthanomics 2009

5th - 6th SEPTEMBER, 2009

ENCOUNTERING RISK IN PRUDENTIAL MARKETS



Indian Institute of Management Kozhikode



ABOUT IIM KOZHIKODE

IIM Kozhikode (IIMK), established in collaboration with the Government of Kerala, is the fifth IIM to be instituted in the country. It aims to provide education, training, consulting and research facilities in Management. The institute seeks to achieve excellence and a leadership position in management education and to become a major learning resource centre in the Asia-Pacific region. The two year Post Graduate Program (PGP) is the flagship program of IIMK. IIMK's PGP has many records to its credit amongst the IIM System - we are the fastest

IIM to ramp up to 260 students per batch, the fastest IIM to get international placements, the fastest IIM to institute a student and faculty exchange programme and the first to initiate the Interactive Distance Learning Programme which has now been implemented by other IIMs as well.

FINANCIALLY YOURS

Financially Yours, the Finance Interest Group at IIMK is one of the most popular and subscribed to interest group on campus. The objective of the interest group is to make the learning of finance an interesting process. It encourages sharing of knowledge amongst the fin enthusiasts through various means. FY holds weekly sessions to discuss the recent happenings in the world of business and finance. It invites presentations from students on current and relevant topics in order to develop interest. It provides a forum for the enthusiasts to discuss theoretical concepts as well as industry practices. FY has also contributed to the conceptual design of in-house development of games for the annual management festival. These games simulate conditions similar to financial markets in an attempt to enhance the financial acumen of its participants.

FY Activities :

- Investment Bank of Kozhikode(IBOK)
- Guest Lectures
- Finance Workshops
- Finance Games
- Case Studies
- Industry Projects



The background of the entire page is a close-up, high-angle shot of numerous gold coins. The coins are scattered and overlapping, with some in sharp focus and others blurred in the foreground and background. The lighting is warm, creating a golden glow across the scene. The coins appear to be of various denominations, with some showing intricate designs and inscriptions.

ENCOUNTERING RISK IN PRUDENTIAL MARKETS

The global financial credit crunch was a clarion cry for a fundamental rethink on risk. Financial behemoths burned; their once acclaimed risk management practices came under fire from all quarters. A paradigm shift in regulation is being demanded. The responsibility of the management in decision-making and execution is being questioned. It took a catastrophe to make corporates aware of the flip side of "Higher the risk, higher the return". The salvation lies only in implementing systems that have jurisdiction over the amount of risk an enterprise can absorb. But therein lay the fundamental questions: Can some numbers capture all the latent risks? If not, is there any assurance that another such tsunami will not come back to haunt us? If yes, why did the tsunami arise in the first place? Was it a regulatory failure? Was it sheer rapacity? Or was there a genuine systemic failure that can be corrected through appropriate measures?

Recent research confirms that businesses around the world are increasing their focus on a wide variety of risks as the global economic conditions continue to remain affected by the aftershocks of the credit crunch. Under these circumstances, businesses must clearly understand their risk profile and try to mitigate risk to justifiable levels. This is true not only for the financial industry, which is possibly going through the lowest trough deemed imaginable, but also in regard to each of the projects that companies commit to. Sector-specific and project-specific challenges have to be dealt with to prepare for a risk-less future.

Corporates might need to look at more aspects of a project now as compared to what they did in the past. Earlier, project management incorporated issues relating to a particular project and those related to the company in general. The new financial world might need to look at business cycles and the stage of growth of the company. Operational risk issues become more significant in a more globalized world. A company dealing with a foreign company needs to look as far as the country risk associated with the foreign company. Integrated risk management practices are emerging, and these include managing risks like those associated with implementation of new technologies, softwares and foreign exchange risks amongst others.

The finance sector needs to come back from the lows it has attained from the recession it created. Operational risks don't need to look

only at established norms, but also take into account human and extraneous factors. Questions arise: Regulation is considered as the panacea to the ills of the modern financial system, yet why does it come into the spotlight only after a major crisis has occurred? Will separating operational risk from credit risk work? Are they really different when the credit rating would ideally be dependent on the operating factors? It would be interesting to see if the three pillars of Basel-II can help manage the risks facing the banking industry. It is hoped that the current crisis will help create more efficient management practices in the banking industry.

After the sub-prime crisis, financial innovators need to do a rethink on the inherent risk before coming out with products. As has been seen, financial innovations like CDO and CMO have the potential to create a global economic havoc. Sometimes an event external to the financial world might lead to illiquidity in the markets, which cause drastic changes in the values of products like exotic options. Credit rating agencies, which also came under fire for not being able to reflect on the inherent risks in the financial products of investment banks, also need to delve more deeply on the associated risks before rating any company. Would these agencies be able to look more deeply into these issues henceforth? Will the investment banking industry make a comeback with better products? The complexities associated with these industries and the products that they offer ensure that such questions will always arise.

