Supported by

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If a country could be a “buzz-word” then it is India at present, with its potential for economic growth in the coming years. India’s quest to invent solutions to accelerate its economic growth, is strongly interconnected with to its geo-strategic positioning, which not only aids to augment the net inflow of investments but also stands to reduce the impact of strategic and operational risks. The various risks associated in terms of financial frauds, cross-border issues, terrorism and the capability to combat the same through effective mitigation strategies, can be better managed by a nation by having the right partner countries. In addition to helping develop strategies, such partner countries put in the correct expectation in place of having a safe and conducive business environment for them to sustain ties – a basic necessity that any emerging country like India cannot ignore. The business environment has to be addressed holistically and all channels of governance, administration, law enforcement and judiciary have to collectively contribute to it. India has the right attributes with its independent mechanism exhibited through the judiciary and various other regulatory bodies like the Reserve Bank of India, Comptroller and Auditor General of India, etc. However, all the components of India as a country and well-crafted institution have to unite in efforts to achieve the larger picture that the citizens draw up for the nation as a whole.

The two critical factors – security of investment and ability to provide higher returns attached with convenience of doing business are measured worldwide through various indices. India has to work to obtain a better ranking on factors pertaining to Ease of Doing Business, Corruption Index, Intellectual Property Protection and other similar yard-sticks. These factors provide comfort to corporate entities and to an investor in assuring them that they have reached the opportune business destination.

The results of the India Risk Survey 2015 aptly reflect the changes in risk spectrum that India witnessed within the last year. While there is an overall sense of comfort owing to the recent political stability achieved at the Centre, the equally ardent need to deploy resources for handling corruption, information security and crime is evident as well. The recent set of economic projections depicting robust growth numbers for India have the potential for further improvement with parallel positive steps being taken to better the business environment and aid the overall scenario. We need to have stability and continuity of the policy regime and compliance to attract investment. We hope that the results of the survey will help us frame strategies to achieve that dream.

This survey is a result of the unwavering support from our fellow industry professionals. We would like to convey our earnest gratitude to all those professionals and organizations for their continuous endeavours to deliberate and mitigate risks, to make India a chosen business destination.

Gurpawan Singh
Vice President - Asia
Pinkerton
India has become a promising investment destination for foreign companies looking to do business in the country. The initiatives of the new Government like ‘Make in India’ with the aim of giving the Indian economy global recognition will go a long way in increasing the purchasing power of the common man, which will further boost demand and spur development, in addition to benefiting the foreign investors. The Union Budget 2015-16 was presented in the backdrop of an improving macro-economic situation. Measures announced like increased outlay for the infrastructure sector, lowering of corporate tax, etc., will not only provide a fillip to the ease of doing business in India, but will also set a clear road-map for double digit growth.

In such an economic scenario, risks to business establishments can prove to be a serious obstacle to development. In order to stimulate growth, we need a risk-free environment. India needs to urgently identify and assess factors that may jeopardize its economic achievements and could hinder future growth.

The India Risk Survey 2015 analyzes and quantifies ‘potentially destructive’ risks to business enterprises in the country. It provides a referral to understand the complexity of these new risks across the spectrum of stakeholders, i.e., policymakers, corporate and members of the civil society. It also aims to prioritize risks which will enable many industries, public and private, to allocate resources required for its mitigation. The survey is an attempt to sensitize the Government and the corporate world about the emerging risks and the danger they pose, so that a well-planned strategic policy decision could be formulated and implemented.

I am confident that this report will prove to be an important document for policymakers, senior executives and members of the civil society.

Dr. A. Didar Singh
Secretary General
FICCI
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Executive Summary

The India Risk Survey 2015 (IRS 2015) attempts to showcase the views and perceptions of key business leaders, public figures, as well as professionals across various sectors and geographies regarding operational, safety and strategic risks. The survey spreads across the entire industry spectrum covering the different geographical zones of the country. The survey results will provide the industry and Government decision-makers with a very important tool to holistically analyze the impact of various risks so as to plan and execute strategies to prevent, mitigate or control the impact of these risks to business establishments.

As evident, the survey encompasses 12 key risks that pose a threat to the entire economic system of the country; and though each risk is rated on a mutually exclusive basis for the purpose of the survey, a deeper reading would reveal their interconnectedness across domains.

Continuing with the trend evident from last year, the focus of the respondents for risk analysis continues to be on how the entire gamut of corruption, scams and corporate frauds are affecting the economy. In 2015, ‘Corruption, Bribery and Corporate Frauds’ continue to be ranked as the topmost risk. The recent news coverage and public uproar related to various cases involving major corporate houses, justifies this trend as having the highest mind recall value and has also been assigned the greatest concern in recent times.
If one were to conduct a root-cause analysis of the major corporate frauds of recent times, a common cause that would emerge is pilferage of data / sensitive information. Information security is a growing concern keeping in mind the technological advancements and the tendency of corporate houses to create more and more intellectual property and competitive strategies. Any compromise with the same is interlinked with providing an opportunity for frauds and for the corporate to stand a risk of incurring unimaginable losses. The realization of every industry waking up to this as a looming threat is best defined through the ranking of ‘Information and Cyber Insecurity’ this year, which climbed up 3 positions from 2014 to be ranked at No. 2.

The entire gamut of risks faced by corporate houses has enabled a typical perception from respondents across the globe; they are concerned with both the gravest external threat and the most perceived internal threat.

Over the last few years in India, the rising threat of terror incidents in major cities has caused considerable alarm; the devastation from these incidents may have easily disrupted the entire business continuity structure of the land. This concern can also be said to be the fastest growing one amongst the Indian professionals and can be seen by the rise in ranking of the risk of ‘Terrorism and Insurgency’ from 10th position in 2014 to 3rd in 2015.

Similarly, when speaking of internal threat, the impact of business espionage can no longer be ignored. Recent occurrences only illustrate various modalities of insider threat and how it affects and compromises the health of a company. The rise in ranking of the risk of ‘Business Espionage’ from 9th position in 2014 to 4th in the current survey validates the stand to bring our attention to this shifting concern of business organization.

For any economy that faces the above-mentioned risks, the external threat or risk of ‘Crime’ cannot be ignored and the respondents to this survey have ranked the same at No. 5 in 2015. This is also supplemented by the growing instances of crime against women in India, which has not only come in for severe criticism within the country but has also been a topic of discussion in all international forums, affecting the image of India as a suitable business destination.

**Top three risks in each region of India**

<table>
<thead>
<tr>
<th>Region</th>
<th>Top 1 Risk</th>
<th>Top 2 Risk</th>
<th>Top 3 Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>Corruption, Bribery and Corporate Frauds</td>
<td>Information and Cyber Insecurity</td>
<td>Crime</td>
</tr>
<tr>
<td>South</td>
<td>Strikes, Closures and Unrest</td>
<td>Information and Cyber Insecurity</td>
<td>Corruption, Bribery and Corporate Frauds</td>
</tr>
<tr>
<td>East</td>
<td>Terrorism and Insurgency</td>
<td>Corruption, Bribery and Corporate Frauds</td>
<td>Crime</td>
</tr>
<tr>
<td>West</td>
<td>Corruption, Bribery and Corporate Frauds</td>
<td>Information and Cyber Insecurity</td>
<td>Business Espionage</td>
</tr>
</tbody>
</table>
Top three risks across industrial sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. 1 Risk</th>
<th>No. 2 Risk</th>
<th>No. 3 Risk</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Corruption, Bribery and Corporate Frauds</td>
<td>Intellectual Property Theft</td>
</tr>
<tr>
<td>IT/ ITES</td>
<td>Information and Cyber Insecurity</td>
<td>Business Espionage</td>
<td>Workplace Violence and Sexual Harassment</td>
</tr>
<tr>
<td>Security Services</td>
<td>Information and Cyber Insecurity</td>
<td>Corruption, Bribery and Corporate Frauds</td>
<td>Terrorism and Insurgency</td>
</tr>
<tr>
<td>Education</td>
<td>Terrorism and Insurgency</td>
<td>Crime</td>
<td>Workplace Violence and Sexual Harassment</td>
</tr>
<tr>
<td>Financial Services</td>
<td>Corruption, Bribery and Corporate Frauds</td>
<td>Information and Cyber Insecurity</td>
<td>Business Espionage</td>
</tr>
<tr>
<td>Government / PSU</td>
<td>Terrorism and Insurgency</td>
<td>Accidents</td>
<td>Corruption, Bribery and Corporate Frauds</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Crime</td>
<td>Corruption, Bribery and Corporate Frauds</td>
<td>Strikes, Closures and Unrest</td>
</tr>
</tbody>
</table>

