GLOBAL FINANCIAL MELTDOWN CORPORATE SUSTAINABLE RE-POSITIONING STRATEGY

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Abstract: *Between 31st December 2007 and the 18th October 2008, all the stock exchanges across the world fell dramatically, by 30 to 40%, sometimes more for the stock exchanges of the industrialized countries, 45% for Turkey, Brazil and India, 60% for Russia and China. The colossal build-up of private debts has finally exploded in the industrialized countries starting with the United States. Even countries like China, Brazil, India or Russia have not been able to protect themselves from this crisis.*

The study measures the magnitude of crisis in global perspective and enlightens the impact of such global crisis on emerging economies. It is a fact that these challenges may also be opportunities that some companies are well positioned to capitalize on. The key is to measure opportunities against significant and unknown risks. The prime objective of the present study is to suggest the measures so that the corporate executives can realign their strategies and reposition themselves to sustain in the long run.

Key Words:
Sustainable Re-Positioning Strategy, Economic Downturn, Corporate Strategic Drive

1-0 INTRODUCTION

Financial markets are a part of the changing business paradigms across the globe. In fact, the financial markets are the first to unleash the creativity and imagination and lead the revolution. Today, financial markets are turbulent, globally. First came an early-morning announcement by the British government that it had crafted a $90 billion rescue package for its banks (Gumbel, 2008). Then five central banks from around the world, including the two big ones - the US Federal Reserve and the European Central Bank - announced a cut in interest rates. The big concerted action of October 8, 2008 passed with barely a shrug from Wall Street. Stock markets worldwide continued to roll and banks everywhere remained in the firing line. The mess caused by fast-and-loose mortgage lending in the US has now blown into a perilous global crisis of confidence that has revealed both the scale and the limitations of globalization. Finance is built on trust and suddenly that trust has been replaced by fear: fear among depositors from Madrid to Macao over the safety of their money; fear among banks worldwide about lending to one another, and now fear among politicians, central bankers and regulators that they don't have adequate tools to fix the problem.

The ongoing crisis is different compared with that of 1997-98. The turmoil in 1997-98 grew from the credit crunch that stunted growth in the real economy. Whereas now, the country's real economy is facing a crisis and there is a dire need to safeguard the financial system to avoid a potential dangerous reverse effect, where weakening

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cashflow and a business downturn would set off a credit crunch crisis.

The study gives an insight into the background and inevitable consequences of global financial crisis. It further measures the magnitude of crisis that reveals to what extent it has an impact on global perspective. Further, the study attempts to enlighten the impact of such global crisis on emerging economies. The prime objective of the present study is to suggest the measures so that the corporate executives can realign their strategies and reposition themselves to sustain in the long run.

2.0 Background of Global Financial Crisis

The biggest international economic and financial crisis broke out in 2007-2008. Between 31st December 2007 and the 18th October 2008, all the world's stock exchanges fell dramatically by 30-40%, sometimes more, in the case of the stock exchanges of the industrialized countries; 45% for Turkey, Argentina, Brazil and India; 60% for Russia and China. The colossal build-up of private debts, which is entirely created from fictitious capital, has finally exploded in the industrialized countries starting with the United States, the most heavily indebted economy on the planet. Indeed, in 2008, the sum of public and private debt in the United States amounted to 50 000 billion dollars i.e. 350% of GDP.

It is also predicted that this economic and financial crisis, which has already spread to the entire planet, will affect the developing countries more and more, including those which still believe themselves to be safe. On the contrary, countries like China, Brazil, India or Russia have not been able to protect themselves from this crisis, and this is only the beginning.

At the root of the troubles are the "toxic assets" - the highly leveraged securities mainly linked to US mortgages - that banks around the world still have on their books. In its latest estimate, the International Monetary Fund (IMF) calculated that losses on these now virtually worthless securities could amount to $1.4 trillion. So far, banks have written off less than half that amount. Concern about who is still holding dud paper has gummed up credit markets, with banks refusing to lend to one another for fear that the borrowers may default or may have themselves lent to other banks that could default. That in turn is causing solvency problems for some financial institutions that rely on short-term borrowing to fund their operations.

