International **Business News**

Brussels to float Euro IMF plans today

AFP, Brussels

The European Commission will float proposals to create a 'European IMF' within 24 hours, a body that could rescue debt-hit countries like Greece, a Brussels official said on Monday.

Economic and Monetary Affairs Commissioner Olli Rehn will "inform" the full commission executive today of ongoing "discussions" on the issue, his spokesman said.

Plans to "reinforce economic coordination and country surveillance" across Europe will be centred on the 16 nations that share the euro currency, which has come under pressure as a result of the Greek budget crisis.

The spokesman, Amadeu Altafaj Tardio, said the commission is "ready to propose such a European instrument," and gave a tentative deadline of the end of June for full details on how and by whom it will be funded.

Rehn earlier to Monday's Financial Times Deutschland newspaper that the monetary fund "would have the support of eurozone members" and that such financial aid would be linked to "strict conditions."

India car sales rise 33pc in February

AFP, Mumbai

Car sales in India jumped 33 percent in February, industry data showed Monday, as customers purchased vehicles ahead of an expected increase in tax announced in the federal budget last month.

A total of 153,845 vehicles were sold in February, up from 115,505 a year earlier, data from the Society of Indian Automobile Manufacturers showed.

Car sales have been on the rise in Asia's third-largest automobile market due to inexpensive loans, the launch of new models and a recovery in demand.

Sales of trucks and buses jumped by 87 percent to 58,024, indicating a recovery in economic activity, industry data showed. The government hiked vehicle excise duties in the

budget as part of a rollback of stimulus measures aimed at shielding India's economy from the global financial crisis. On Monday, Maruti shares rose 1.02 percent or 14.85

rupees to 1,472 while country's largest vehicle maker Tata Motors rose 0.7 percent or 5.55 rupees to 800.85, on hopes of improved earnings in coming quarters.

Russia launches 'cash for clunkers' to revive car market

AFP, Moscow

Russia launched on Monday a cash-for-clunkers programme encouraging drivers to trade in old cars for new ones in order to prop up a domestic market badly hit by the global economic crisis.

Under the experimental programme to run through November 1, the government will offer discounts of 50,000 rubles (1,680 dollars) to those who want to turn in a car more than 10 years old in exchange for a new car built in Russia.

Prime Minister Vladimir Putin said last week the government had allocated 11.5 billion rubles for the programme, which is expected to help Russians pay for 200,000 new cars.

Speaking at a government meeting on March 4, Putin urged Russians to make the best of the government help, adding the removal of old vehicles will help make the air cleaner and "save thousands of lives that traffic accidents claim today."

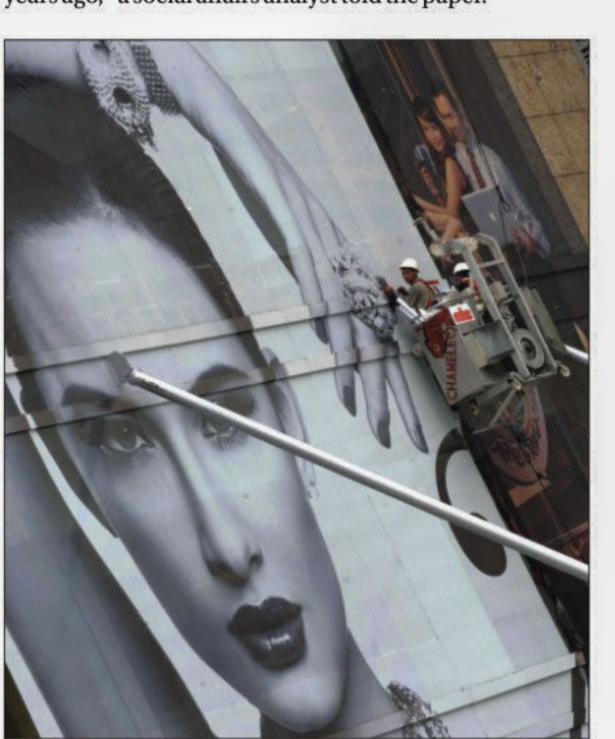
Women's share of UAE workforce tops 14pc

AFP, Dubai

The proportion of women in the United Arab Emirates workforce exceeded 14 per cent last year, a far cry from the less than three per cent level of the the early 1970s, a government-owned daily said on Monday.

