Findings & Suggestions
The main concept of this study is to learn from previous experience and protect the future. This study shall help to anticipate the unforeseen events in advance and take corrective measures today. Risk can never be avoided. If a person is walking on the road there is always risk that a vehicle can hit him from any where. In order to save himself from being hit the person cannot stop from walking on the road. To avoid the risk he can be careful and walk only on pavements so that he does not get hit. Here he is practicing the first step of Risk Management to avoid the risk. If the person still walks on road he carries on the risk of being hit. Here we can say he is retaining the risk.

Ultimately he can transfer the risk by purchasing an insurance policy. But is he completely resolved of his liability by just purchasing an insurance cover. Absolutely not. Insurance Cover is just for facilitation ie in case he gets hit and is incapacitated or handicapped he will get the compensation or if he dies his family members will get the compensation.

Nobody would like to get hit for claiming insurance money. Similarly an industry will never want that a loss should strike.

Risk Management preaches the concept to be vigilant against the risk all the times. It gives them the direction what to do.
Some people believe that the ultimate goal of risk management is risk financing through insurance. But just to remind insurance is just one of the means or steps in risk management. Risk management should not be treated at par with insurance since insurance is a very small part of the whole risk management process. The object of the risk management is to manage the risk tactfully so that even if an unforeseen event beyond the control of human being strikes the losses are minimized.

In the earlier chapters I have covered in detail the concept and nature of risk, risks involved in the industries, insurance coverage taken, risk management processes being followed, losses incurred and suggestions for implementation of risk management measures. In this chapter I am summarizing the major findings of the study:

**Findings**

1. The awareness about the concept of Risk Management was abysmally low among majority of the industries.

2. Most of the industries believed risk management and insurance to be the same thing. Actually insurance is just a small part of whole risk management process.

3. Most of the industries were unaware of modern techniques in identifying hazards.
4. Most of the companies did not have any proper safety arrangements to prevent loss or damage due to any unforeseen danger.

5. No company has specified Safety management procedures and Audit programme.

6. Risk Management manual was not followed in any industry.

7. There was no disaster plan being followed by the companies.

8. Storage system of Inventories and Finished goods was not upto the mark.

9. The knowledge about insurance policies available in the market was very low.

10. A large number of industries thought that insurance premium was a wasteful expenditure since they have not preferred any claim in previous years.

11. Some industries argued that since their process was not very hazardous it was not cost effective to spend much amount on risk management and/or insurance.

12. In case of coverage under industrial policies most of the companies did not have adequate cover.

13. A large number of industries purchased cover to meet the statutory liability. Eg. For transit insurance, insurance due to bank clause agreement etc.

14. In case of liability policies the coverage was very low. People were not aware of the types of policies available.
15. In case of commercial policies only marine insurance cover was in demand as the goods were transported by road, rail, air routes.

16. In case of personal policies again the coverage was quite low. Employees did not have proper coverage. However many industries were falling under Employees State Insurance Act and therefore shed their responsibility to provide further coverage.

17. Most of the Industries had underinsurance and the properties were not insured at actual/replacement value.

18. Many industries were found polluting the environment and emitting toxic wastes but there was no arrangement to check pollution.

19. Air pollution in Kanpur is also on a higher side. This poses a threat to health of residents and employees at Kanpur.

20. In Kanpur among the industries surveyed there was no major incidence of loss reported. There have been incidences of minor losses which were either recouped from own resources or through insurance claims.

21. In many industries it was found that the assets were not insured at their replacement cost and underinsurance was noticed in most of the policies.

22. Employee safety during the course of operation of machines has not been given much importance. The employees were vulnerable to accidents during production process.
23. Industries were not availing specialized policies like product liability, public liability, Directors and officer’s liability due to lack of knowledge as well as lack of will.

24. If there is any loss in any industry or to workers it is not only the individual loss but also loss to shareholders, partners, and ultimate loss of national asset since amount invested for reconstruction would have been used otherwise in development work.