3.0 Consequences of Global Financial Crisis

Ten years after the 1997-98 Asian financial crisis, the global financial crisis resulted in slower growth worldwide from 5% in 2007 to 3.7% in 2008 and 2.2% in 2009 (IMF Economic Outlook update, November 2008). Economists are already outlining the downward spiral that they predict will follow. Banks will cut back on their lending to households and businesses. Mortgages and car loans will become harder to get. That, in turn, will stifle consumer spending and crimp investment in companies, leading to production cuts and job losses. Judging by previous crises, it can take about 18 months to two years for a financial squeeze to spread to the rest of the economy, which means that 2009 is

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shaping up to be a bleak year everywhere.

If the global financial meltdown can be traced to an American export - the subprime mess - the US will import the consequences. As the go-go economies of China and India hit the brakes, so too will demand for American goods and services. That will have a knock-down effect on jobs and the earnings of companies that rely heavily on international sales.

In its latest economic outlook, published on October 8, 2008, the IMF predicted that the US economy will grow just 0.1% next year, its worst showing in 18 years. Europe is expected to fare no better, and China, India and other emerging economies that have been critical drivers of global economic growth over the past five years are also expected to slow markedly.

In its latest economic outlook, published on October 8, 2008, the IMF predicted that the US economy will grow just 0.1% next year, its worst showing in 18 years. Europe is expected to fare no better, and China, India and other emerging economies that have been critical drivers of global economic growth over the past five years are also expected to slow markedly. That means nobody will be able to take over from the US as the locomotive of the world economy, and everyone will drag down everyone else. Overall, the IMF warns, "The world economy is now entering a major downturn in the face of the most dangerous shock in mature financial markets since the 1930s." Wright of the Royal Bank of Canada predicts, "The US will go into a shallow recession, unfortunately followed by a shallow recovery."

As an inevitable consequence, the troubled economy and the volatile stock market have many people worried - not just about their 401k, but about what a prolonged economic downturn will mean to everyday concerns. Many are struggling to make ends meet. According to the Mortgage Bankers Association, in June 2008, more than 4 million Americans were at least one month behind on their mortgages and a record 5,00,000 had entered the foreclosure process (http://hireblog.timesjobs.com/tag/global-meltdown/). A recent survey conducted by the American Psychological Association reveals that 8 out of 10 Americans report economy-related stress. Money and the economy were given high priority by the respondents, with economic concern increasing from 66% to 80% since the last survey conducted six months ago.

4.0 Magnitude of Global Financial Crisis

This study brings together coverage of the mounting crisis and its impact on the markets through links to in depth packages, interactive maps, audio, video and blogs. The rising defaults on subprime mortgages in the US triggered a global crisis for the money markets. Employment has diminished for nine consecutive months, eliminating 7,60,000 jobs, according to the Labor Department's report. Over the last year, the unemployment increased from 2.2 million to 9.5 million. Data released on April 8, 2008 by the International Monetary Fund illustrates the magnitude of the present crisis (Bartlett, 2008):

- Market-to-market losses on mortgage-backed securities, collateralised debt obligations, and related assets through March 2008 approximate $945 billion. In absolute terms this represents the largest financial loss in history, exceeding asset losses resulting from Japan's banking crisis in the

1990s ($780 billion) and far surpassing losses emanating from the Asian crisis of 1997-98 ($420 billion) and the US savings and loan crisis of 1986-95 ($380 billion).

- The damage extends across a wide range of investor classes. Commercial banks stand to lose $440-510 billion, insurance companies $105-130 billion, pension funds $90-160 billion, governments $40-140 billion and other financial institutions $110-160.

- Innovations in mortgage securitization in the early- and mid-2000s enabled loan originators to sell high-risk assets to downstream financial institutions around the world, thereby globalizing the American subprime crisis. Against US bank losses of $144 billion, European financial entities stand to incur $123 billion in mortgage-related losses. Within the latter group, British institutions face $40 billion in asset write offs, nearly matching the combined losses of the Euro area ($45 billion). Financial institutions in Asia and other regions are far less vulnerable.