"Starting from less than three per cent in the early 1970s, women's share of local jobs in the UAE surged... to 13.6 per cent in 2007 and was expected to have exceeded 14 per cent in 2009," Emirates Business daily said, quoting an economy ministry report.

"I am sure you will see a further rise in the coming years as the UAE is easing social barriers and allowing women to get the sort of jobs that have been a taboo just a few years ago," a social affairs analyst told the paper.



Workers install a giant photographic advertisement promoting luxury items at a new mall in Jakarta yesterday. Indonesia's economy, Southeast Asia's biggest, grew 4.5 percent last year and is on track to lead the region's recovery from the global economic crisis.

COLUMN

Population, a growth engine

ROHAN SAMARAJIVA

I was surprised, during my last stay in Dhaka, to read a magazine article about Bangladesh's "population problem" that made no reference to demographic structure. Modern scholarship no longer sees population solely as a burden, understanding that the relevant question is not about the size of the population as such, but about its demographic structure, the way the population is distributed across different age groups.

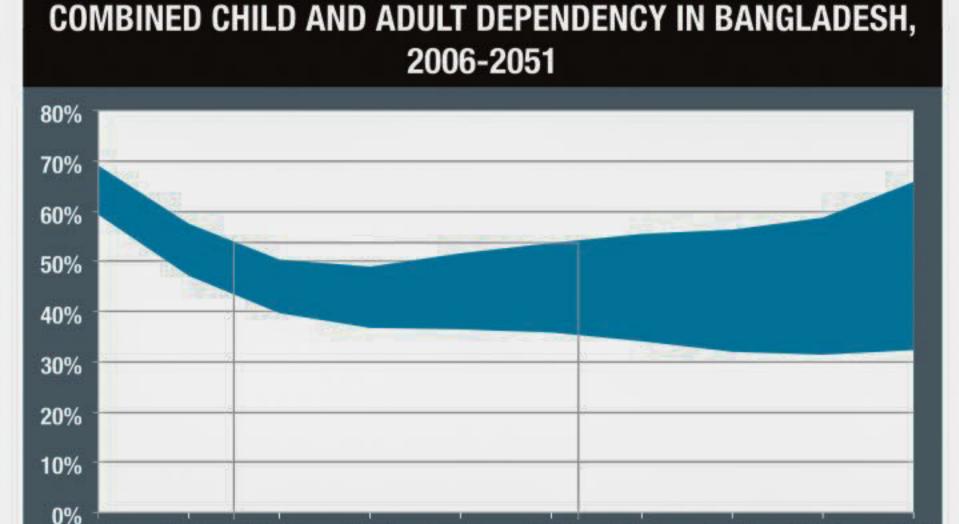
When the demographic structure is such that there is a "boom", or an unusually large generation in the economically-active age group, with low dependency on the economically active group by their elders and by their children, the potential for realisation of a demographic dividend in the form of rapid economic growth is high.

Retrospective analysis of growth of the East Asian "tiger" economies and even the post-war economic boom in the US has shown a strong contribution from this demographic factor.

unusually large cohort among the elderly has to be supported by a relatively smaller number in the economically active age group, there is a demographic danger. The economically active cohorts will not be able to grow the economy because of the burden of supporting the elderly in the absence of effective social welfare systems. In sum, countries should get rich before becoming old.

Starting in around 2013, Bangladesh will enter the best period for realising the demographic dividend, with the lowest levels of combined child and adult dependency in its history. This golden period will last until around 2033 when the more burdensome adult dependency (ratio of adults over 65 years of age to the working population aged 15-65 years) reaches significant proportions.

