



Why BRICS matters for INDIA?

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This article is based on **“Why BRICS matters for India”** that was published in The Indian Express on 13/11/2019. It talks about the importance of BRICS for India.

In the run-up to 11th BRICS summit that is scheduled to be held at Brasilia (Brazil) on 13-14 Nov, Indian Prime Minister has articulated a vision of strengthening and reforming the multilateral system itself.

Origin

- In 2001, the British Economist **Jim O’Neill** coined the term **BRIC** to describe the four emerging economies of Brazil, Russia, India and China.
- The grouping was formalised during the first meeting of BRIC Foreign Ministers on the margins of the UNGA in New York in 2006.
- The first BRIC Summit was held in **Yekaterinburg, Russia**, in June, 2009.
- The expansion of grouping took place at Foreign Ministers’ meeting in New York in 2010 with the inclusion of South Africa.
- South Africa attended the **third** BRICS Summit in **Sanya, China** in April 2011.

Institutions

- **New Development Bank:** During the sixth BRICS Summit in Fortaleza, Brazil (2014), the leaders signed the Agreement for establishing the New Development Bank (NDB).
 - **Fortaleza Declaration** stressed that the NDB will strengthen cooperation among BRICS and will supplement the efforts of multilateral and regional financial institutions for global development thus contributing to sustainable and balanced growth.
 - NDB has successfully worked as one of the most promising multilateral development institutions. Since its inception in 2015, it has approved 42 investment projects worth over \$11 billion.

- **Contingency Reserve Arrangement:** **BRICS** nations signed BRICS Contingent Reserve Arrangement (CRA) in 2014 as part of Fortaleza Declaration at Sixth BRICS summit.
 - Contingency Reserve Arrangement, aimed at ensuring liquidity for member-states when they are confronted by short term balance of payment crises.
 - The capital of \$100 billion committed under CRA, can act as the guarantor of BRICS financial stability in case of crisis.

Relevance of BRICS in Global Order

- BRICS countries together accounts for 42% of the world's population, a third of the global GDP and around 17% share of world trade.

BRICS countries' sizable contribution to global growth, trade and investment makes it an important pillar of global order.
- **Financial:** Structural imbalances caused by the global financial crisis of 2008 and new threats to the global economy posed by trade war and unilateral economic sanctions are yet to be resolved.

The growing contribution of the BRICS to the world economy and the rising importance of the economic relations between the BRICS and other Emerging Market and Developing Countries (EMDCs) create an opportunity for new initiatives that would better help to support sustainable and inclusive growth and development.
- **Security:** The US unilateral withdrawal from **Intermediate-Range Nuclear Forces (INF) Treaty** and **Iran deal** has posed a great security threat to global peace.

BRICS, being a pillar of fairer polycentric world order, can play a significant role in assuring world peace by playing an active role in dispute resolution based on principle of fairness.
- **Poverty Reduction:** The BRICS contribution to world poverty reduction has been sizeable. Continued BRICS growth remains important for poverty reduction as well as for reducing international inequalities.

Intermediate-Range Nuclear Force (INF) Treaty

- The treaty was signed in December 1987 by US President Ronald Reagan and Soviet General Secretary Mikhail Gorbachev.
- It prohibited the United States and the Soviet Union from possessing, testing and deploying ground-launched cruise and ballistic missiles of ranges between 500 and 5,500 kilometers.
- It also covered all land-based missiles, including those carrying nuclear warheads but did not cover sea-launched missiles.

Importance of BRICS for India

- **Geo-Politics:** Global geopolitics today represents the case of a tug of war and India finds itself in the middle of it. This has made difficult for India to carve a middle path for **balancing its strategic interests between the U.S and the Russia-China axis.**
Therefore, BRICS platform provides an opportunity for India to balance Russia-China axis.
- **Global Economic Order:** BRICS countries shared a common objective of reforming the international financial and monetary system, with a strong desire to build a more just, and balanced international order
To this end, BRICS community plays an important role in the G20, in shaping global economic policies and promoting financial stability.
- **Voice of Developing Nations:** As the western countries are raising challenges on issues ranging from World Trade Organisation to climate change, the developing countries are crippling under the onslaught of these policies.
In recent period, BRICS has emerged as the voice of developing countries, or the global south and playing a significant role in protecting the rights of developing countries.
- **Terrorism:** BRICS also provides a platform for India to galvanize its efforts against terrorism and has worked within the grouping to take a strong stand against terrorism and bring about focused consultations on specific aspects relating to terrorism.
- **Global Grouping:** India is actively pursuing its membership for United Nation Security Council (UNSC) and Nuclear Supplier Group (NSG).
China forms the major roadblock in pursuing such goals. Therefore, BRICS provides an opportunity to actively engage with China and resolve the mutual disputes. It also helps in garnering support of other partner countries.

Challenges

- **Heterogeneity:** It is claimed by critics that heterogeneity (variable/diverse nature of countries) of the BRICS nations with its diverse interests possess a threat to the viability of the grouping.
- **China Centric:** All the countries in BRICS grouping trade with China more than each other, therefore it is blamed that as a platform to promote China's interest. Balancing trade deficit with China is huge challenge for other partner nations.
- **Global Model for Governance:** Amidst, global slowdown, trade war and protectionism, the critical challenge for the BRICS consists in the development of a new global model of governance which should not be unipolar but inclusive and constructive.

The goal should be to avoid a negative scenario of unfolding globalization and to start a complicated merging of the global growing economies without distorting or breaking the single financial and economic continuum of the world.

Way Forward

- BRICS should promote comprehensive development of all states — both big and small — and enhanced mutually beneficial cooperation among them on the basis of shared interests.
- **Democratization of international issues** i.e agreements on global agendas should be reached with the widest and equal participation of all stakeholders and be based on universally recognised legal norms.
- The principle of respect for cultural and civilizational diversity of the world should be a top priority.
- BRICS nations should strive for peaceful and politico-diplomatic settlement of crisis and conflict in various regions of the world.

BRICS, being one of the pillars of the emerging fairer polycentric world order, plays an important stabilising role in global affairs. In the storming ocean of world politics, BRICS can contribute significantly in maintaining international stability and ensuring global economic growth and becoming a united center of the multipolar world.

Drishti Inputs

BRICS can be the pillars of the emerging fairer polycentric world order. In this context, examine the relevance of BRICS in upholding the voice of developing nations.