- The imprudent lending practices that precipitated the American subprime collapse are not confined to the United States. The IMF estimates that housing prices in Ireland, Netherlands, and United Kingdom are 30% higher than justified by economic fundamentals. British housing prices fell by 2.5% in March 2008, the sharpest monthly fall in that country since 1992. Australia, Belgium, Denmark, France, Norway, Spain, and Sweden also face sizable housing bubbles.

- Housing prices in OECD countries with more conservative lending practices (Austria, Canada, Finland, and Germany) are more closely aligned with market fundamentals, underscoring wide country variations in mortgage markets. A surge in corporate defaults and debt downgrades in the US and Europe indicates spill-over of the subprime crisis to non-financial companies, as commercial lenders re-price their risks and de-leverage their portfolios.

- Together with the contraction of household spending resulting from the mortgage crisis, the tightening of corporate credit projects a slowing of economic growth worldwide. The IMF forecasts global economic growth to fall from 4.9% in 2007 to 3.7% in 2008. The US faces a steep decline from 2.2 to 0.5%, with a non-trivial possibility of a prolonged and deep recession. GDP growth in the Euro zone, UK, Canada and Japan is expected to fall to the 1.2-1.6% range in 2008-2009. The US Federal Reserve and the Bank of England have slashed interest rates in an attempt to stimulate economic growth.

This study has reviewed the decisions of some of the key players in the financial crisis in the following section

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(http://www.ft.com/indepth/global-financial-crisis).

US Downturn : As the US economy weakens and consumers reign in their spending, there are growing concerns that the country could slip into a recession.

Regulating short selling : Regulators are clamping down on short sellers, who aim to profit from declining share prices. Recent moves by the SEC and FSA highlight the pressure on regulators to combat market turmoil.

Central banks : Central banks around the world are cutting key interest rates, underscoring deepening concern over a contracting global economy.

Fortis's Rescue : BNP Paribas has taken control of the main Belgian banking and insurance operations of Fortis in a deal brokered by the Belgian government following the nationalisation of the group's Dutch businesses.

Rating's Agencies : Market turmoil in the wake of the subprime mortgage crisis has again raised questions about the accuracy of their ratings and conflicts of interest.

UBS : The Swiss bank is one of the biggest European casualties of the financial crisis.

Northern Rock : New chief executive aims to return the nationalised bank to financial health and eventually to private ownership.

Russia's financial fallout : Russia's military intervention in Georgia sparked an exodus of foreign capital which, together with a dearth of credit and a loss of investor confidence has turned the mood in Moscow gloomy.

Icelandic Economy : Amid fears that the country's economy could collapse, the Icelandic government is trying to secure loans from its neighbours and the International Monetry Fund.

Freddie and Fannie : The US government's decision to take control of troubled mortgage guarantors Freddie Mac and Fannie Mae has removed concerns about the global implications of a possible default by the US mortgage market giants.

Finance Job cuts : More than 1,30,000 financial jobs have been lost in the past 12 months since the credit squeeze began.

UK House Prices : Concerns about the pace of a slowdown in the UK housing market have intensified as mortgage approval rates fall and builders down tools.

Monolines : Downgrades of monolines have raised fears about a domino effect leading to market losses of the securities they guarantee.

5.0 Impact on India

To ease liquidity crisis, the RBI and the government have initiated a host of measures, including 250 basis pointcut in mandatory deposits that banks keep with central bank. RBI has pumped in Rs.1,85,000 crore into the banking system. At the same time, market regulator SEBI has allowed promoters to increase their holding in their companies upto 75% through creeping acquisition route. This measure is expected to boost the market sentiment as promoters will be tempted to resort to

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creeping acquisition given the current depressed prices of their shares.