One can, of course, define the demographic-dividend period broadly or narrowly, using, say 60 percent combined dependency as the marker in the former or 50 percent combined dependency in the



2031

latter.

The broad definition will yield a longer period starting now and extending to around 2046; the narrow definition will starve. When the age structure is such that an yield a very short period from 2015 to 2023.

Source: Calculated using projections in Bangladesh Bureau of Statistics (2007)

Population census 2001: National series, volume 1-Analytical report)

2011

It is noteworthy that 2021, the fiftieth anniversary of the founding of the state of Bangladesh and the target year of the national vision of becoming a middleincome country, falls squarely within the span of each of these periods.

If the golden years are not used to achieve economic growth and build a good social security system, Bangladesh will face the demographic danger, or the demographic time bomb. With large numbers of the elderly to look after with little help from government, the shrinking working population will become less productive and entrepreneurial.

The country will become mired in a lowgrowth stasis. In these conditions, out migration will increase, shrinking further the working population and making it even more burdened and less productive. The country will now be in a downward spiral. Therefore, one should not look at the lowtotal-dependency period simply as an opportunity to grow the economy. It is like the seven years of plenty that come before the seven years of famine. The seven good years are there to prepare for the famine. Those who do not use the opportunity will

2041

2046

Adult dependency

USING THE GOLDEN YEARS WELL

Child dependency

2036

The demographic dividend is not automatic. When conditions such as good educational preparation, relatively good infrastructure facilities and law and order exist, the entrepreneurial energy of individuals within the relatively less burdened working population is likely to be unleashed. The productive energy of the larger workforce and their greater spending power will yield higher baseline economic growth.

According to demographic-dividend theorists, "having a larger, healthier and better-educated workforce will only bear economic fruit if the extra workers can find jobs". If jobs are not available, a country may even see riots and rebellion from the boom generation.

Most of our countries release the pressure by encouraging labour migration or giving make-work employment in the state sector. The latter is counter-productive, misallocating resources that should be used for providing training and building infrastructure. The former solution of encouraging expatriate employment is sub-optimal

because of the stresses placed on family life and the loss of multiplier effects of domestic employment.

It is here that information and communication technologies can make a difference. In the past, only agricultural and manufacturing goods could be exported. Now, thanks to telecom, even services can be exported. Bangladesh is currently said to have 30,000 persons working in the Business Process Outsourcing (BPO) indus-

In 2005-06, it was estimated that India created 1.3 million direct jobs in the IT and IT enabled services sector, with another 3 million jobs created indirectly, to serve the industry. The proportionate numbers for Bangladesh, which has one-seventh the Indian population will be 182,000 direct jobs and 421,000 indirect jobs. Agriculture and manufacturing can

create new and better-paying employment and exports by integrating ICTs into value chains: for example, by ensuring traceability in the case of agriculture and improved logistics and customisation in the case of manufacturing. Creating exports and highquality, well-paying employment in agriculture, manufacturing and services by the integration of ICTs is essential to realisation of the demographic dividend.