25. In many industries the process of manufacture was hazardous and even then no proper security measures were adopted for the employees.

26. Most of the industries did not have proper fire fighting equipment.

27. Industries which had installed fire fighting equipments did not maintain it properly and no safety drill was done on regular basis.

28. Many industries had installed these equipments to get discount in insurance premium.

29. They did not have any knowledge of advanced fire fighting equipments.

30. The guidelines issued under the Factories Act 1948 were not being followed properly.

31. In Kanpur there are large numbers of unregistered SSI units where the position of safety and security was vulnerable.
32. The Insurance Companies have also failed to market their specialized products and convince the companies about the utility of the products. With the arrival of private companies I hope the situation will improve.

33. The government also seems to have failed in their duty to check whether the provisions of Factories Act have been implemented or not in the industries. Those who are violating the provisions no action has been taken against them.

34. Disaster Preparedness of the government was found to be very less. They do not have any emergency plan to put in place if a disaster strikes. It is often seen that government is caught unaware in case of natural disaster. Every State must have separate Disaster Preparedness team outlining the things needs to be done to meet an emergency.

35. The infrastructure in the industrial areas was not upto the mark

36. Overall I noticed lack of will power on the part of Industrial Enterprises as well as Government in practicing Risk Management. Everyone was waiting for loss to happen and then only take any corrective measures.

37. I found the losses that are being faced by the industries can be minimized if proper claim management is done. The losses can be prevented if they are vigilant and take suitable care before the loss takes place.
38. The loss of economic wealth of the country can be prevented to a great extent if these losses are prevented at early stage itself as we can use this money in further developmental works.

39. There is need for collective responsibility of the Industries, employees, government to preserve the wealth of the country.

SUGGESTIONS

1. The industries should strictly follow safety measures.

2. The industries should properly guard the machineries and use safety equipment for employees. Precaution should be taken in hazardous industries like chemical, mechanical where there is danger from use of raw materials or operation of machines.

3. Industries should implement the guidelines framed by the ILO Convention No.174 for prevention of industrial accidents.

4. Companies can also obtain ISO certifications in order to standardize the quality of operations.

5. The provisions of Factory Act 1948 should be followed strictly.

6. Industries should adopt modern techniques to identify various hazards in the process of production so that the risks can be eliminated in initial stages itself. The techniques like hazop / halon, fault tree analysis etc have been discussed in chapter 7.

7. Industries should install adequate fire fighting appliances as per the nature of production process. It may be spray systems, sand buckets, hydrant, sprinkler system etc.
8. The fire fighting appliances must be kept under regular maintenance as after a particular period the appliances become ineffective and the gases must be refilled.

9. Employees should be properly trained to operate the fire fighting equipments and mock drills should be conducted time to time to make them prepared to handle any contingency.

10. A Risk Management manual must be maintained which must outline the various safety procedures to be followed, the person responsible for safety arrangements, whom to contact in emergency, nearest fire brigade etc.

11. Risk Management and safety audits should be conducted by the specialised persons from time to time to assess the risk situation and advise suitable measures.

12. The various industries association should be involved and should include in their agenda to keep their members informed about the latest techniques available i.e. manufacturing, safety etc. They should organise industry specific workshops from time to time and arrange training programme for employees.

13. The industries association should maintain statistics of industrial losses both minor and major so that other industries can take lesson from it.

14. Implementation of risk management measures should be made compulsory and the industry not following the norms should be penalized by Industries Association or any other regulatory body. A grading system of industries may be followed and the
industries may be ranked according to the best practices followed.

15. Industries Association or the industrial department of the government may institute an annual safety award for the industry to infuse a sense of achievement for the industry following all the norms.

16. Government may think of announcing some incentive measures like incentive in taxes, rates, facilities for the industries having best safety procedures.