Since most of the US companies do business in India and deal with companies in India and the world over, the bailout will help restore the global confidence in financial systems like commercial and investment banks. However, for the next two years the whole world, including India, is expected to reel under the effect of the current financial crisis considered as the worst since the Great Depression of 1929 (Zore, 2008), how it will affect us in India is discussed in the following section.

i. **Slowdown in jobs :** Companies like Lehman Brothers, Merrill Lynch, AIG and Morgan Stanley, to name a few, have their captive research units, brokerage arms, investment banking arms in India employing several hundred thousand people in what is popularly known as BPOs (Business Process Outsourcing) and KPOs (Knowledge Process Outsourcing). Lehman Brothers' Powai unit itself employed about 2,200 people most of whom will be rendered jobless unless some other company buys out Lehman's India operations and keeps the wheels running.

   Now that the above-mentioned companies are finding it difficult to run their businesses in the US they have either sold out to other companies (Bank of America taking over Merrill Lynch) or to the US government (AIG buyout by the US government). Obviously, to maintain profits or to just break-even in the current scenario they will start downsizing their workforce wherever they can. Also, most of these American banking companies have outsourced their technology-related jobs to Indian companies like TCS, Infosys etc which might be affected in the near future. The Indian companies, however, maintain that it is an opportunity for them to expand as, in a bid to reduce costs, many US banks will outsource more work to India.

   Sectors like real estate, aviation, information technology have already started downsizing their employee strength. There are newspaper reports about DLF (because of the cash crunch) and Kingfisher (rise in aviation oil price and lesser number of flyers taking to the skies) reducing their staff strength by 300. Technology companies like TCS and IBM had removed more than 500 people each citing poor performance long before the Lehman Brothers winds swept across India.

ii. **Increase in loan rates :** First it was the inflation rate that spoiled the party for Indian borrowers of home loans, personal loans and credit card purchases. Now taking a cue from the US banks - which today are so wary that they are not even lending to each other for the fear that they may not get their money back - Indian banks too have decided to thoroughly scrutinise the repayment capacity of Indian borrowers lest they too go the Lehman Brothers way. As their cost of money goes up banks will pass on this increase to their customers, i.e.,

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borrowers like you and me, at a higher rate of interest. If banks feel that borrowers may not return their money they are going to price it higher to cover the risk of a few defaulting on their payments. The confidence that borrowers will repay the banks' money with interest every month - at least in the US - is shattered and Indian borrowers will have to bear the brunt of this lack of confidence in the days to come.

iii. **Correction in real estate prices:** There is some good news, though. If experts are to be believed real estate prices in Indian towns and cities are likely to come down by 10-15% in the next few months. The reason given is that most US companies which had bought stakes in Indian real estate companies are facing a cash crunch. Others who had promised to invest in Indian real estate will not do so for the simple reason that the US is no more the place where you can get dollars easily and at a cheaper rate. Most real estate developers who depend on this flow of money may find it difficult to complete their projects. Also, buyers too have dried up because of expensive high real estate and interest rates. The outcome could be real estate developers lowering rates to lure buyers.

iv. **Increase in gold prices :** Because of the financial problems in the US global investors are losing their faith in the supremacy of the US dollar as a store of value. As a result they are selling dollars to buy some other currency, say the euro or the Japanese yen. Whenever such an event happens investors flock to that ultimate store of value called gold or the noble metal. As the festival season starts with Navratri in India more and more people will demand gold thereby increasing its price further. However, an increase beyond a particular point is likely to tell on the demand for gold similar to the real estate scene in India.

v. **More inflation :** Increase in oil prices - it jumped a whopping $30 a barrel in intra-day trade today before settling at $108-109 to a barrel - and weakening of the Indian rupee against the dollar will act as a double whammy for Indians. Crude prices have a multiplier effect. As most goods transported in India use one or the other form of energy it increases the cost of transportation and hence an increase in the price of vegetables, pulses etc. As the Indian rupee weakens against the dollar - more foreign companies are selling rupees to buy US dollars to take them back to their country - it increases our import bills. For every dollar for which we paid Rs 39 only a few months back, we will have to pay a good Rs 45. In this scenario it is small consolation that oil prices have come down from their $140 plus to a barrel at near about $100 to a barrel. Also, if inflation rises further, the Reserve Bank of India is expected to further increase your borrowing costs.