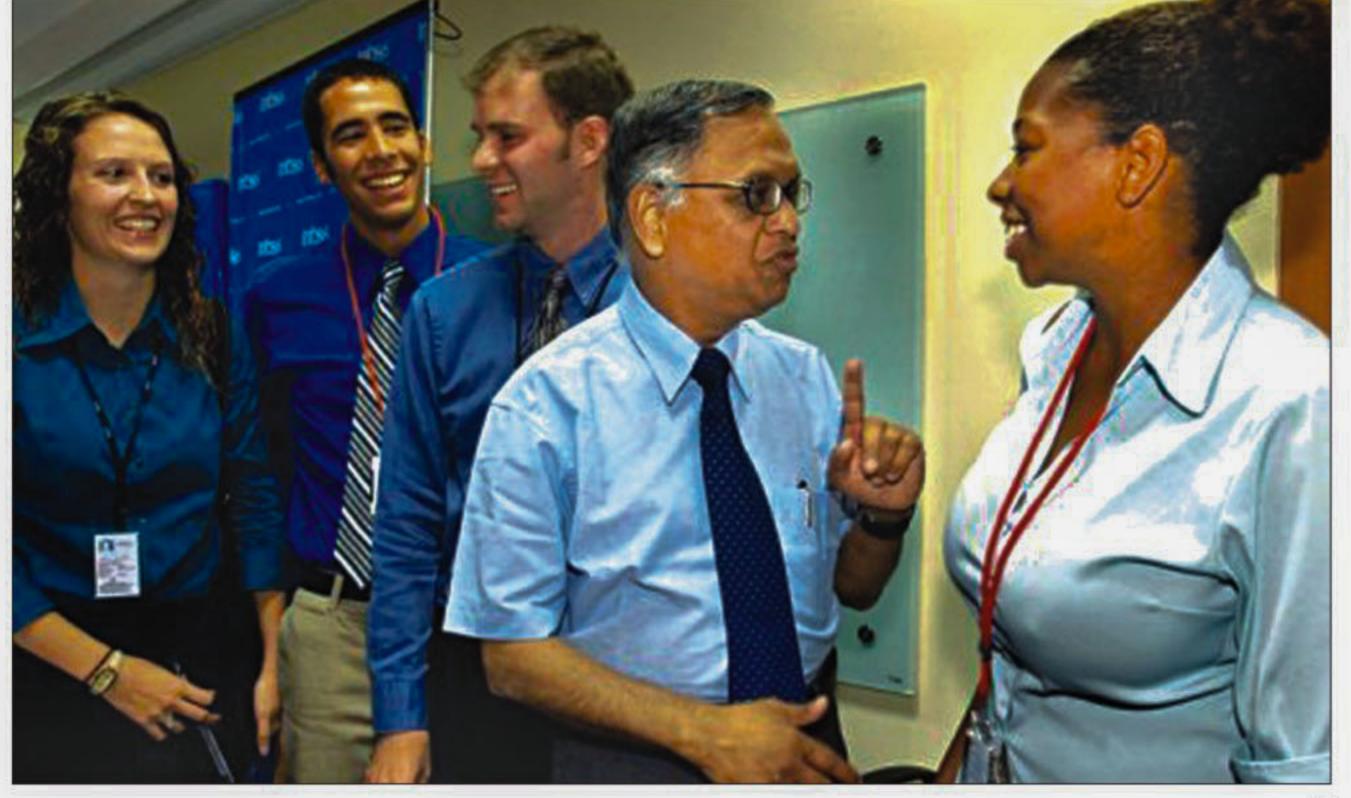
For all this, Bangladesh needs telecom policy and regulation that seek to realise value in industries that use telecom as an input, rather that extract the maximum rent from telecom itself.

Shonar Bangla: not automatic; not on a platter; but a potential that can be realised by the government and the private sector working to remove the barriers to entrepreneurship and job creation, in particular through better policy and regulation for the ICT sector; then by concerted action to build a social security safety net to face the challenges of the subsequent demographic danger.

Rohan Samarajiva is the chair and CEO of LIRNEasia, a regional ICT policy and regulation think tank. He served as policy advisor to the post and telecommunications ministry of Bangladesh until 2009. He can be reached at rohan@lirneasia.net.

JOBS

Good time for Indian IT



Infosys is one of India's big three outsourcing companies. India's big three outsourcing companies -- Tata Consultancy Services (TCS), Infosys and Wipro -- have plans to boost hiring sharply in the next fiscal year.

AFP, Bangalore, India

................. Indian software engineer Prithvi Sen has a spring in his step after getting re-hired by the country's flagship outsourcing industry, which is shaking off the effects of the global recession.

"I was unemployed and it was tough, but I've got work again," said the 26-yearold Sen, who landed a job recently with a small outsourcing company in India's high-tech hub of Bangalore.