17. Awareness of about the insurance covers available in the market should be increased.

18. Industries should go for full insurance protection and must have adequate and proper insurance coverage. Having a under insurance is just like not having a insurance since in case of any loss the company would not be able to replace machinery as per the current market value.

19. Due to increasing technicalities in modern business the risks are also evolving accordingly. The industries must purchase specialised insurance covers to protect them from losses.

20. The industries must go for advanced loss of profit insurance or consequential loss insurance to safeguard them from the losses arising from the stoppage of the production / sales during the period in which the machinery is replaced.

21. Insurance premium should be considered as an essential part of cost of production.
22. After detariffing in the Insurance Industry the cost of insurance has come down very sharply. There has been a reduction upto 70-80% of the premium which was charged earlier. The industries should take advantage of this situation and purchase adequate insurance coverage.

23. The industries should take the services of the expert intermediary like Insurance agents, brokers who can guide them properly about the amount of coverage to be purchased.

24. Purchasing an insurance cover is not enough. The person at helm of affairs should go in deep to study the fine prints to find out what is covered and what is not. It may happen that insurance company has excluded certain loss and if the industries don’t take special care to study they will be in a false position at the time of the loss. Also in most of the insurance policies there is a deductible clause wherein insurance company pays claim over and above a certain amount. For e.g. in an insurance policy taken by industry for Rs.10,00,000 the deductible is Rs.15000/- in each occurrence. As per this deductible clause insurance company will not pay the claim if the loss is below Rs.15,000/-. The amount of deductible clause can be negotiated with the insurance company at the time of purchasing the insurance cover.

25. The process of making an insurance claim is a very important part. In case of any loss the claims must be submitted within a particular time period after which the claim will not be
entertained by the insurance company. Additional documents also needs to be attached with the policy like Police F.I.R. report, copy of fire brigade report etc. So industries must carefully note down the claims lodging procedure at the time of purchasing a insurance cover.

26. As the management concept goes the industries apart from the profit motive must have some social objective. A industry is made from the society, for the society and by the society. The companies must not forget their social objectives towards the consumers, employees, government and people in vicinity.

27. As discussed in chapter 6 even if 50% of the companies implement risk management measures the companies can save Rs.908.315 crores annually from direct loss.

28. If the direct losses are saved the consequential losses would not arise and hence we can save the incidental costs, fixed costs which will ultimately add to the profit of the company.

29. The amount so saved from loss may be utilized for further development of the business.

30. Similarly if the Government takes suitable steps for preventing natural disasters lot of money can be saved which may be utilized for development of infrastructure and other basic necessities.

31. Government should consider creating a National Disaster Fund and pool resources into that fund so that it may take care of expenses incurred for prevention of disasters and creating a
dedicated team for implementation of disaster reduction strategies.

32. Terrorism has posed new challenges for everyone. We have to be prepared as in future the chances of terrorist strike are eminent. No body can visualize that he is in safe heaven. Over the last few years it has been proved that terrorists can strike anyone, anytime and anywhere. We have to be prepared for the worst. Even if we have mental preparedness it will not catch us unaware as we will be ready to fight it. We have already learnt lesson from Mumbai Terror attacks in the case study in chapter 6. We need to implement properly the measures proposed in the case study.

33. Ultimately it is the collective responsibility of everyone including employer, employees, government to see that the Risk Management is practiced in true sense for welfare of all.

I had taken the following hypothesis in the beginning of the study:

**Hypothesis**

$H_0$ : The Risk Management process adopted by the industries will reduce the loss of individual industries as well as save the overall economic wealth of the country

$H_1$ : The Risk Management process adopted by industries will not result into savings.
As per the discussions in earlier chapters we can very well conclude that if the Risk Management procedures are adopted by the industries it will reduce the direct as well as consequential loss of industries as well as losses of the government and help to save the overall economic wealth of the country. Therefore I accept the $H_0$ hypothesis and reject the $H_1$ hypothesis that the risk management process adopted by the industries would not result into savings.

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