vi. **Speed breaker ahead :** Way back in 2007, Future Group Chairman Kishore Biyani had, said that 2009 will be a crucial year for the world

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economy as a whole and India in particular. With the US economy firmly in the grip of a slowdown owing to the housing price collapse and the subsequent sub-prime drama, this slowdown is fast snowballing across global boundaries and more so India as we depend a lot on the US for the money they bring in. As the US funds tap is expected to run dry in the next 6-12 months Indian companies will be starved of the much-needed cash to expand their businesses. The impact is already visible in the real estate sector as developers scour the world in search of cheap money. If this slowdown impacts the investment climate in India then we can no more dream of the 7.5-8% growth rate that was once upon a time considered. A slowdown will force more companies to enter the cost-cutting arena leading to a sizeable dip in job creation.

vii. **Rollercoaster ride:** Be prepared to ride the ups and downs of the global financial markets as India is no more an isolated island. India is likely to follow whatever happens in the US, European or Asian stock markets. A case in point is how the Sensex closely traced the ups and downs of the Dow Jones and Nasdaq. The same is true of the prices of oil, gold, aluminium, copper steel and any other commodity. Gone are the days when markets defied Newton and gravity. Nobody can expect the markets to move only in one direction.

6.0 Strategic Drive

In the earlier sections the study has reviewed the current economic crisis in depth so that the appropriate measures can be taken to ensure the long-term plans are not compromised. The impact of the economic crisis needs to be studied in two perspectives: short term (growth) and long-term (development). Accordingly, this section puts stress on the importance of understanding the impact on the long-term economic development of the country.

It is suggested to set up a comprehensive national strategic plan and an institution with the mechanism to implement the national mission. This mission would outline the country's core development plan for the next 15 years. To achieve this, we need to have a strategic national mission masterplan with a clear target and implementation schedule that also includes definitions and detailed measurements for all core missions. This plan needs to be understood, agreed upon, and implemented by all parties involved in the public and private sectors and the general population. The roles of ministries and agencies towards achieving the national mission need to be spelled out clearly in a plan. The accountability and the responsibility of overseeing the whole project/plan must be optimised to move in a single direction. We again need to be focused and India must identify new growth areas to be prioritised. The strength and resources capacity available must be maximised on a bigger scale. India needs to identify the industries with high potential for development as India's niche in order to make India an international and dominant brand at

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the global level. To move forward qucikly, we need to create our own Blue Ocean and to be above our competitors with specific and clear offers that can attract local and foreign investors.

History had shown us that global economic crisis has always been the spark for radical changes. India needs to realign its strategy to stimulate its economy and avoid being dragged into a slump in the near future. At the same time, we must turn this global crisis into the catalyst for India to implement strategic changes that will bring us closer to the objective, mission and dreams of becoming a developed nation.

6.1 Strategic Corporate Approach

Companies around the world are confronted by a perfect storm: frozen credit markets, a looming global recession or worse, equity markets that have succumbed to panic, and interventions of uncertain effectiveness by central banks and regulators (Adamson and Willis, 2008). Not long ago, many argued that there was a new resilience in the world economy as emerging countries had decoupled from a reliance on the economic health of the US. But now there is growing evidence that world economies are even more interconnected and symbiotic than anyone really understands. Moreover, events are moving so rapidly that it is almost impossible to assess the implications of the meltdown for the days ahead, let alone the years. In this context, what are corporate executives to do in these volatile times? To avoid the pitfalls and understand the possibilities, corporate executives are encouraged to ask questions to understand what is happening and to ensure that management is preparing and positioning corporations for what lies ahead. Many of the questions are intended for executives to consider asking management, others are questions for corporate executives to discuss among themselves. They fall into four categories: Uncertainty, Risk and Business Strategy; Financial Condition and Liquidity; Reporting and Disclosure; and Leadership & Corporate Governance.

