

Balance Of Economic Power Shifts To Developing Nations

BY ANDREW MCCATHIE

Berlin: (DPA) The Group of 20 (G20) is likely to face a test next year of its new-found role as the world's top economic forum.

Apart from its planned makeover of the world financial system, the G20 major industrial powers and the leading emerging economies will also begin rolling back the big fiscal stimulus packages launched by governments to counter the recession.

At their final meeting of 2009 - in the US city of Pittsburgh in September - the G20 leaders agreed that the new, larger bloc should supersede the Group of Eight (G8) as the pre-eminent forum for dealing with global economic issues.

Besides marking a shift in the balance of power away from big states, this effectively transformed the G20 into a global economic council. Together, the G20 member states now represent about 85 percent of global economic activity.

With several key G20 states - such as the US, Japan and Germany - having already emerged from what has been the deepest recession in a generation, and growth picking up in nations such as India and China, the G20 has been under pressure to draw up exit strategies from the trillion-

dollar emergency fiscal packages.

This is particularly the case as the packages of measures, which total about \$2 trillion world-wide and include tax cuts and higher public spending, risks triggering a ballooning global public debt next year.

"The next challenge is the withdrawal of the financial stimulus measures in 2011," said Frank Oland Hansen, senior economist with Danske Bank, "Here the risk is that the monetary and finance policy tightening will kill growth."

G20 member states have been asked to submit their economic plans by January 2010 to help coordinate the end of the support schemes. At present, governments are expected to begin pulling back their anti-crisis fiscal programs by the middle of 2011.

Having responded to the onslaught of the economic crisis by slashing interest rates and pumping liquidity into the international economy,

the world's leading central banks are also starting to move towards exiting their emergency monetary support plans.

For the moment, the G20 stance is that the stimulus programs will not be drawn down until signs have emerged that the global recovery has taken a firm hold.

Indeed, a key agreement at the Pittsburgh summit was that the G20 would work together to ensure "fiscal, monetary, trade and structural policies are collectively consistent with more sustainable and balanced trajectories of growth."

Success in laying out the groundwork for ending the anti-crisis plans and reforming the global financial system could help the G20 to further tighten its grip on forging global economic policy.

As a result, when the G20 member states gather in Canada in the middle of 2010, and South Korea in November, the bloc could have essentially eclipsed the other world power groupings.



India's Tech Industry Relieved As 'Year Of Satyam' Blows Over

Bangalore: (IANS) It's a year Indian IT sector would like to forget for more than one reason. Even as the industry was braving a global meltdown, its reputation was hit early 2009 when Satyam Computers founder B. Ramalinga Raju confessed to a \$1.4-billion fraud.

As the year progressed, the top 20 firms managed to survive the slowdown since the middle of 2008 by tightening their belts and exploring new geographies, but small and medium vendors took the brunt, leading to mass layoffs and dwindling compensations.

But 2010, they hope, will bring the much-needed respite.

"It has been a year of shock and awe, as it began with the world looking like coming to an end. But as the months passed, the world changed and the market became more competitive," said T.V. Mohandas Pai, director of IT bellwether Infosys.

"Hope and growth are coming back as we enter 2010," Pai told IANS.

The tech industry shrugged off the Satyam fiasco as a one-off scam. The government intervened to pull it out of a financial quagmire and minimise its impact on exports and the Mahindras bailed out the Hyderabad-based firm by acquiring it.

But for the industry as a whole, the global recession and slowdown posed a challenge that saw vendors pulling all stops to stay afloat, even as downsizing at corporate houses overseas presented new avenues for outsourcing.

"Though the year gone by was challenging, it was also satisfying by many counts," said Suresh Senapaty, chief financial officer of Wipro, among the top three IT exporters in the country.

After a compounded export growth of over

30 percent since the dotcom bust in 2003-04, the software sector saw export growth plunging to 16.3 percent (to \$46 billion) last fiscal as against 27 percent (to \$40 billion) in 2007-08.

Now the industry's representative body, National Association of Software Services Companies (Nasscom), estimates exports growth to fall further - to between only four-eight percent this fiscal at \$48-50 billion.

To ensure growth, albeit in single digit, even the biggies were forced to adopt multiple survival strategies to retain customers, moving to fixed costs and bundling software services with back-office operations and remote infrastructure management.

Multinationals that set up captives to leverage the cost arbitrage and skills of home-grown techies concentrated on consolidating operations.