In an increasingly globalized world, developing countries like India are not immune to the risk of systemic failures. Newspapers may print rosy pictures about the future but the recession is all around us. Risks of interlinkages between sectors became clear with the falling of real estate prices triggering the financial meltdown. A fundamentally strong economy may ensure that the effects are not cavernous, but it is better to learn from others' mistakes than to experience them. Until recently, risk management was not given much importance. In the coming years, we might see more CROs in companies not necessarily belonging to the finance sector. Managing risk is to ensure that the Indian growth story does not halt owing to the glitches created by globalization. Whether financial innovation should continue or not is debatable, but regulatory measures are being increasingly stressed upon. The big question for the future is: How do we encounter risk in prudential markets under these constraints? This summit aims to bring out the industry perspective in this regard – whether we can have measures to fortify us from such predicaments and can implant them in the system itself.

PAST SPEAKERS

Mr. Manish Gupta, Head, Structured Trade, Citibank

Mr. Varun Gupta, Executive Manager
(Valuations) Deloitte FAS

Mr. Gurmeet Singh, Product Head, Commodities,
Reliance Money

Mr. C Jayara, Executive Director, Kotak

Mr. Pramod Vaidya, Head, Risk Management, IDBI
Bank

Mr. Partho Mukherjee, Head – Treasury, Axis Bank

Mr. Hemant Tanna, VP – Investment Banking
ING Vyasa

Mr. Krishnakumar Variar, Director, Risk Management
CRISIL

Dr. R H Patil, Chairman, CCIL

Mr. Vijay Sarthi, Sr. VP, Thomas Weisel International

Mr. C J George, Managing Director, Geojit Securities

Mr. Anil Jhala, CFO, Birla Sunlife Insurance

Dr. S Chatoopadhyay, General Manager, BTS, RBI

Mr. Vasumati Kumar, Executive Director, United India
Insurance

Mr. Kamlesh Gandhi, Country Head, Investment
Banking, Religare

Mr. Manoj Gupta, Vice President, Nexus Capital
Advisors

Mr. Sadashiv Rao, Senior Director, IDFC

Mr. Hemendra Aran, CEO, Aranca

Mr. Krishnan Ganesan, Associate Vice President, ICICI
Venture

Mr. Ravi Mani, Associate Director, Equirus Capital

Mr. Srinivas Baratam, Director, Private Equity, Lazard

Mr. Som Krishna, ICICI Investment Banking Group

Mr. Mohit Ralhan, Financial Sector & Media Sector
Advisor, Barings Private Equity Partners



PARTNER US

We seek partners in our journey to make the conclave a resounding success. With top-notch policy-makers and thought-leaders sharing the platform with industry Practitioners, and an active participation by other B-Schools of repute through events/contests, the potential reach for any partner is enormous.

Participation from All IIMs, ISB, FMS, XLRI, IIFT, JBIMS, NITIE, SPJIMR, IITs and others.

Title Partner – INR 3 Lakhs

1. Arthanomics 2009 shall have a single, exclusive Title Partner.
2. Prominent display of the Logo and Identification with all insignia for Arthanomics. The Title partner's logo will be displayed along with 'Arthanomics 2009' logo.
<Title Partner's Identification here> Arthanomics 2009
3. The same pattern will be followed for display in the backdrop in the main auditorium and on banners put up at prominent locations within the campus.
4. The event website will contain the Title Partner's logo/identification at all pages. A hyper-link will be provided from every page of the website to the Title Partner's website.
5. A CD/DVD media provided by the Title Partner would be a part of the welcome kit to students from other B-Schools.
6. Conclave memorabilia like T-shirts, pens etc and the Arthanomics Event Brochure will have the Title Partner's identification.
7. All media Coverage for Arthanomics 2009 will contain explicit mention of the Title Partner.
8. All certificates given out to events' winners (or participants, as the case may be) will contain the Title Partner's logo and identification.

Event Partner – INR 1.25 Lakhs

1. Partner for one of the Inter B-School events to be conducted during Arthanomics 2009
2. Diverse events over a range of partnership opportunities
3. These events can be customized in consultation with the partner
4. The venue for the particular events during Arthanomics would be prominently carry the Event Partner's banner(s).
5. All publicity for the event, including event brochures sent to top B-Schools will carry the Event Partner's identification.
6. All media Coverage for the particular event at Arthanomics

TEAM ARTHANOMICS

For further information, please write to us at fy@iimk.ac.in or contact any of our coordinators

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