OVERALL RISK RANKING - YEARLY TRENDS

The analysis of the above illustration does indicate that the top five risks that impact Indian business environment include ‘Corruption, Bribery and Corporate Frauds’, ‘Information and Cyber Insecurity’, ‘Terrorism and Insurgency’, ‘Business Espionage’ and ‘Crime’. The risks of ‘Strikes, Closures and Unrest’ and ‘Political and Governance Instability’, which were earlier in the top five risk brackets have dropped in the rankings from No. 2 and No. 3 positions to No. 6 and No. 11 respectively. This is a major shift in the yearly trends primarily due to the positive impact caused by a perceived stable Government coming to power at the Centre post the 2014 general elections.
Globalization is an exciting term to be well acquainted with for an emerging nation like ours. However, along with exciting opportunities it also brings a complex melange of strategic and operational risks. Often, the most ignored challenge is that apart from financial stability, without the proper infrastructure in place to balance the risks, a lot of projects can land up in limbo and, as a consequence, force companies to retract their businesses. It cannot be ignored that the rising technological risks, especially cyber-attacks, and new political, economic, social and environmental realities are adding to the complexity of doing business in the country.

Like all positive waves of change, globalization brings along with it the risk of being challenged by unfavourable external factors. With continuous innovation of financial instruments, rapid expansion of financial assets and the growing trend of privatization, a large volume of international floating capital has brought along enormous impacts on the economic safety and financial stability of developing countries. This in turn has led to the exposure of newer operational and strategic risks that were earlier unknown to economies like ours. The consequences at stake are large, with higher costs of compliance, significant damage and losses, and tarnishing of the reputation of the organization. Thus, it has become imperative for the industry and business leaders to focus on corporate risk management capabilities.

India is strategically placed to ride the waves of change that are flowing in. With a new Government at the helm, there is a lot of optimism among the domestic and global investors. The “Make in India” and “Skilling India” initiative of the new Government to revive manufacturing in the country and be globally competitive, is believed to kick-start the recovery of the Indian economy. Most importantly, the thrust of the Government is on developing infrastructure, encouraging domestic industrial growth, fiscal prudence and bringing in major policy reforms to kick start the economy. The Government has undertaken major reform initiatives in the banking, insurance and financial sectors, which will help the industry in addressing some of the critical risks they face.

However, the above milestones can only be achieved if supported by a proactive and preventive risk landscape. A proactive risk management strategy would help business to de-risk and cope up with the existing and evolving risks. Our present economic growth demands a prudent and nurturing risk culture at an enterprise level and, optimal utilization of resources in a cost-effective and efficient manner.
This survey is a joint effort by FICCI and Pinkerton to highlight the severity of such risks and their impact on the industry, across economic sectors and geographical regions of the country. The results of the survey are based on a collation of a set of 12 risks that have been identified after a series of brain-storming sessions. The India Risk Survey 2015 thus aims to focus on the major risks that have the potential to adversely impact businesses. The India Risk Survey 2015 also provides inputs that we hope will help our business leadership in devising a risk mitigation strategy to create a secure business environment. The applicability of the risks to an organization can vary and this document should only be treated as a humble input and not as a consultative or suggestive report.

"My compliments to FICCI and Pinkerton for steering the IRS over the years, rendering yeoman service in the security domain. This compilation and categorization of the relevant risks is a good start point for any enterprise to strategize for their secure future. I am sure every well-meaning citizen as well as corporate, is concerned about the new world order threats and the associated risks. The industry as a whole has to contribute with collaborative/synergistic efforts to mitigate the risks and thereby ensuring a conducive economic environment, which will tone down the risk map of the country."

Raghu Raman, President – Security, Risk & New Ventures, Reliance Industries Limited
While analyzing the trends for the top risks that impact corporate India, it emerges that ‘Corruption, Bribery and Corporate Frauds’ is rated as the top risk for another consecutive year, whereas ‘Information & Cyber Insecurity’, ‘Terrorism and Insurgency’, ‘Business Espionage’ and ‘Crime’ are amongst the top five risks. The risk of ‘Terrorism and Insurgency’ saw a steep rise on account of increased incidents during the last year. The typical nature of work of a particular industry / sector does indicate varying perception of risks.
Factors Influencing the Risk Gainers

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terrorism &amp; Insurgency</td>
<td>3</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Information &amp; Cyber Insecurity</td>
<td>5</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Business Espionage</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Terrorism and Insurgency

- Continues to remain a complex risk.
- Rise in risk perception over the last year - raising concerns.
- Attacks include high profile bombings by Indian Mujahedeen (IM) and also ambush attacks by Maoists.
- India faces increased threats from various operational terror groups (of domestic and international origin).

Business Espionage

- Growing in recent times with realization of business entities being exposed to unquantifiable losses.
- Tendency to not report/under report matter to authorities makes it difficult to get perpetrators under the legal ambit - provides comfort of gains surpassing risks of exposure.
Information and Cyber Insecurity

TREND

- Increase in technological advancements has also consequently increased the threat of data pilferage.

THREAT MAPPING

- Modern evasive techniques and methods commonly in use to circumvent preventive security architecture.
- Increased use of social and collaborative tools making it difficult to discern attacks.

Risk Assessment is an important step in preparing a Business Continuity and Disaster Recovery plan. A comprehensive risk assessment activity can help an organization to recognise different types of threats it can be exposed to; the possible extent of damage and subsequently, required steps for damage control. India Risk Survey 2015 is an attempt to understand the contours of risk perception by various stakeholders, in order to present a blueprint to decision makers for effective risk mitigation.

Harshavardhan Neotia, Senior Vice President, FICCI and Chairman, Ambuja Neotia Group
The analysis of the risks as perceived by Government sector companies vis-à-vis the private companies reveals that Terrorism and Insurgency is perceived as the No. 1 risk by Government sector considering that Government infrastructure is often perceived as the prime target of terror attacks. The risk of ‘Corruption, Bribery and Corporate Frauds’ remains the highest concern for the Government as a whole along with the corporate tapestry of the land waking up to the increasing threat of Business Espionage. Amongst the larger companies, risks of ‘Information and Cyber Insecurity’, ‘Strikes, Closures and Unrest’ and ‘Corruption, Bribery and Corporate Frauds’ score high on the ratings vis-à-vis smaller companies, who view the risks of ‘Corruption, Bribery and Corporate Frauds’, ‘Crime’ and ‘Terrorism and Insurgency’ as the top risks.
Overall Risk Ranking

Overall Ranking of Risks

As with the earlier issues of the IRS, this year too IRS 2015 presents the perception of the risks by business leaders, professionals in public and private sectors spread across the country. As with any country, India continues to face a dynamic environment with regard to the changing threat perceptions. The IRS 2015 has aptly captured the movement of a particular risk in the spectrum comprising a set of 12 risks.
‘Corruption, Bribery & Corporate Frauds’ - for the consecutive second year ranked as No. 1 risk by corporate India, reflecting continuing concerns of businesses affected by scams and unethical practices.

‘Terrorism & Insurgency’ - moved to 2nd position of ranking, highlighting the need to re-align security standards & measures.

‘Information & Cyber Insecurity’ and ‘Business Espionage’ - being ranked amongst top 5 risks indicate the growing concerns of the corporate sector on the increasing incidents of frauds and loss of confidential information / data.

‘Crime’ - at a ranking of No. 5 highlights the rising crime graphs in our cities & major towns, the violence against women & children to be a major and country wide concern.

‘Political & Governance Instability’ - witnessed a steep fall to 11th position of ranking, indicating a positive trend of growing confidence amongst the corporate sector towards the change in reins of the ruling party & faith in the improvement of the overall security environment prevailing in the country.
Corruption, Bribery & Corporate Frauds: Continues to be recognized as the Top Risk

Despite infrequent reporting, corporate India waking up to the threat - voted as No. 1 Risk twice in a row. Over the last few years this risk continues to affect the Indian business tapestry. Sense of prevailing hope in newer Government initiatives to help reflect a downward trend in the near future.