Sen is benefiting from a hiring wave by India's outsourcing sector which is set to increase recruitment by nearly 70 percent National Association of Software and Services Companies (Nasscom).

India's big three outsourcing companies -- Tata Consultancy Services (TCS), Infosys and Wipro -- all have plans to boost hiring sharply in the coming financial year.

"The feel-good factor is back in the industry," said Prithvi Lekkad, head of the Union of IT and IT-enabled services (Unites) Professionals, a trade union which represents some outsourcing workers.

India's software and services exports are expected to grow by up to 15 percent

to hit 57 billion dollars in the next fiscal year to March 2011.

The growth projected for next year is still far below the blistering 28 percent export revenue rise clocked in the finan- in-house. cial year 2006-07.

But it is allowing major companies to bump up hiring again after a year in which they froze salaries and sharply reduced recruitment.

The big companies have been returning to university campuses to recruit in large numbers with new orders in the

ence student, told AFP.

Indian software companies, whose breakneck growth has been an important driver of the country's economic modernisation, were hit by the global slump that prompted many customers to put projects on hold.

More than 2.3 million people are employed in the sector either directly or indirectly, making it one of the biggest job creators in India and a mainaccounts for 5.9 percent of gross domestic product.

India's success has been in convincing waiting for new projects.

US and other foreign firms, drawn by a vast, educated English-speaking workforce and low labour costs, to farm out processes that were previously done

Companies provide a slew of services ranging from answering banks' client calls, processing insurance claims, legal work and equity analysis to engineering and computer systems design.

"We expect net hiring in the ensuing fiscal year to be over 150,000," Nasscom president Som Mittal told AFP.

That is up from net additions of 90,000 "Prospects for jobs are bright now," in the current year but still far off peak in the next financial year, according to the R.K. Akash, a 21-year-old computer sci- levels of 250,000 to 300,000 before the global financial crisis hit.

The Nasscom outlook comes after TCS, Infosys and Wipro announced forecast-beating quarterly earnings.

"Spending is coming back, decisions are being made (on new orders)," Nasscom chairman Pramod Bhasin said, adding the industry had "reinvented itself" during the downturn by cutting costs and making itself more efficient.

But while more hiring is being done, stay of the national economy. It Bhasin said the industry was changing its hiring practices to reduce so-called "bench time", when workers are idle,

AIG sells Alico unit to MetLife for \$15.5b

American International Group will sell its overseas life and health insurance unit for \$15.5 billion to MetLife Inc, the insurer said Monday, as it attempts to repay billions in government aid.

In the deal announced Monday, MetLife will pay \$6.8 billion in cash, and the rest in stock and equity units.

The cash portion of the sale will be used to reduce a \$47.9 billion investment in AIG by Federal Reserve Bank of New York.

"With this sale of Alico, along with the sale of AIA to Prudential PLC announced last week, we are on track to generate approximately \$50.7 billion from these two transactions alone, consisting of approximately \$31.5 billion in cash to repay the FRBNY, plus another approximately \$19.2 billion in securities that we will sell over time to repay the government," said AIG Chairman Harvey Golub. "Both sales give AIG greater flexibility to move forward with our restructuring and rebuilding efforts."

AIG owes the government almost \$130 billion in bailout funds, including \$47.3 billion owed to the US Treasury and \$34.5 billion in assistance tied to the value of investments the New York Fed bought to prop up AIG.

The deal will give MetLife a larger presence in Japan as well as highgrowth markets in Europe, the Middle East and Latin America.

Alico, which operates in more than 50 countries, is the second international unit AIG has sold this month. On March 1, AIG said it would sell a cornerstone of its business, Asia-based life insurer AIA Group, to Britain's Prudential PLC in a governmentapproved \$35.5 billion deal.

AIG and MetLife are based in New York.

AIG shares rose nearly 3 percent, or 80 cents, to \$28.88 in premarket trading. MetLife shares closed Friday at \$38.92.