ISO Committee

TC 262 Risk Management
AG 1   *Communications*

2017-06-30
Interview with Rajeev Thykatt,
convenor of India's mirror committee to
ISO/TC 262 Risk management and V K Jain
chairman of its supervisory committee

Risk Management and ISO 31000 in India

Interview conducted for isotc262.org
with

Rajeev Thykatt, convener of India's mirror committee to ISO/TC 262

and

V K Jain, chairman of its supervisory committee

Rajeev Thykatt has 17 years of industry experience encompassing standard implementation, legal and standard compliance, risk management, information security, business continuity, supplier risk management and data privacy risk management. He is the convener of India's Mirror Committee (MSD4:2) to ISO/TC 262 and a member of ISO/TC 262. He is also a member of ISO/IEC JTC 1/SC 27. He currently leads the Risk Management function in his organization. He started his career as a practicing Lawyer and gradually moved to corporate roles in risk management.

V K Jain is a Mechanical Engineer with a MBA from the University of Delhi. He joined Indian Airlines as a Management Trainee and later as a Director was responsible for all facets of supply chain management and risk management. After retirement, he was appointed Head Supply Chain of IGGA, a sister concern of INDIGO. V K Jain has been the National President of the Indian Institute of Material Management and is on the board of International Federation of Purchasing and Supply Management. For more than six years, he has been the Chairman of MSD 4 of the Bureau of Indian Standards which is the supervisory committee for India's mirror committee (MSD 4:2) to ISO/TC 262 Risk Management.

isotc262.org: *VK, you are the chairman of MSD 4 of the Bureau of Indian Standards. Can you briefly introduce the Bureau of Indian Standards, the national standardization organization in India, please?*

VK: The Bureau of Indian Standards is the National Standard Body of India established under the BIS Act 1986 for the harmonious development of the activities of standardization, marking and quality certification of goods and connected matters.

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For the creation of Indian Standards, BIS functions through the Technical Committee structure comprising of Sectional Committees, Subcommittees and Panels set up for dealing with specific group of subjects under respective Division Councils. The committee structure of BIS seeks to bring together all those with substantial interest in a particular project, so that standards are developed keeping in view national interests and take into account all significant points of view through a process of consultation. Decisions in BIS technical committees are reached through consensus. As a policy, the standards formulation activity of BIS has been harmonized as far as possible with the relevant guidelines as laid down by ISO.

isotc262.org: *Did you adopt ISO 31000 as a national standard in India and what were the reasons for this decision?*

VK: We have adopted ISO 31000 as a national standard in India. Risk management has been an area of interest to industries in India, both in the private sector as well as the public sector. The practices have been evolving over a period of time and thus needed guidelines and standardization for the benefit of larger stakeholders. ISO 31000 gives a framework that can be implemented across industries and social interest areas, hence it was seen as an ideal tool to institutionalize a systematic approach to risk management for the best output. Therefore, we see great value in adopting ISO 31000 as a national standard in India.

isotc262.org: *Rajeev, what is risk management based on in India (e.g.: are there any laws, regulations, national standards or other rules?) and what is the impact of risk management in India?*

Rajeev: The Companies Act, 2013 has specific requirements with respect to risk management that companies need to comply with. It requires the board of directors to ensure development and implementation of a risk management policy for the company including identification of elements of risk. The audit committee's responsibilities include evaluation of risk management systems. Further, the Act requires that the Independent directors should satisfy themselves that systems of risk management are robust. These requirements are pushing companies to implement risk management to their best of ability. This should see better integration of risk management practices across the company, moving to a culture of making risk management the responsibility of everyone in the company and linking risk to the performance of the company. As the risk management practices mature over a period of time standards like the ISO 31000 series will have a larger impactful role by providing meaningful framework and guidelines for companies to implement.