CORRUPTION, BRIBERY & CORPORATE FRAUDS

Globally there is a growing sense of optimism regarding India. There are always risks of potential frauds and India is not ignorant to such threats. Drawing on lessons from the past, investors need to be cautious and ensure that a thorough due diligence is conducted on potential investees to ensure that the funds are channelized appropriately and are utilized in the best interests of all stakeholders.

Deepak Parekh, Chairman - Housing Development Finance Corporation

Terrorism and Insurgency: Finds itself amongst the Top Three Risks

The states of West Bengal, Bihar, Orissa, Chhattisgarh, Jharkhand, Andhra Pradesh, Telangana & Maharashtra continue to be worst affected. Steep rise in ranking to current position of No. 2 from risk ranking of 10, in light of rising incidents of terror and maoist insurgency. The presence of external & internal threat indicates a definite requirement for the Government to ramp up the security machinery within the country.
Information and Cyber Insecurity: Continues to be amongst the Top Risks

Growing trend of incidents having international linkages indicate an urgent need to incorporate suitable changes at policy, process & technology level. The main objective behind such crimes being financial gain, encashing on access to confidential information and disruption of business operations.

Newer & innovative challenges emerging in the cyber security domain - the same can also be validated by the upward trend in risk rankings.

Continuous security innovation and improvisation has become the key need to compliment the highly dynamic business environment of e-commerce. The entire department of security and investigations, should be aligned with the business profit goals and should contribute to the same using the formula, loss prevented = profit gained for the organization.

Gaurav Datta, Director – Corporate Intelligence, Security & Safety, Flipkart Internet Pvt. Ltd.

Business Espionage: Makes an Entry amongst the Top Risks

Employees remain the most potent threat; need for the companies to do thorough background checks and impart periodic training sessions. Thin line between competitive intelligence and business espionage being increasingly breached & the need to tackle the same by private and Government institutions.

Surge in cases & increasing admittance by corporate houses indicates the risk to be a growing cause of concern.
Crime: Graded Amongst the Top Five Risk

- Crime against women & children continues to be unabated which has had a direct impact on the image of the country internationally on social & business parameters.
- The continuous increase in the crime rate remains a cause of concern for India.
- Increasing & strong need to monitor & analyze the crimes occurring across the various regions / cities of the country in addition to curbing them.
Region Wise Risk Ranking

**Risk Ranking – Eastern Region**

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>Corruption, Bribery &amp; Fraud</td>
<td>10.87</td>
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<tr>
<td>Business Espionage</td>
<td>10.49</td>
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<tr>
<td>Terrorism &amp; Insurgency</td>
<td>9.64</td>
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<tr>
<td>Crime</td>
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<tr>
<td>Political &amp; Governance Instability</td>
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<tr>
<td>Natural Hazards</td>
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<td>Accidents</td>
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<td>Fire</td>
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<td>Workplace Violence &amp; Unrest</td>
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<td>Information &amp; Cyber Security</td>
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<td>Intellectual Property Theft</td>
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<tr>
<td>Intellectual Property Theft</td>
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**Risk Ranking – Western Region**

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Corruption, Bribery &amp; Fraud</td>
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<tr>
<td>Business Espionage</td>
<td>9.58</td>
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<td>Terrorism &amp; Insurgency</td>
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<td>Accidents</td>
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<td>Fire</td>
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<td>Intellectual Property Theft</td>
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**Risk Ranking – Northern Region**

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<th>Category</th>
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<tbody>
<tr>
<td>Corruption, Bribery &amp; Fraud</td>
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</table>
The analysis of the risks of the four geographical regions indicate that the risks of ‘Corruption, Bribery and Corporate Frauds’, ‘Information and Cyber Insecurity’ and ‘Crime’ continue to be graded as the top three risks. As the incidents indicate, Terrorism and Insurgency impacts the country’s eastern region the most. The southern region, however, has seen most incidents of ‘Strikes and Closures’ and accordingly this risk has been graded as No. 1 in the said region. The respondents residing abroad have perceived ‘Workplace Violence and Sexual Harassment’ as the No. 1 risk in India which is a cause for concern as it directly impacts India’s image internationally and also influences stakeholder’s confidence.
Indian Government’s poise and determination to achieve robust growth is constantly marred by rampant corruption across industries, Education and Academic Publishing sectors not untouched. Serious repercussions lie towards quality of education resource. Checkpoints and constant rigor of effort to curtail malpractices are a must and would lead to a brighter future of not only industries but our youth.

Ratnesh Jha, Managing Director Cambridge University Press, South Asia
Risk Ranking – IT/ITES

- Information & Cyber Insecurity: 12.52%
- Business Espionage: 10.00%
- Workplace Violence & Sexual Harassment: 9.60%
- Corruption, Bribery & Corporate Frauds: 9.37%
- Crime: 8.58%
- Intellectual Property Theft: 8.52%

Risk Ranking – Manufacturing

- Strikes, Closures & Unrest: 11.19%
- Corruption, Bribery & Corporate Frauds: 10.38%
- Intellectual Property Theft: 10.16%
- Accidents: 9.56%
- Business Espionage: 9.40%
- Crime: 8.90%

Risk Ranking – Retail

- Strikes, Closures & Unrest: 11.14%
- Crime: 9.96%
- Intellectual Property Theft: 9.76%
- Business Espionage: 8.68%
- Corruption, Bribery & Corporate Frauds: 8.58%
- Accidents: 8.58%
Industry wise ranking of the risks presents a very divergent view of the risks as they impact various sectors. The financial sector faces the risk of ‘Corruption, Bribery and Corporate Frauds’ as the biggest risk, as compared to ‘Information and Cyber Insecurity’ in 2014. The Government sector perceives ‘Terrorism and Insurgency’ as the biggest risk as against ‘Strikes, Closures & Unrest’ in 2014. The growing incidents of crimes have impacted our infrastructure development greatly in 2015, as against the 2014 trend when ‘Corruption, Bribery and Corporate Frauds’ was seen as the biggest risk in infrastructure sector. The retail sector continues to see ‘Strikes, Closures and Unrest’ as the No. 1 risk. The respondents of the telecommunication sector, having been witness to rising incidents of cyber-crimes, have ranked ‘Information and Cyber Insecurity’ as the No. 1 risk. The security services sector perceives the risks of ‘Information and Cyber Insecurity’ and ‘Terrorism and Insurgency’ as amongst the highest risks due to the diverse sectors that they operate in.
Risk Categorization

The IRS 2015 categorizes the risks in three categories viz. Strategic, Operational and Safety risks. Strategic risks are those that impact directly the achievement of an organization’s business objectives. At the national level they are those risks which have a grave impact on the national security and its survivability. Strategic risks are majorly determined by the top leadership of the organization. Operational Risk is defined as the probability of loss occurring from the internal inadequacies of an organization or a breakdown in its controls, operations or procedures. Lastly, Safety Risk is the risk which has the potential to put employee safety at risk. These could be internal or external. Employees being critical assets to an organization, any potential hazard or threat to them affects the business continuity.

The graph below represents a particular risk that falls within the categories of either Strategic, Operational or Safety risks. The probability and impact of these risks illustrate their importance to the corporate sector. The categorization is generic; some of the risks considered ‘Strategic’ for some industries can be considered as ‘Operational’ for another set of industries.

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<thead>
<tr>
<th>PROBABILITY</th>
<th>IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

### Categorization of Risk

- **Strategic Risks**
  - Corruption, Bribery & Corporate Frauds
  - Business Espionage

- **Operational Risks**
  - Accidents
  - Strikes, Closures & Unrest
  - Information & Cyber Insecurity
  - Intellectual Property Theft
  - Crime

- **Safety Risks**
  - Terrorism & Insurgency
  - Natural Hazards
  - Fire

- **Political & Governance Instability**

- **Workplace Violence & Sexual Harassment**

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This categorization helps organizations to prioritize their risk management efforts accordingly.
Risks – in Detail

‘Corruption, Bribery and Frauds’ retains the No. 1 spot in the Risk Ranking of India Risk Survey 2015

Trend

- The risk of corruption continues to be a serious concern for corporate India.
- While India’s ranking in the global corruption index saw an overall improvement in 2014, ranking for the ease of doing business has seen a drop in the overall rankings.
- Various legislative and regulatory changes are being increasingly seen as a serious attempt by the Government to bring in transparency and accountability to the system.
The Year-on-Year Ranking Story

The year-on-year analysis shows the growing importance and recognition of ‘Corruption, Bribery and Corporate Frauds’ as the leading risk to the Indian growth story. Various studies across industries indicate the maximum impact (on Indian companies in terms of both revenue and operations) being caused by frauds related to asset misappropriation, procurement, accounting, payrolls, counterfeiting and financial mis-statement. In a recent poll conducted and cited by The Economist¹, 96 per cent of Indians said corruption was holding their country back and 92 per cent thought it has gotten worst in the past 5 years.