Business strategy and risk assessment need to focus on the possible implications of a wide range of current and forward-looking economic scenarios.

A. ***Uncertainty, Risk and Business Strategy:***

Business strategy and risk assessment need to focus on the possible implications of a wide range of current and forward-looking economic scenarios. Different economic scenarios - even extreme scenarios - should be contemplated, as well as how these scenarios can be worked into an enterprise-wide business strategy - one that addresses both risks and opportunities.

B. ***Financial Condition and Liquidity:***

It is likely that financial issues will have the first and most formidable impact on many Canadian companies. Financial capacity issues need to be considered in relation to their impact on business strategy. The financial condition of many companies will be affected by constraints on liquidity, tight credit and more difficult or expensive access to capital, which in turn are likely to impact business operations or result in projects that cannot be financed as planned. Mitigating

the impact of such constraints will become a priority concern.

C. ***Reporting and Disclosure:*** Significant changes may also be in the pipeline in the reporting and disclosure areas. Investors and consumers have lost some confidence in how the financial system works, and may have lost confidence in corporations and the transparency and integrity with which business is conducted. Every company needs to consider whether its financial reporting, disclosure and other communications are adequate to meet the expectations of investors, regulators, consumers and employees, and thereby maintain or restore confidence in the company. It is even necessary to consider and evaluate the premise that a company is a going concern – a possibility that investors may be considering, in view of recent collapses and bailouts, and of the operating difficulties and financial constraints some companies may face. Boards and Directors need to be vigilant in ensuring that disclosures are neither deficient nor misleading in addressing crisis-related reporting issues.

D. ***Leadership & Corporate Governance:***

Finally, there are important governance issues that sooner or later will confront boards. Corporate governance practices are likely to come under greater scrutiny in response to concerns that existing governance practices may have made an already bad financial situation even worse. CEO and board selection and composition, executive compensation, risk management, focus on long term value creation and shareholder activism will be among the many corporate governance issues likely to reverberate throughout the corporate world.

When employees are under stress, productivity suffers. And in a difficult economy, employers need to be at the top of their game. Wise employers will utilize their EAPs pre-emptively to help mitigate potential deleterious effects of financial stress in the work force. Managers should be alert to watch for heightened signs of depression, stress or related problems among the employees they supervise. Managers should consider company's EAP as a resource and review referral procedures. It also needs to check with company's EAP to get a refresher on services that might be helpful for dealing with stress. Many EAPs offer financial and debt counseling, stress reduction, help hotlines, family counseling and other resources. It is necessary to obtain communication resources which a company's EAP may be able to provide - such as articles, brochures and seminars in related areas.

6.2 Growth Opportunities Amid the Downturn

While the deterioration of international financial markets predicts slower growth and heightened uncertainty, globally active mid-sized companies enjoy strong commercial prospects in the coming years. Indeed, the dislocations arising from the current crisis offer unique opportunities to

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strategically agile middle enterprises.

- Financially stressed companies face mounting difficulties obtaining credit. However, companies with healthy balance sheets are holding their own in the global downturn. German exporters (led by world-class manufacturers in the Mittelstand) continue their strong performance despite Euro appreciation, posting 9% export growth in January 2008. Industrial production in France registered a larger than anticipated increase in February, auguring favorably for that country's ability to weather the downturn.

- The April 1, 2008 report of the Institute for Supply Management confirms persistent sluggishness in the US manufacturing sector. But the dollar's fall is proving a boon to American exporters, particularly manufacturers of electrical equipment, machinery, appliances, paper products, primary metals, and transportation goods. Dollar devaluation presents a major untapped opportunity for medium American manufacturers: A recent survey by the National Association of Manufacturers indicates that three-quarters of US small/middle manufacturers generate less than 10% of their revenues from exports, while 25% do no exporting at all.