VK: Risk management is impacting many aspects of Indian society and economy. Risk management plays an important role in taking a proactive approach in different areas of

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the national interest, like disaster recovery (flood, earthquake, fire, etc.), space programs, defense, drinking water provisioning, rural & urban development, nuclear energy and so on.

isotc262.org: *Who are the key stakeholders of risk management in India?*

VK: BIS, the Government, all public sector and private sector organizations, regulatory bodies, civic bodies, consumers and Indian citizens at large.

isotc262.org: *What are the biggest obstacles for integrating risk management in all organizational activities – an essential principle of ISO 31000 – for managers in India?*

VK: The biggest obstacles I see are firstly the lack of awareness among managers on how to go about integrating risk management in all organizational activities and secondly the lack of strong commitment from top management to effective risk management in the organization.

Rajeev: There are many obstacles for integrating risk management in all organizational activities, but the biggest obstacle in my opinion is that risk owners at all levels are not seeing a holistic picture of risk management beyond their area of responsibility. This means they are not contributing to integrating risk management in all organizational activities to improve the performance of the organization. This leads to a situation most organization face with a lack of top management commitment through to ignorance at the last layer of employees. Developing the culture of risk management as a responsibility of everyone, with clear roles and responsibilities, clear identification of inter-relationships of organizational activities, tailored practices designed by risk owners with good understanding of the domain and needs of stakeholders involved in organizational activities closely netted to achieve the objectives the organization, can help organizations achieve the aspired state of integrating risk management in all organizational activities.

isotc262.org: *How does your mirror committee involve itself in standard development at present and how do you see this developing in the future?*

Rajeev: India has been associated with the risk management standard development process since 2005. India has participated as ('P') member on the working group (ISO/WG RM) constituted by the International Organization for Standardization (ISO) under its Technical Management Board (TMB) for formulation of a generic standard on Risk Management. India is a Participating (P) member of ISO/TC 262 since 2011.

At present, Subcommittee MSD 4:2 (under Sectional Committee MSD 4) is the mirror committee to ISO TC 262. The committee plans to regularly participate in all ISO/TC 262 activities to its best ability. Further, the committee has taken up two ambitious projects to develop Indian standards:

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(1) Risk management in the Supply Chain and

(2) Measuring Risk Management (this standard would provide companies with an assurance framework to meet the requirements of the Companies Act, 2013).

The committee looks forward to work closely with ISO/TC 262 to develop new standards complementing ISO 31000.

isotc262.org: *What are the key developments your mirror committee hopes to see in ISO 31000 and in risk management standard development in general at an international level over the next years?*

Rajeev: We feel there is greater requirement to develop further guideline standards based on ISO 31000 to address sector specific issues of risk management. This will help in keeping ISO 31000 interesting, relevant and acceptable to all its stakeholders. To achieve this possibly ISO/TC 262 may have to work closely with other ISO TCs to understand the sector specific needs and fill the gaps, if any.

isotc262.org: *ISO 31000 globally quickly became one of the bestselling and most well recognized standards in ISO. What do you think about the future of the standard – particularly in India – and how will it change to adapt to new challenges?*

Rajeev: Every organization, if it is in business and surviving has some degree of risk management in place, although it may be not consciously implemented. ISO 31000 gives a framework to consciously implement risk management in the right manner for every organization irrespective of their size and nature. This coupled with the compliance requirement with respect to risk management gives the standard greater relevance to stakeholders in India. However, to adapt to the new challenges, there is a need to develop further guiding and complementing standards to ISO 31000 that makes implementation of the ISO 31000 framework more user friendly and simpler.

isotc262.org: *What advice can you give to interested parties in India who want to offer their input to the work of ISO/TC 262 and MSD 4:2 and who should they address?*

VK: We are continuously looking for experts who can contribute to MSD 4:2 and ISO/TC 262. Experts who want to voluntarily participate in the activities of MSD 4:2 and contribute, can contact Ms. Sneh lata, Sc. E & Head (MSD) at Telefax: 011 23231106 or E-mail: msd@bis.org.in.

isotc262.org: **Thank you very much!**

VK and Rajeev: Thank you, Frank