Further, as per the study by World Bank² on the ‘ease of doing business’, India has a ranking of 142 among the group of 189 countries. India has also displayed a consistent rise in ranking in the Transparency International’s Corruption Perceptions Index³. While, in 2013 it was ranked 94th out of 175 countries, in 2014 it climbed up the charts to rank 85th compared to its neighbours Bhutan (30th), Bangladesh (145th), Myanmar (156th), China (100th), Nepal (126th), Pakistan (126th) and Sri Lanka (85th).

The only sight of relief is perhaps that the ‘corruption perception’ index by the International watchdog organization, Transparency International, has seen an overall improvement in India’s ranking from 94 to 85 from 2013 to 2014 respectively. This is a positive indication that Indian regulatory authorities are keen to implement policy changes that will indicate to the industry that measures to rein in corruption are being strengthened.

³ http://www.transparency.org/cpi2014/results
**Plunging Deep – Sector and Incidence Mapping**

‘Corruption and Frauds’ in India has a far encompassing definition and spreads across all Governmental and non-Governmental sectors and domains. The Government sector along with the organized and unorganized corporate sectors have all been affected by frauds in recent times, irrespective of the nature and size of business.

**Common Frauds - Global Fraud Survey**
**2014 (India Story)**

**Corruption, Bribery and Frauds – Reasons, Impacts and Combats**

The reasons for the rise in the ‘Corruption, Bribery and Frauds’ risk category are varied and spread across multiple notions and theories. The popular explanation given for the rise of this particular risk is related to the economic state of India. Many are trying to survive the economic down-turn, despite the changing regulatory environment and the resulting pressure to remain profitable.
Various steps have been put in place by the Indian Government and regulators in order to combat the growing risk of ‘Corruption, Bribery and Frauds’. In recent times, various amendments have been introduced to legislations like the Factories Act, Companies Act, etc. in order to comprehensively focus on fraud risk management and prescribes stringent punishment upon violation of its provisions. Further, through these already implemented changes and proposed amendments, focus is being put on the following:

- Prescribing greater responsibility and increased accountability for independent directors and auditors.
- Widening recognition of the role of whistle-blower in controlling the instances of fraud.
- Mandating proper and effective due diligence processes for proposed business transactions.
- Overall endeavour by financial institutions in India to recognize and report the incidents of frauds.

The modern outlook of the causes for NPAs, viz. the manifestation of strategic and operational risks, in additional to financial risk, is juxtaposed with the traditional outlook of NPAs caused by financial turnarounds that increase the borrowers’ liability. Taking the NPA bull by horn is a challenge, but not impossible if the internal processes are modelled on a more pre-emptive framework, where due diligence is the key at every stage of the loan lifecycle.

B Mahapatra, ex Executive Director, Reserve Bank of India

FACTORIES ACT (2013) - Attempts to bring in transparency and accountability in the system

COMPANIES ACT (2013) - Attempts to focus comprehensively on fraud risk management and prescribes stringent punishment upon the violation of its provisions

THE LOKPAL AND LOKAYUKTAS ACT (2013) - Attempts to provide for the establishment of the institution of Lokpal to inquire into allegations of corruption against certain public functionaries in India

WHISTLE BLOWERS PROTECTION ACT (2011) - Attempts to provide a mechanism to investigate alleged corruption and misuse of power by public servants and also protect anyone who exposes alleged wrong-doing in Government bodies, projects and offices.

EXISTING STATUTORY COVERS -
(a) Indian Penal Code (1860)
(b) Income Tax Act (1961)
(c) The Prevention of Corruption Act (1988)
(d) The BENAMI Transactions (Prohibition) Act (1988)
(e) Prevention of Money Laundering Act (2002)
‘Terrorism and Insurgency’ climbs 7 places to attain the No. 3 position in the Risk Ranking of India Risk Survey 2015

**Trend**
- Terrorism and insurgency related incidents saw a marginal increase in 2014.
- The States of Chhattisgarh and Jharkhand recorded maximum number of incidents related to Left Wing Extremism, whereas maximum terror related incidents were reported from Assam.

**The Year-on-Year Ranking Story**
Terrorism has been one of the growing concerns for the Indian sub-continent in recent times. After the year 2000, serious attempts were made to stop the growing menace and India has been successful in combating causalities caused by terrorism. Incidents like the Mumbai attack in 2008 and other recent insurgent attacks in various parts of the country seem to be pushing the trend upwards.

To turn our attention to the Global Rankings, India ranks 6th on the Global Terrorism Index of 2014⁴ (as provided by the Institute of Economics and Peace) out of a surveyed base of 162 countries. Another study conducted by the same institute, titled Global Peace Index 2014, also highlights the need for India to work on its internal conflict issues.⁵

**Plunging Deep – Incidence Mapping**
After numerous terrorist attacks over the last few years, India still stands. There have been a series of arrests wherein 77 people were nabbed across the country in 2014, in connection with terrorist plots and subversive activities. India has been on the radar of terrorists throughout the year. Sporadic terrorist activities were reported from the active regions. Jammu and Kashmir (J&K) reported an attack in March 2014, preceded by an ambush in Chhattisgarh. Similar attacks were witnessed in Assam.

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In 2013-14, 205 of the country’s 640 districts continued to be afflicted by insurgent and terrorist activities, including 120 districts where the Maoists remained active; 20 districts in J&K were afflicted by Islamist separatist terrorism; and 65 districts in six north-eastern states where numerous terrorist and insurgent formations operate.

“Businesses are exposed to the intrinsic risks of political, economic and financial market developments, both global and regional. How fast one manages to get back to ‘business as usual’ in the event of a terrorist attack, fire, flood or any other major interruption, will depend on the effectiveness of the risk mitigation plan one puts into use. The study of risks is thus an important part of business continuity management for an organization.”

Dr. Jyotsna Suri, President, FICCI and CMD, Bharat Hotels Ltd.

- In 2013, around 70 per cent of attacks were non-lethal. There were attacks by 43 terrorist groups who can be categorized as - Islamists, Separatists and Communists.
- Communist terrorist groups (Maoists) are by far the most frequent perpetrators and the main cause of deaths in India.
- Police are overwhelmingly the biggest targets of Maoists, accounting for half of all deaths and injuries. This is mainly through armed assaults, which have killed 85, and through bombings and explosions, which have claimed 43 lives.
- Separatist groups, including those in Assam and Meghalaya, were responsible for 16 per cent of the deaths.

Source: Global Terrorism Index 2014 (Institute of Economics and Peace)

The analysis of fatalities pattern\(^6\) indicates that the Indian states of Chhattisgarh and Jharkhand remained most prone to the incidents of Left Wing Extremism during the last three years 2013 - 2015. More than 50 per cent of the total fatalities reported across India occurred in these two states. The Indian state of Assam witnessed majority of incidents related to terrorism during the last three years, i.e. 2013 to 2015. Maximum fatalities were reported in 2014 from Assam which stood at 305 vis-à-vis 101 in 2013. Terror related deaths in the state of Jammu and Kashmir also saw a marginal increase in 2014 with a figure of 193 vis- à -vis 181 in 2013.

Between terrorism and insurgency, India has suffered on multiple fronts. Apart from creating a vulnerable domestic environment with sceptical citizens, terrorism also affects the way the world sees a country as a potential business opportunity.

Realizing this, the Indian Government has launched multiple policy and strategy-led initiatives in order to ensure a peaceful life for its citizens and also to provide for comfort when it comes to grooming the business landscape of the land.

**Terrorism and Insurgency – Impact and Combat**

**Figure: Shows the fatalities during terrorist attacks**

Source: South Asian Terrorism Portal

![Figure: Shows the fatalities during terrorist attacks](image-url)
‘Information and Cyber Insecurity’ climbs 3 places to attain No. 2 position in the Risk Ranking of India Risk Survey 2015

Trend

- There has been a steep increase in cyber crime as per available data from CERT-IN.
- The main objective behind such crimes is financial gain, encashing on access to confidential information and disruption of business operations.
- Increased vulnerability and instances of cyber-attacks on mobile computing and cloud platform.

