

DEVELOPMENTAL PROJECTS OF BRICS: INDIA'S LEADERSHIP

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Background

BRICS stand for Brazil, Russia, India, China and South Africa which are simply the reaction of major economic powers like European Union (EU), G-10, International Monetary Fund (IMF) and World Bank (WB). It was the Russian President Vladimir Putin, the brain behind coordinating four original members: Brazil, Russia, India and China (BRIC) for economic prosperity. It is believed to be the logical extension of Shanghai Cooperation Organization, IBSA (India-Brazil-South Africa) Trilateral Forum and G-20. Sometimes the term is also twisted with Gulf Cooperation Council: GCC (Saudi Arabia, Qatar, Kuwait, Bahrain, Oman and UAE), BRICK (K for Korea), BRIMC (M for Mexico & C for Chile) and CIVETs (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa). Thus, BRICS has been a result of several bargaining and compensation practices. Consequently, BRICS becoming a loose or floated federation of divided powers where sentimental decision do not hold good reasons. Consequently, BRICS have been left in doldrums with indefinite future. Within the BRICS, India remains the most divided factor due to serious domestic problems and administrative corruption whereas China earns credit being the most advantageous. Russia and Brazil remain the ideal mediators. South Africa is the new comer with less democratic experience. Thus, India's leadership is the most wanted for sustaining the stability and power of BRICS.

Historical Background

The acronym of BRIC was traditionally coined in 2001 by a great British Economist Jim O'Neil in his academic paper "Building Better Global Economic BRICs" that became a subject of major research. Counterweights of BRICS like G-7, IMF, WB and MINT (Mexico, Indonesia, Nigeria and Turkey) are consolidated and backed by western powers. Within BRICS, China has been the biggest economic strength. Some critiques believe that BRIC

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countries have been seeking to form a 'Political Club' or an 'Alliance', and thereby converting their growing economic power into greater geopolitical clout.¹

With high prophetic projection and unplanned investment, the first BRIC summit was held at Yekaterinburg, Russian in June 2009. Members dreamed to establish an equitable, democratic and multi-polar world order. It was marked as 'necessary reaction to the global financial crisis'. During the meeting, high level delegates discussed the importance of creating a more diverse international monetary system, with a diminished reliance on the dollar as the global reserve currency. India's leadership was hailed by Prime Minister Dr. Manmohan Singh with 20 Members delegates of High Excellence.

During the second summit of BRIC was held at Brasília (2010) the Capital of Brazil which highlighted nuclear program, energy and food security. In December 2010, South Africa was officially invited to become the fifth member of the group. The sub-Saharan African country had actively campaigned for an invitation and saw its inclusion in the group as a way to connect the BRIC economies with the African market. BRIC formally became BRICS at the third summit in Hainan, China in April 2011 with inclusion of South Africa. In April 2012, the fourth summit was held at New Delhi under the leadership of Manmohan Singh where Heads of States called for expanded voting rights at the IMF. The delegates also began considering an alternative BRICS- Development Bank. It was a formal proposal that agreed at the fifth summit in South Africa in March 2013 when BRICS Business Council made up of five entrepreneurs from each country to discuss ways to expand cooperation. The Council has a rotating chair between the five countries collectively suggested by India. In July 2014, the sixth summit took place in Fortaleza, Brazil, where leaders signed agreements to establish a development bank and a currency reserve pool. Leaders formalized BRICS institution at the July 2014 summit, signing an agreement to create the New Development Bank (NDB) with \$100 billion floating capital, the bank will fund infrastructure and sustainable development projects with BRICS countries for developing market assets. Structurally, the NDB President will be elected from India followed by the Board of Dictator (Brazil), Chairperson (Russia), Regional Director (South Africa) where as the Headquarters will be Located in Shanghai, China's financial capital.

