

FRAMEWORK OF RISK MANAGEMENT IN INDIAN COMMERCIAL BANKS

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ABSTRACT

Now a day risk management has become the most important topic for banks in the recent years. Effective risk management is a critical to any bank for achieving financial soundness. It is systematic in nature, in that it involves the entire financial system, from capital markets, to banks, funds and insurance companies, and all financial firms. Just like individuals, banks have always faced risks. Addressing risk management in the context of current challenges is a complex matter and a function of appropriate policies, procedures and culture.

Risk Management in the financial sector and more particularly in banking is complex because banks deal with money which is the basis of any economic activity. Banking and financial sector has been working in the area of risk for a long time now. Banks intermediate for funds and trade in money or money equivalents the risks are classified into credit risk, market risk and operational risk. Evaluating the range of risk responses available and deciding the most appropriate response in each case is at the heart of risk management. This study explores framework of risk management in Indian commercial banks.

KEY WORD: risk, risk management, frame work, commercial banks.

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