The Year-on-Year Ranking Story

After the USA and China, India ranks 3rd in terms of prevalence of internet users across the world. This, while an indication of the growing technological advancement of the country, is also an indication of the perils that come along with such advancement when we account for the fact that India is also amongst the top 10 spam-sending countries of the world. India was ranked among the top five countries to be affected by cyber crime as per the Internet Security Threat Report 2014 by Symantec.

“Risks in all its form and shape is a reality; businesses not just in India, but across the world deal with risk on a daily basis. From dealing with terror attacks to cyber security to porous information silos that hold private data in public offices, risk mitigation has become a round the year concern for businesses world over. As India continues to push herself to the centre-stage of the global economy, we can only expect a more heightened sense of real and perceived, risks and create an army of risk mitigation professionals to make on-ground environment more conducive for business continuity.”

Dilip Chenoy, MD & CEO, National Skill Development Corporation.

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**Plunging Deep – Incidence Mapping**

As per the NCRB 2013 Report a total of 5,370 cases were registered under the IT Act and IPC during 2013 as compared to 3,405 cases during the previous year (2012), thus showing an increase of 57.7 per cent in 2013 over 2012. As per available data, India ranks 3rd after the USA and Japan when accounted for the risk of being affected by online banking malware, with majority of the instances being attributed to phishing and debit / credit card frauds.9

This is truly in line with the global statistics - as per 2014 World Economic Forum Report, ‘Cyber Crime’ has been identified as amongst the top 10 risks that impacts the globe. As per the Internet Security Threat Report 2014 by Symantec global survey of end-users, 38 per cent of mobile users had already experienced mobile cyber crime.

**Figure: 2013 NCRB Report shows the statistics of IT Crimes registered in India under IT Act (2008) & IPC**

<table>
<thead>
<tr>
<th>Cases Registered</th>
<th>Persons Arrested</th>
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<tbody>
<tr>
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<tr>
<td>2012</td>
<td>3405</td>
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<td>2004</td>
</tr>
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<td></td>
<td>3074</td>
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</tbody>
</table>

Risk management ensures that an organization is ever watchful and well equipped to handle any crisis effectively. Hence it is very critical for any organization to have this as one of the top priorities and embed the risk management culture within the organization.

*Mahendra Singh Karakoti, Director Security – Greater India, Schneider Electric*

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**Information and Cyber Security – Impact and Combat**

It is incorrect to assume that information breaches and cyber-attacks only affect the individual. From an organizational perspective, it seeks to make an entire proprietary information base vulnerable and accounts for loss both in terms of money and intangible resources. Furthermore, on the national front, the advancement in technology makes the threat of such attacks rely heavily on the defence and security angle and demands utmost caution and vigil.

Keeping the above in mind, the Indian police have established special cyber crime units and Government has also set up cyber forensic labs across the country. The Government of India unveiled the National Cyber Security Policy 2013 on 2nd July 2013. Apart from the above legislations, the IPC seeks to cover the offences with regard to cyber crime that demand a seriousness of criminality. In recent times the Information Technology Act 2000 (amended in 2008), aims to curb cyber crimes and provide a legal framework for e-commerce transactions.

**Figure: Snapshot of Key Objectives of Cyber Policy 2013**

**Objectives of Cyber Policy 2013**

- Establish a secure cyber eco-system in the country.
- Framework for design of security policies and compliance to global security standards and best practices.
- Strengthen the Regulatory Framework.
- Enhance & create National & Sectoral level 24x7 mechanisms for obtaining strategic information regarding threats.
- Improve visibility of integrity of ICT products and services.
- Create workforce for 5,00,000 skilled professionals in the next 5 years.
- Provide fiscal benefit to businesses for adoption of standard security practices and processes.
- Protection of information during process, handling, storage & transit.
- Effective prevention, investigation and prosecution of cyber crime and enhancement of law enforcement capabilities.
'Business Espionage' climbs 5 places to attain No. 4 position in the Risk Ranking of India Risk Survey 2015

Trend
- Business Espionage is considered to be one of the rapidly emerging risks for corporate India.
- Employees remain the most potent threat; need for companies to do thorough background checks and impart periodic training / sensitization sessions to their employees.

The Year-on-Year Ranking Story

India ranks 60th out of the total 148 economies considered in the Global Competitiveness Index\(^\text{10}\) of the World Economic Forum. The study that also considers business espionage, amongst other needs and combats of the economy, displayed insufficient contribution by India to combat its internal problems.

Plunging Deep – Incidence Mapping

Wiki leaks\(^\text{11}\) and numerous espionage scandals point towards the poor nature of controls on handling and storage of confidential data. The recent exposure pertaining to confidential documents having been leaked from the Petroleum Ministry is a grim reminder of the fact that Corporate Espionage remains a potent risk having wide ramifications. Allegations are that energy ‘consultants’ employed moles in the Ministry to routinely get tip-offs on policy moves, which they then shared with private oil firms for hefty payments. Apparently, although not corroborated, a ballpark figure of INR 10,000-crore (USD 1.66 billion) scam is doing the rounds\(^\text{12}\). The current scandal is also reminiscent of the Radia-tapes scandal that got blown up in 2010.

\(^{10}\) http://www.rediff.com/business/slide-show/slide-show-1-special-most-competitive-countries-in-the-world-india-ranks-60/20130905.htm
\(^{11}\) http://www.thehansindia.com/posts/index/2015-02-25/Corporate-espionage-133645
\(^{12}\) http://www.thehindubusinessline.com/opinion/all-you-wanted-to-know-about/article6925800.ece
As early as 2007, a top Indian business house filed a complaint against its then managing director’s secretary, who was caught sending board meeting agendas to a rival via email.\(^\text{13}\)

**Corporate Espionage – Impact and Combat**

Often corporate espionage is associated with technology-heavy sectors that include computer software and hardware, bio-technology, aerospace, telecommunications, transportation and engine technology, automobiles, machine tools, energy, etc.

While companies invest heavily in technology, it is equally important to establish company policies and procedures to prevent an employee from purposely / inadvertently sharing confidential information. Special care should be taken of the new employee who joins from a competitor. Employees must be encouraged to report potential violations, so that they can be investigated and resolved promptly.

The laws of the land also seek to combat instances of corporate espionage by general provisions of IPC, involving criminal conspiracy, theft, receiving stolen property etc., and also invocation of the Official Secrets Act 1923, which is meant to be used for instances that undermine national security. Data theft, often perceived to be the main reason behind an instance of corporate espionage, is also covered in India under the Information Technology (Amendment) Act, 2008.

‘Crime’ continues to be in the top 5 risks at No. 5 position in the Risk Ranking of India Risk Survey 2015

**Trend**

- The number of rape cases in the country rose by 35.2 per cent in 2013 over 2012 as per NCRB.
- An increase of 52.5 per cent in cases of crime against children was reported in NCRB report 2013 over 2012.

**The Year-on-Year Ranking Story**

India ranks 143rd out of the 162 countries surveyed in the Global Peace Index\(^\text{14}\), by the Institute of Economics and Peace.

Amongst the Indian cities, as per the Crime Index of 2015, Gurgaon and Noida emerge as the top two Indian cities with high Crime Index and low Safety Index\(^\text{15}\).

**Plunging Deep – Incidence Mapping**

National Crime Research Bureau (NCRB) 2013 report indicates that amongst the top 10 states reporting incidents of Indian Penal Code (IPC) Crimes, the highest number of crimes were reported from Maharashtra, followed by Madhya Pradesh, Uttar Pradesh, Andhra Pradesh and Tamil Nadu. The states that saw the highest percentage increase in crime rate from 2012 include Gujarat at 21 per cent, followed by Maharashtra at 15.6 per cent, Rajasthan at 14.8 per cent and Bihar at 14.2 per cent. Crime against women increased by 26.7 per cent in 2013 as compared to the previous year. There were 3,09,546 cases of crime against women reported in 2013 against 2,44,270 in 2012, with the highest number recorded in Andhra Pradesh. The number of rape cases in the country rose by 35.2 per cent to 33,707 in 2013 from 24,923 in 2012 with Delhi reporting an increase of 146 per cent with 585 rape cases in 2012 compared to 1,441 rape cases in 2013, which

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\(^{14}\) http://www.livemint.com/Politics/pB9TRumrCih5IFtqEjuCl/India-ranks-143-in-global-peace-index-Syria-most-violent-R.html

\(^{15}\) http://www.numbeo.com/crime/rankings.jsp
is the highest in India. Delhi is followed by Mumbai, which registered 391 rape cases, tourist city Jaipur registered 192, while Information Technology hub Bengaluru registered 80 rape cases in 2013. Madhya Pradesh recorded the most rapes in 2013 among all other states with 4,335, followed by Rajasthan (3,285), Maharashtra (3,063) and Uttar Pradesh (3,050). The most horrifying fact is that majority of the offenders are known to the victims in 94.3 per cent of rape cases.