- Dollar devaluation also creates opportunities for middle enterprises to launch mergers and acquisitions in the United States. Recent data indicate that foreign investors from Europe and other regions are in fact exploiting currency shifts to expand their US positions. The financial crisis has not derailed the large emerging markets from their robust economic growth paths. The West's subprime problem endangered the financial systems of those countries. Indeed, sovereign wealth funds based in China and other emerging economies are serving as liquidity buffers by injecting capital into beleaguered Western financial institutions. Middle enterprises active in emerging markets thus have good reasons for optimism about their future growth prospects.

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6.3 Strategic Move to Transform Business Plan to Action

In this era of fierce competition, it has become extremely imperative to weave clear cut strategy to deal with these changing dimensions of the business landscape in Financial Services. We need to strengthen each link in the value chain and move with a clear cut vision to deliver values in the market. At 15th All India Conference of Chartered Accountants, 2003 at New Delhi, Shri G. N. Bajpai, Chairman, Securities and Exchange Board of India announced that we need to be competitive at all the levels - individual, corporate, economy and regulatory (Bajpai, 2003).

Competitiveness at the individual level:

It may be apparent that nothing but the change is stable in the world. It offers both the opportunities and the challenges to the individuals. It is for the individuals to choose what they wish to look at. Change is nothing but an

exciting opportunity to reposition oneself. This repositioning may be because of the survival crisis created by the unanticipated change or the excitement offered by the change in terms of the unlimited opportunities not visible with the naked eyes.

Competitiveness at the corporate level:

Corporates need to appreciate that no one can internalize the versatility of competencies. Hence, it would be imperative for them to leverage, outsource, network and create strategic alliances with others. Further, they need to think without precedents as precedents create risk of traditional thinking and withhold the imagination from running radical and development of fundamentally great and different products and services. They need to be different faster than being better and be better faster than being smaller. They need to go beyond known paradigms to be the path-breakers and secure a place at the international platform.

Competitiveness at the economy level:

There are areas where India is globally competitive. The biggest strength is the educated, trained and skilled manpower - the scientific minds. By exhibition of resilience of Indian economy even in the midst of global meltdown stemming out of collapse of far eastern economics and troubled Latin American economies. It is needed to focus on our strengths and identify the weak links in the economy chain and dent them with determination. A perception is steadily growing about India being a dynamic market among the emerging economies.

Competitiveness at the regulators level:

In this changed business ethos, regulations too demand an unbiased perspective. Regulators cannot deal with the complexities of the 21st century business environment with the 20th century rules, regulations and rudimentary perspective. Regulations should define the broad framework/ parameters for the game and within that framework, market participants should be allowed to operate without any intervention. This approach is all about having the confidence in the market and systems. Protection of the system's integrity through architecting proper risk management system is another challenge before the regulators. This demands regulators to make tactical choices with regard to the tools, best time intervention and regulatory style to fit the audience.

Accordingly, it is the high time the corporate executives adopted sustainable strategic move to transform business plan to action for repositioning themselves and sustaining in the long run.

7.0 Conclusion

There are obviously two sides to the macro-economic fundamentals. Apparently, there is no cause for anxiety on the supply side, except perhaps due to the poor progress of the infrastructure sector. In fact, the critical problem at this stage is how to deploy effectively surpluses of food, forex reserves, industrial capacities and liquidity in the banking system for the revival of the economy. In contrast, the demand side, both consumption and investment, has been so severely

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battered in the last few years that its adverse impact would be more long-lasting. The constant systemic or structural failures are ripping open demand weaknesses of the economy in practically every sphere. Thus, there is no depth either in equity or debt-markets. As a consequence, financial markets go through turmoil with the outbreak of every shocking event or news. Once again, the aftermath of the terror attacks in the US is going to hurt severely the demand drivers rather than the supply side of our economy.

However, the overall study of global financial meltdown observed that the opportunity zones in financial markets are contracting at one end and expanding elsewhere at the same time. Change and the pace of change in the financial markets, both would be different tomorrow. Continuous exploration of scopes and exploitation of values would demand a brilliant focus on emerging opportunities, competence building, strategies for the leadership position in the opportunity zones and principles centered business practices. Therefore, we need to create a culture, which embraces change, and move ahead with an objective to lead.

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