At the same time, bellwethers TCS, Infosys, Wipro and HCL, which built cash reserves in boom times, bought out a few captive units or back-office operations of global firms in India and overseas.

Added Pai: "Though the Indian IT industry is well-positioned to dominate the world once recovery begins, it has to restructure as its offerings are going to be commoditised."

With the worst behind and signs of demand for outsourcing and offshoring from the US and European markets, which account for about 80 percent of Indian software exports, picking up, the IT industry is gearing up for a gradual recovery in the new year.

"If we entered 2009 with extreme uncertainty, we enter 2010 with cautious optimism. Agility will be key to all stakeholders. The focus will be to strengthen the fragile economic recovery in 2010," said Senapaty.



Ramalinga Raju

The Highs & Lows Of Being An NRI

London: (IANS) From suffering a surge in racist violence to being conferred the honor of a science Nobel, the Indian diaspora in 2009 lived out the highs and lows that come with being linked to a country that is rising on the world stage.

As the number of Indian students in Australia swelled from around 30,000 in 2004 to nearly 100,000 in 2009, scores of them were subjected to racist attacks in the summer, prompting Australian Prime Minister Kevin Rudd to express regret and assure his Indian counterpart Manmohan Singh that Indian students are welcome in his country.

By contrast, 2009 was also the year when an Indian origin scientist, working away quietly in Cambridge University on the structure and function of the ribosome, was named for the Nobel prize in chemistry along with an American and an Israeli.

Coming as it did just as the violence in Australia was dying down, the coveted prize sparked instant celebrations in India.

But the winner, Venkataraman Ramakrishnan, waved away the plaudits, telling IANS his Nobel was a "much bigger deal" in India than in his institute - the MRC Laboratory of Molecular Biology.

"In India I'm seen as the first in my field. In my institute, I'm just the 15th Nobel laureate," he said.

The following are some of the other highlights charting the ups and downs in the life of the Indian diaspora in 2009:

Prodded by opposition parties in the run up to elections due by June 2010, the Labour government in Britain continued to fret and fume over migration. Scrapping visas granted under a Highly Skilled Migrants Programme (HSMP) - a system that benefited mostly Indians - the government introduced an Australian-style system where applicants are awarded points for skills, education,

Most significantly, the rise in importance of the G20 underscores the critical role played by the key emerging economies such as China, India and Brazil in helping big industrialized states such as the US and Europe counter the fallout from the recession.

Indeed, the world financial crisis has been a defining moment in the ascension of emerging economies onto the international economic stage.

If anything the economic firestorm showed how inadequate the G8 or the other smaller variations of the leading economies were in for shaping global economic policy.

That said, the G20 is still a relatively youthful organization with the G20 leaders gathering in Washington in November 2008 for their first summit since the group was established in 1999.

Previously, G20 gatherings were for essentially for the bloc's finance ministers and central bankers to meet. But since the historic November summit in Washington, the G20 leaders have met three times.

In addition to the world's leading developed economies such as the US, Germany, Japan, Canada and France, the G20 includes key emerging economies such as Argentina, Brazil, India, Indonesia, Mexico, Russia and China.

existing salary, qualifications and knowledge of English.

Violent racism swept parts of Britain too. Clashes broke out as far-right groups such as the English Defence League and Stop Islamisation of Europe took out marches in towns and cities with large South Asian populations.

The most prominent rise was that of the British National Party (BNP), which reserves membership for whites only and campaigns to remove non-whites from Britain.

During a controversial appearance on a BBC television panel show, BNP leader Nick Griffin was taken on by an Indian-origin member of the audience, whose comments hit the headlines around the world.

Khush Klare, whose parents migrated from India in the 1960s, left Griffin speechless after telling him: "This is my

country, I love this country, I'm part of this country. You would be surprised how many people would have a whip-round to buy you a ticket - and your supporters - to go to the South Pole. It's a colourless landscape that will suit you fine."

In the arena of public life, a ballooning scandal over expense claims filed by British parliamentarians hit Indian-born steel magnate Swraj Paul, who voluntarily stepped down as deputy speaker of the House of Lords for the duration of an inquiry launched at his request.

In arts, celebrated British film director Danny Boyle's India-themed "Slumdog Millionaire" took eight Oscars, including best director. Dev Patel, a lanky 19-year-old from Harrow in northwest London, played the lead.

The year saw the death of Jade Goody, the British reality television star whose insulting remarks against movie actress Shilpa Shetty in 2007 outraged the Indian diaspora and caused her expulsion from the show.



Venkataraman Ramakrishnan