**Figure: 2013 NCRB Report shows the trend of crime against women 2009 - 2013**
Crime – Impact and Combat

Crime permeates across all social and economic strata of the country and affects many irrespective of social status and financial standing. There is a strong need to monitor and analyze the crimes occurring across the country with the purpose of regulating them. Though the task of crime regulation remains the responsibility of the Government, private agencies also play a decisive role in reporting them and putting in measures to control them.

Major Categories of Crime in India

- **CRIME AGAINST WOMEN**
  (Rape, Dowry, Female Infanticide, Domestic Violence)

- **ORGANIZED CRIME**
  (Illegal Drug Trade, Arms Trafficking)

- **PETTY CRIME**

- **CYBER CRIME**
‘Strikes, Closures and Unrest’ slips 4 positions to attain a lower perceived Risk Ranking of No. 6 in the India Risk Survey 2015

**Trend**

- Majority of strikes, closures and unrest have been reported from new manufacturing facilities.
- The incidents of strikes, closures and unrest are on the decline from 2013 onwards as per figures available with Labour Bureau.

**The Year-on-Year Ranking Story**

While India ranked 6th out of 25 countries in the Contingent Workforce Index (CWI) 2014 Rankings for Contingent Workforce Engagement\(^\text{16}\), the World Bank report on Doing Business in 2015\(^\text{17}\) places India at a dismal 142nd position out of 189 countries surveyed with labour unrest being cited as one of the major parameters for distress.

The CWI report takes into account the potential for labour market efficiency and displays that India scores well in terms of manpower availability. However, a contrary report from the World Bank cites the lack of available skill set, disparity between management and union, and inefficient and archaic laws to be the major pull back forces that are preventing India to unleash its labour potential.

**Plunging Deep – Incidence Mapping**

The labour markets have undergone tremendous change over the last three decades. As per the India Labour and Employment Report 2014, majority of the unrest has been noticed in new manufacturing units.


\(^{17}\) [http://www.doingbusiness.org/data/exploreeconomies/india](http://www.doingbusiness.org/data/exploreeconomies/india)
Lately, the cases of strikes, closures and unrest in India have seen a decline. However January 2015 witnessed major unrest in two critical sectors of the economy — coal and banking. The unions of Coal India, the company which produces nearly 80 per cent of the coal in India, went on a five day strike, starting on 6th January 2015. This strike reportedly was the biggest industrial strike in the last couple of decades. The strike was reportedly called off on 8th January 2015 after timely intervention by the Coal and Power Minister. Yet again, the present Government averted a major strike, which would have involved 1 million bank employees in India to go on their longest strike in five decades by agreeing to work on an amicable solution by February 2015. The strike called by the employees of the public sector banks, which account for 75 per cent of India’s bank operations, was to be held from 21st January 2015 to 24th January 2015.

**Strikes & Lockouts (2012 -2014)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Workers Affected</th>
<th>Manday Lost</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1098915</td>
<td>10951022</td>
</tr>
<tr>
<td>2013</td>
<td>741998</td>
<td>3026341</td>
</tr>
<tr>
<td>2014</td>
<td>361571</td>
<td>1854877</td>
</tr>
</tbody>
</table>

*Source: Labour Bureau*

**Strikes, Closures and Unrest – Impact and Combat**

Based on an internal analysis and industry wide study, it is evident that incidents of strikes, closures and unrest do indicate that they often result in civic disturbance and violence. Also, the direct fallout of these incidents is the threat of increased financial loss to Indian and foreign companies operating in India and, more importantly, the reputational loss due to adverse media coverage affecting the business prospects and overall security perception of the region.

The country faces various issues leading to labour unrest and strikes. While a few stem from unclear regulations, the majority of the instances are backed by issues between the workforce and management on matters pertaining to wages, service conditions and other benefits.
To build competitive businesses, especially in the manufacturing sector, the managements will have to focus on collaboration, engagement, creativity, talent up-gradation and evolve a culture of productivity, quality and efficiency. Further, the problems with respect to the above are not recent and the Government has over the years introduced various measures to combat the same. These include formal policies, recommendations and also non-binding advisories to both the formal and informal sector.

While there are close to 44 central labour laws and above 100 state labour laws, unfortunately all do not address the concerns of the globalised economy. The matters related to industrial relations, are at present regulated by three main central enactments: The Trade Unions Act, 1926, Industrial Employment (Standing Orders) Act, 1946 and Industrial Disputes Act, 1947.

“Subsequent to stable Government at center, the major risks for power & renewable sector now remain at State level on Political & Governance issues especially on regular tariffs revisions & compliance to renewable purchase obligations. Strikes, Closures & Unrest will keep affecting 1) under construction coal thermal projects on account of non-clarity in new land acquisition process & for short term political gains of local politicians and 2) Coal mining projects due to transfer of operating mining assets from incumbent entity to new winners.”

*Dr Harish K Ahuja, President - Strategy & Corporate Affairs, Hindustan Power Projects Pvt. Ltd.*
‘Accidents’ retain its position at No. 7 in the Risk Ranking of India Risk Survey 2015

**Trend**
- Two-wheelers accounted for highest number of fatalities.
- In 2013, as per Ministry of Road Transport and Highway, a total of 4,86,476 road accidents took place in India and 1,37,572 persons were killed. This translates into one road accident every minute and one death due to road accident in every four minutes.
- Delhi records largest number of fatal accidents among all mega cities.

**The Year-on-Year Ranking Story**

Road safety continues to remain a national concern, with road safety injuries accounting for the leading cause of deaths, disabilities and hospitalisation, with severe socio-economic costs, across the world.

According to the latest World Health Organization report, India records the highest number of road deaths in the world followed by China and the USA. Within India, as per the last available Road Accidents in India (Report) published by Union Ministry of Road Transport and Highways, Tamil Nadu recorded highest number of road accidents in 2013, followed by Maharashtra, Madhya Pradesh, Karnataka and Andhra Pradesh.

![Major States Affected By Road Accidents In India](image)
Plunging Deep – Incidence Mapping

According to the data released by the Ministry of Road Transport and Highway, there has been a marginal decline in the number of road accidents, the number of persons killed and the number of persons injured in road accidents. The total number of road accidents marginally declined from 4,90,383 in 2012-13 to 4,86,476 in 2013-14. Despite the reduction in the number of persons killed during 2013-14, the accident severity (number of persons killed per 100 accidents) increased as compared to the previous year. These numbers translate into one road accident every minute, and one death due to road accident every four minutes.18

In the biggest industrial accident in recent years, six employees of Bhilai Steel Plant, Chhattisgarh were killed and over 30 injured after a gas leak in June 201419. There was an increase in structural collapses (11.22 per cent) in 2013 from previous year. Mumbai had the highest number of incidents of ‘Collapse of Structure’ (118 cases) which accounted for 50.0 per cent of injured persons and 55.8 per cent of deaths. Accidents related to mines or quarry disaster also increased during 2013. There were 955 deaths due to ‘Factory/Machine Accidents’ wherein maximum cases were reported in Aurangabad (200) which rendered one dead, while Delhi, Faridabad, Kanpur, Ludhiana, Raipur, and Surat together (100 deaths) accounted for 10.5 per cent of total such accidents.20

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Accidents – Impact and Combat

Accidents can cause huge loss to the exchequer and prove to be a great liability on the ruling Government to combat the growing menace through stringent application of rules and regulations. Majority of the accidents are caused owing to a boom in population and the absence of matching infrastructure and regulatory system, to match such high speed growth. The Government of India has in the recent past brought about stringent laws with respect to road rage, drunken driving, labour fatalities and has also arranged for various support initiatives in the form of highway patrolling, emergency support across cities and spreading awareness about programs for road and industrial safety.
‘Intellectual Property Rights’ slips 2 positions to rank at No. 8 in the Risk Ranking of India Risk Survey 2015

Trend
- Intellectual Property Rights (IPR) being increasingly recognized as important to economic growth.
- The worst impact of counterfeiting of goods has been witnessed across auto parts industry, FMCG, pharmaceutical, computer hardware and software, alcohol, tobacco and mobile phone sectors.