BRICS countries encompass over 25% of the world's land coverage and 40% of the world's population and hold a combined GDP (PPP) of \$20 trillion. On almost every scale, they would be the largest entity on the global stage. These four countries are among the biggest and fastest-growing emerging markets. Heads of State also signed an accord to joint foreign exchange reserves pool named as Contingent Reserve Arrangement—similar line of IMF—which establishes an initial reserve of \$100 billion. It acts as an emergency option for BRICS countries with balance-of-payment troubles. Much of the fund will be provided by China, which will contribute \$41 billion. Brazil, India, and Russia each will contribute \$18 billion while South Africa will contribute \$5 billion. Some other contenders like Turkey, Mexico, Indonesia and South Korea also led to scholarly attention. Interestingly, the idea of joining new membership was seconded by New Delhi BRICS summit held in 2012 where Indian high level of official delegates gave green signal to popularize the alliance.² Now BRICS are thinking to establish 'Dollar Club' with consensus of all members.³

Objectives of BRICS: A Critical Reception

Key objectives of BRICS have not evolved common consensus like IMF, WB, EU, ASEAN and several other global and regional forums. But BRICS leadership have taken up challenging geopolitical role to enact institutional reforms that may shift global power. All five BRICS members are undergoing serious domestic challenges. Ever since the existence of BRICS, either it was kept aside by bolstering the western domination or considered a hopeless exercise as the members can neither challenge the powerful hegemony of USA and Western actors nor an alternative and thereby the political gap becomes more viable. Idea of 'Regional Banks and Greater Economic Federation' may prove a dream of reality traditionally suggested by India in New Delhi BRICS summit.

Doubts and apprehensions have been expressed about the nature and coherence of the group. There is also concern that the economic agenda of BRICS could pose new challenges to human rights and development strategies. Despite these concerns, the debate on poverty and inequality is integral to any engagement with the BRICS, given its focus on growth and infrastructure. BRICS-led aid and investment activities are expected to have a significant bearing on issues such as the exploitation of natural resources, land grabs, agriculture and food security across the regions. There is a growing awareness that civil society in BRICS countries must build a broader

agenda of rights and accountability around the international roles of their government and private sector.⁴ The classic objectives of BRICS like energy, rural development, media, education, environment, food security and sustainable development still remain in the transitional phase. It is therefore important to understand the basic geo-economic overview of BRICS.

Table I: BRICS- A Geo-Economic Configuration

Member Countries	Area	Estimated Population (2015)	GDP (Nominal)
Brazil	8,514,877 km ²	203,879,000	\$1,904 trillion
Russia	17,075,400 km ²	146,270,033	\$1,176 trillion
India	3,287,240 km ²	1,266,870,000	\$2,308 trillion
China	9,640,821 km ²	1,368,200,000	\$11,212 trillion
*South Africa	1,221,037 km ²	54,956,900	\$742.461 billion

Source: <https://en.wikipedia.org/wiki/BRIC> * https://en.wikipedia.org/wiki/South_Africa

Several economists have predicted India's leadership as dominant factor although Brazil and China are more important in terms of supply of raw materials. All the above five giant economic powers may dominate western nations in terms of demographic and economic profile but still it remains a distant dream in exception of China.

BRICS: Dreams or a Reality

Since the full inception of BRICS in 2011, there has been an apprehension about its future role whether 'BRICS as Capitalism Model' will be fruitless exercise or will simply remain a horse trading business. Members like Brazil and Russia together form the logical commodity suppliers, China continues to remain dominating economic factors and it is capable enough to have emotional blackmail with rest of members and holds the unique position in international economy. China is the only bold, confident and convincing power to give fitting reply to any

power including USA, UK, Germany and Japan whereas India's fractured mandate, communal fringes, questioning the status of leadership and strained relations with neighbors including China do not sound good to BRICS.

Unquestioningly, China is an integral to BRICS or otherwise it is left in doldrums. As David Rothkopf wrote in *Foreign Policy*, "Without China, the BRICs are just the BRI, a bland, soft cheese. China is the muscle of the group and has effective veto power over any BRIC initiatives. Most prominently, China is the biggest potential market". World's largest demographic nation and second largest economy followed by the USA, continues to remain on global arena. No country in the world can have such an example as China did in just last 20 years of history. Definitely, the fate of BRICS depends on the leadership of China whereas India can work only as a soft bargainer.

Major Initiatives by BRICS at difference summits

Although it is still too premature to suggest that BRICS can substitute in addressing several global challenges. Issues like food security, financial cooperation, energy consumption and sustainable environment are the important initiatives as briefly highlighted.