The Year-on-Year Ranking Story

India’s need to strengthen its Intellectual Property Rights (IPR) remains an important adjunct to its efforts for maintaining present as well as ensuring future competitiveness.

Plunging Deep – Incidence Mapping

The Chhattisgarh sterilisation tragedy of November 2014 which left 13 women dead due to the counterfeit drug used during tubectomy operations is a grim reminder for India to address the threats posed on account of weak enforcement of IPR regime. Also, popular consumer brands and channel partners are turning the heat on India’s leading online retailers for not only undercutting prices but also encouraging the sale of counterfeit goods by sellers of dubious origins on their sites21.

There is an urgent need for integration of IPR into the country’s innovation and commercialization process. This has become all the more important with the present thrust by the Government of India towards “Make in India.” Looking at the recent pattern of incidences occured of IPR violation, counterfeiting and copy right infringement, effective measures need to be undertaken to improve this situation. The recently concluded Global Intellectual Property Convention22 in January 2015 at Mumbai also highlighted the need

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21 http://articles.economictimes.indiatimes.com/2014-12-03/news/56684849_1_snapdeal-counterfeit-goods-vivek-prabhakar
22 http://www.iprconference.com/admin/uploads/GIPC per cent202015 per cent20Policy per cent20Recommendations.pdf
for a draft National IPR Policy to holistically address the IP ecosystem in the country. It clearly indicates how greater coordination within the Government for enforcement will be achieved. One of the positive steps taken in this regard has been the decision to revise the Preferential Market Access policy and exempt the private sector from this requirement.

**Intellectual Property Rights – Impact and Combat**

The infringement of intellectual property rights has a far-reaching impact on loss of revenue and reputation. Further, it also gives rise to a parallel economy that is mainly funded by the channels of terrorism and other black money sources. This exposes a country to various threats including that of national security.

Realizing the impacts caused by such infringement, stringent regulations have been put in place in India. The Code of Criminal Procedure, the Indian Penal Code as well as the Patent Act, 1970, grant exclusive rights to the holder of the intellectual property as well as provides for punishment for the violation of Intellectual Property. Besides the amendments made in these acts, Special Intellectual Property cells are set up in major cities and suo moto raids are also being carried out. Further, there is also an attempt to bring about relevant amendments to various other legislations and set up industry bodies to further the cause.
Fire climbs 3 places to attain the No. 9 position in the Risk Ranking of India Risk Survey 2015

Trend

- Major reasons for fire threats can be attributed to non-compliance to safety norms and non-renewal of safety licenses.
- Fire related incidents majorly reported from various sectors like railways, defence, industries, city centres, logistics domain and during festivals.
- Existence of poor infrastructure, obsolete equipment and lack of preparation, including non-up-gradation of skills of firemen amplifies the threat.

The Year-on-Year Ranking Story

As per the Allianz Global Corporate Speciality Risk Barometer Report of 2014\(^\text{23}\), fire accounts for 25 per cent of the business threats in Asia Pacific, including India. Compared to 2013, in 2014, India witnessed considerable number of fire incidents in domestic, Government (PSUs, railways, defence establishment and buildings), corporate (manufacturing, energy exploration, corporate hubs), important city centres and places of national importance.

Plunging Deep – Incidence Mapping

The fire services in India do not holistically support effective protection against increasing incidents of fire. Most of the fire stations lack special fire-fighting appliances and communication facilities.

In 144 towns having a population of more than one lakh, there is huge deficiency of fire-fighting infrastructure. In these cities alone, fire services need an additional 1,257 fire stations, 2,230 water tenders, 61 rescue tenders, 1,633 ambulances and 1,633 extra-heavy water tenders to provide adequate fire-fighting facilities as per norms fixed by the Standing Fire Advisory Council (SFAC).\(^\text{24}\)


\(^{24}\) [http://ndrfandcd.gov.in/Fire.aspx](http://ndrfandcd.gov.in/Fire.aspx)
Snapshot: Fire Fighting Capability

- Against 70,868 fire stations as per Standing Fire Advisory Council norms, only 1,705 Fire Stations exist.
- Shortage of 97.59 per cent fire stations, 96.28 per cent fireman and 80.04 per cent fire tenders and rescue vehicles.
- Urban fire services have deficiencies of 72.75 per cent in fire stations, 78.79 per cent in man power and 22.43 per cent in fire fighting and rescue vehicles.

Source: NDRFANDCD, MHA India

Fire – Impacts and Combats

In India, more infrastructure is being built with every passing year; there is an urgent need that norms, as laid down under the National Building Code, 2005 (NBC) be followed. These norms give out detailed fire safety measures including safe exits and provision of staircases at appropriate locations. It is also essential that the organizations evolve detailed fire safety plans, which greatly help during an incident, as these plans capture all the essential and critical information about a building and the possible hazards that may be encountered during the handling of fire incidents. There is an urgent need for the creation of adequate number of well-staffed fire stations in each state to extend fire cover to all areas within a reasonable time.
‘Workplace Violence and Sexual Harassment’ slips 2 positions to rank at No. 10 Risk Ranking of India Risk Survey 2015

**Trend**
- Workplace violence and sexual harassment continue to baffle India.
- Cases of sexual harassment at workplace are high in the unorganized sector.

**The Year-on-Year Ranking Story**

As per the 2014 survey of Association of Threat Assessment Professionals, around 95 per cent of the respondents recognized Workplace Violence to be a considerable threat across the organizations. As compared to years before 2012, the Society for Human Resource Management (SHRM) Survey on Workplace Violence reports an increase of 15 per cent in reported incidents of workplace violence, including India.

**Plunging Deep – Incidence Mapping**

As per a survey by Fair Wear Foundation, an independent non-profit organization, violence against women is one of the most widespread violation of human rights. Diverse forms of harassment or violence have been reported by a disturbingly high percentage, especially against workers in garment industries. Approximately 60 per cent of the factory workers have experienced some type of harassment at work, verbal abuse or physical abuse²⁵.

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According to an opinion poll conducted by Oxfam India and the Social and Rural Research Institute, titled ‘Sexual Harassment at Workplaces in India 2011-2012’, 17 per cent of working women in India say they have experienced workplace sexual harassment. The survey covered 400 women in Delhi, Mumbai, Bangalore, Chennai, Kolkata, Ahmedabad, Lucknow and Durgapur, across both the formal and the informal sectors.

Workplace Violence – Impact and Combat

Workplace violence provides for an unstable internal workplace environment as well as a poor perception of external stakeholders. This not only causes reputational loss, but often increases the cost of doing business for a company. The Government and the judiciary branch must protect the rights of the employees and ensure that their grievances are heard. Regular trainings to increase knowledge of employees, formation of anti-harassment policies and committees and employee helplines are some of the major preventive actions against workplace violence in an organization. Keeping this in mind and accordingly giving due importance and much-needed constitutional sanctity to this important topic, the Union Government promulgated the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013.

Figure: Shows violence against women

‘Political and Governance Instability’ shows a drastic decline from No. 3 position to No. 11 in the India Risk Survey 2015

**Trend**

- The era of coalition comes to an end with the result of 2014 General Elections; the perceived risk has seen a steep downward trend and has fallen by 8 notches compared to the earlier ranking.
- India polity seen as maturing; keen on national issues rather than remaining focused at regional level.
- The influences of the regional parties appear to be on the decline at the national level.

**The Year-on-Year Ranking Story**

The 2014 Political Risk Report shows India doing fairly well in terms of perceived themes of governance framework, political violence, business and macroeconomic risk and societal forced regime change risk. India ranks 47th in this survey and also scored fairly high in the non-disparity chart between political freedom and social gains within the country.

The 2013 World Bank Index for Political Stability and Absence of Violence in India also clearly indicates how the country is on a healthy upward trend of improvement and shows promises of robust growth. The associated graph clearly shows a healthy rise in the negative growth index towards a positive quadrant and better future.
Plunging Deep – Incidence Mapping

The general elections of 2014 and thereafter the state elections of Haryana, Jammu and Kashmir, Maharashtra, Delhi, etc. indicate a definite shift in the political dynamics of India. This transition is led by an evolving mind-set of the Indian masses that are keen to have a single party leading the Government at the Centre or the State. The era of coalition Governments at the Centre which began in 1980’s appears to be coming to an end. In this context the General Elections of 2014 gave forth some interesting statistics:

- There were a record number of 434 political parties at the national and regional level, over 8,000 candidates were in fray and the voter turnout was over 66.38 per cent, which has been the highest so far.
- BJP won 282 seats on its own and has 336 seats along with its coalition partners out of a total of 545 seats. The total seat tally of all the regional parties was around 40 per cent of the Lok Sabha seats, the balance 60 per cent being in favour of BJP (52 per cent) and Congress Party (8 per cent).
- Candidates won with larger margins than the previous elections thus representing a larger majority of population support.

Changing Landscape

Prime Minister Narendra Modi is largely seen as the architect of the National Democratic Alliance’s (NDA’s) victory. It is analyzed that the PM’s ability to push key reforms early will further consolidate BJP’s position at the state level. In September 2014, Standard & Poor’s (SP’s)27 Ratings Services revised its outlook on India to stable from negative, citing the improved political setting of the country, which will offer a conducive environment for reforms, boost growth prospects and improve fiscal management.

27 http://www.ibtimes.co.uk/sp-upgrades-india-outlook-stable-negative-better-politics-market-cheers-move-1467354
‘Natural Hazards’ show a decline in risk perception with a rank standing at No.12 in the India Risk Survey 2015

Trend

- Floods, earthquakes and storms remained the most frequently occurring natural hazards in India.
- Cyclone “Hudhud” in Andhra Pradesh and floods in Jammu & Kashmir have caused approximately INR 27,608 crore (approx. USD 4.5 billion) damage.
- Tourism and hospitality are the worst hit sectors due to natural disasters.

The Year-on-Year Ranking Story

India, on account of its geographical position, climate and geological setting, is the worst affected theatre of natural hazards in the South-Asian region. Drought, floods, earthquakes and cyclones devastate the country with grim regularity year after year. They are increasing in frequency, causing more and more injury, disability, diseases and death, adding to the health, economic and social burden of a developing nation.

As per the 2014 report of Natural Hazards Risk Atlas, which assesses 197 countries on physical and economic exposure to 12 types of natural hazards, including flooding, storm surge, earthquakes, tsunamis, cyclones, wildfires and volcanoes, India ranks at No. 5 with a risk categorization as “extreme” ahead of the Philippines and Indonesia.

Further, as per the 2014 Mind the Risk report published by Swiss Re, the Indian eastern metropolitan of Kolkata ranked No. 7 in a global assessment of natural disaster risk. The report which assessed 616 cities around the world for five perils - earthquake, storm, storm surge, tsunami and river flood analyzed that about 17.9 million people in Kolkata face all five types of natural disaster risk. The other Indian cities that figured in the report are Mumbai (for risks from storms and storm surges), Chennai (for risks from storms and tsunami) and Delhi (for risks from earthquakes and river flooding).
Plunging Deep – Incidence Mapping

Maple Croft’s Climate Change and Environmental Risk Atlas, 2014 reveals that 31 per cent of global economic output will be based in countries facing ‘high’ or ‘extreme risks’ from the impacts of climate change by the year 2025, with India ranking 20th in the said report.

From floods in Jammu and Kashmir to cyclone “Hudhud” in Andhra Pradesh, 2014 witnessed quite a lot of natural calamities in India.

One of the most destructive cyclones in the history of India, the tropical cyclone “Hudhud”, hit Visakhapatnam in Andhra Pradesh in October 2014.

Key Facts

- More than 58.6 per cent of landmass prone to earthquakes of moderate to high intensity.
- Over 40 million hectares (12 per cent) of land prone to floods and erosion.
- Approx. 5,700 kms, of 7,516 kms coastline prone to cyclones and tsunamis.
- 68 per cent of cultivable area is vulnerable to drought.
- Hilly areas at constant risk from landslides and avalanches.

Natural Hazards – Impact and Combat

Perhaps the most eye-opening event was the Jammu and Kashmir floods of September 2014 which were the worst in the past century. It caused over 200 deaths and blocked access to basic services for more than a million people. The floods impacted trade, vehicles, hotels, restaurants, horticulture and handicraft in the state. While the overall loss to hotels, trade, agriculture, roads and bridges is estimated to be around INR 2,630 crore (approx. USD 438 million); railways, power and communication in the hills may have incurred losses of over INR 2,700 - 3,000 crore (approx. USD 450 to 500 million). The worst hit was tourism industry as the state economy is heavily dependent on tourism related sectors like trade, hotels, eateries, transport. In 2013-14, service sector contributed approximately 56.5 per cent to state’s economy.

It clearly depicted the vulnerability and the impact of natural hazards and the far reaching and lasting consequences. Further, the impact of such a disaster also helped in mapping of the interplay between the vulnerability of the geo-economic conditions and the omnipresent hazards that need to be accounted for.

Ministry of Home Affairs (MHA), Government of India has undertaken several initiatives for building disaster resilient communities in India. In the recent past, several steps have been taken for strengthening existing preparedness, mitigation and response mechanisms of the states. This also includes release of funds by the Government of India to the State Governments under Centrally Sponsored Schemes (Plan and Non-Plan) and through externally aided programmes.

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The aim of the IRS 2015 is to quantify twelve prominent risks and rank them as per their criticality to the respective businesses and regions of India by the IRS team. The methodology adopted included an online risk survey covering various industries and regions, both in India and abroad. The respondents included were from lower, middle and upper management professionals. The results that were received through this process are presented in the form of graphical descriptions along with the trend observed for each risk in the report. The highest risk has been categorized as No. 1 and the lowest risk is ranked as No. 12.
About Pinkerton

Pinkerton is the industry’s leading provider of risk management services and solutions for organizations throughout the world.

The Industry Leader Since 1850

Pinkerton offers national and global organizations a vast selection of reliable risk management services and solutions, including: Investigations; Protective Services; Crisis Management & Emergency Services; Employment Screening; Security Management & Consulting; Intelligence & Information Services; and Brand Protection & Intellectual Property.

Pinkerton traces its roots to 1850 when Allan Pinkerton founded The Pinkerton National Detective Agency. Throughout its rich history, Pinkerton created forerunner to the Secret Service, hired the country’s first woman detective, and has remained the industry leader in developing innovative security and risk management solutions for national and international corporations.

With employees and offices worldwide, Pinkerton maintains an unmatched reputation for protecting clients and their assets around the globe.

Our Values – Our values create the foundation for our corporate culture. They help shape our behavior and create measurable expectations for clients, employees and stakeholders. Our key values can be summarized in three words: Integrity, Vigilance and Excellence.

Integrity – The overriding principles of our firm are honesty and ethical conduct. To uphold our reputation for reliability and accuracy, Pinkerton places utmost importance on integrity. It has allowed us to sustain our commitment throughout our 160 year history.

Vigilance – Unparalleled protection requires the tenacity to continually see, hear, evaluate and analyze...over and over. The vigilance instilled in the Pinkerton culture means that our agents, analysts and consultants offer clients a level of attentiveness and alertness that – we believe – cannot be equaled by anyone.

Excellence – It’s crucial to get the job done and get it done right. This is how we earn the privilege of retaining our long-term client relationships.

About FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India’s struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector’s views and influencing policy.

A non-government, not-for-profit organisation, FICCI is the voice of India’s business and industry.

FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs; FICCI enjoys an indirect membership of over 2,50,000 companies from various regional chambers of commerce.

FICCI provides a platform for sector specific consensus building and networking and as the first point of call for Indian industry and the international business community.

Our Vision: To be the thought leader for industry, its voice for policy change and its guardian for effective implementation.

Our Mission: To carry forward our initiatives in support of rapid, inclusive and sustainable growth that encompass health, education, livelihood, governance and skill development.

To enhance efficiency and global competitiveness of Indian industry and to expand business opportunities both in domestic and foreign markets through a range of specialised services and global linkages.

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