1. Food Security as key Concern

Food security is vital to BRICS that raised big voice in first BRICS Summit (2009). Joint Statement on Global Food Security agreed that the developing countries continue to suffer due to shortage while considering the demographic index. BRICS states experience inverse geometrical and arithmetical relationship between food and substance. India remains the most disadvantaged position due to high level of hunger, unemployment, poverty and poor literacy. The 'Beijing Consensus' and an Action Plan 2012-16 for Agricultural Co-operation were two specific instruments that emerged from the Summit. India's leadership on the issue of food subsistence remains at stake. Food is vital and shared property for all BRICS Members.⁵

2. Financial Reform: Need of the Hour

In all BRICS Summits held across 2010 to 2012, there has been an overwhelming emphasis on the reform of international financial institutions with a view to promote stable and diversified monetary system. These demands represent a broader call for a 'multi-polar and fair international order' in the aftermath of the global financial and currency crises. BRICS Bank in BRICS

Academic Forum suggested by Dr. Manmohan Singh is proving a boon in disguise. In fact, the Bank has generated enthusiasm across the global South as a step forward in creating ‘the trillion-dollar club’. Such a multilateral development bank funded by emerging economies will operate for the benefit of all nations without the political pressures of the US and Europe.

3. Global Security Paradigm

Security paradigm remains the key concern to sustain BRICS Leadership. Brasilia Joint Statement (2010) makes specific mention of the challenge of international terrorism. This was followed by a call for the early conclusion of UN negotiations on the Comprehensive Convention on International Terrorism, which was put forward by India and endorsed by the other BRICS countries.⁶ The Sanya Declaration in 2011 in China outlined a common position on Libya, and called for greater role for the UN and African Union in the resolution of the ongoing internal conflict. This position has been reinforced by BRICS countries in subsequent discussions around Libya, Syria and Iran within the UN Security Council, and represents the second notable instance (after Copenhagen) of the countries coming together to influence an international negotiation. Goa Declaration (16 October 2016) laid stress on security agenda as the prime concern.⁷

4. Mutual Trade Cooperation

BRICS Summits are platforms for cooperation and exchange across various levels of the administrative and political machinery. The Sanya Summit of 2011 hosted a Trade Ministers meeting and a Business Forum followed by a series of exchanges held across the year including a Health Ministers’ meeting, and Parliamentarians’ Co-operation Protocol. The key aim was to improve legislative apparatus and celebrate agreements between member countries, and a Cities Initiative that brings together four cities – Rio, St. Petersburg, Mumbai and Qingdao (China) – in a partnership that stood to build co-operation, share management, technical capacities, promote tourism as well as facilitate cultural and educational exchanges. BRICS Academic Forum is expected, through a face-to-face dialogue held annually since 2009, to contribute creative insights and recommendations to the BRICS Leaders Summit. Such academic forums have been successfully organized in India cities with their key agenda. It include: Guwahati (Youth Brigade), Visakhapatnam (energy efficiency and urban development), New Delhi (Narco Terrorism and money laundering), Mumbai (urban policy), Hyderabad (labour employment), Patna (collective security), Jaipur (women development), Udaipur (disaster management and

climate change), Khajuraho (tourism and world heritage) and Bangalore (medical system-Arogya), terrorism and economic conclave recently held in Goa.

5. Energy Consumption

BRICS continue to remain as the priority sector due to overpopulated states. Large number of Multinational Companies (MNCs) has caught the attention. Major energy sectors like water resources, solar power, petroleum energy, flora and fauna, automobiles, etc are important lifelines for the future of BRICS. Both India and China have entered in service and manufacturing sectors due to growth potentials. In energy sectors, India's influence on the world economy in future will be bigger and quicker than implied in our previously published research on BRICS. Russia continues to remain the biggest supplier of energy thanks to its un-trapped abundance resources which no country in the world has. East European energy market is virtually being controlled by Russia.

BRICS: Likely Scenarios and Future Projections

1. China, the largest manufacturer of electronics and hardware, will capture the global equity market by 2025. China is rapidly approaching to US economy and is now close to American GDP. Whereas countries like Japan, Germany and UK are already underrated. For example, China GDP in mid 2016 stands \$20.853 trillion⁸ where as Japan's GDP remains only \$4.901 trillion by mid 2016. Based on a March 2015 *Forbes* report, the BRIC countries counted 301 billionaires among their combined populations, exceeding the number of billionaires in Europe, which stood at 300 in 2015. Number of billionaires in India has already crossed 84 by 31 March 2016.⁹
2. While considering various global indicators, China continues to remain top most (first rank) countries in the world. It includes: population, economy, labour force, export business, foreign exchange reserve, electricity consumption, renewable energy source, internet users, motor vehicle production and active troops. Unfortunately, India's scenario in the above said indicators stand as 2nd (population), 5th (economy), 20th (exports), 10th (foreign exchange reserves), 4th (electricity consumption), 6th (Energy Sources), 2nd (Cellular Phone Users), 3rd (internet users), and 6th (motor Vehicle Production). Even Brazil comes in parity of India whereas Russia presents altogether a different picture.¹⁰ South Africa remains in the bottomland. Several economic indicators

show that by 2020, four BRICS countries (except South Africa) will be ranked as China (top) followed by India, Brazil and Russia whereas the US will continue to figure as second top most actor in global market.



3. India's situation in BRICS mirror is tricky. Several studies indicate that if policy makers do not adopt liberal and democratic approach, there is every possibility of either losing members or deteriorating image. China has already warned India on domestic policies which are dictated only by the privileged corporate. Whereas Brazil's lower growth rate obscures the fact that the country is wealthier than China or India on a per-capita basis, has a more developed and global integrated financial system. Its' economy is potentially more diverse than the other BRICs due to available raw material and manufacturing potential.
4. South Africa stands at a unique position to influence African economic growth and investment. According to Jim O'Neill of Goldman Sachs who originally coined the term, Africa's combined current gross domestic product is reasonably similar to that of Brazil and Russia, and slightly above that of India South Africa is a "gateway" to Southern Africa and Africa in general as the most developed African country.¹¹ China is South Africa's largest trading partner, and India wants to increase commercial ties with Africa.¹² South Africa is also the largest economy on African continent, but as number 31 in global GDP economies, it is far behind its new partners. South Africa's economy is a quarter of the size of Russia. South Africa's inclusion in BRICS may translate to greater South African support for China in global forum. African credentials are important geopolitically, giving BRICS a four-continent breadth, influence and trade opportunities.¹³

BRICS- BIMSTEC: Goa Model

Goa, often called as Tourist Paradise of Sea Beaches was recently the venue of eighth annual BRICS summit (15-16 October 2016) where all five BRICS members besides six BIMSTEC (The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) Members: Bangladesh, Bhutan, Myanmar, Nepal, Sri Lanka and Thailand) met to host BRICS Declarations. Key agenda included: cross border terrorism, inter-state trade and business partnership. A Memorandum of Understanding (MoU) was signed and announced for the setting

up of a joint working group institutionalizing their mutual cooperation.¹⁴ Besides, Goa Model also discussed Trade and Investment, Public Health, Transnational Crime, Culture, Climate change Tourism and Technology Transfer. The following table gives an overview of Goa Declaration.

Table II: BRICS- BIMSTEC: Goa Model-Some Extracts (15-16 October 2016)

BRICS Members	Leaders	Extracts/Remarks
		
1. Brazil	Michel Temer, President	This visit re-launched our bilateral ties.
2.		Collectively work to fight against terrorism.
3. India	Narendra Modi, Prime Minister	It is time to stand up and act against terrorism..._join common vision and peace, stability and development. Terror modules around world are linked to this mother-ship Pakistan.
4. China	Xi Jinping, President	Philosophy of terror and seek to demoralize mankind... Terrorism has become its favourite child
5. South Africa	Jacob Zuma, President	Opening of new chapter between India and South Africa.
 BIMSTEC		
1. Bangladesh	Sheikh Hasina, Prime Minister	We all must join hands to deal with terrorism and violent extremism.
2. Bhutan	Tshering Tobgay, Prime Minister	A message of fresh understanding between India and Bhutan.
3. Myanmar	Aung San Suu Kyi, State Counsellor	Our efforts of peace are complex..._We wholly sympathize with people of India..._stand together against all forms of violent extremism.
4. Nepal	Pushpa Kamal Dahal, Prime Minister	Collectively condemn, fight against threat of terrorism in all forms and manifestations.
5. Sri Lanka	Maithripala Sirisena, President	Committed to join all efforts to combat this global menace of terrorism..._Peace and stability in the region is an important element for economic prosperity.
6. Thailand	Virasakdi Futrakul, Vice-Minister	Schedule cancelled due death of Thai King Bhumibol Adulyadej.

Source: <http://timesofindia.indiatimes.com/india/8th-BRICS-summit-in-Goa/liveblog/54778175.cms>

Some Landmarks of Goa Declaration¹⁵

1. Multilateral Dialogues BRICS- BIMSTEC: A Regular Exercise.
2. Terrorism as the key concern of Goa Model.
3. Strengthening trade and business opportunities, building investment linkages, promoting innovation and reshaping global financial structure.
4. Consultations and cooperation on peace and security matters.
5. Environmental Concerns.
6. New Energy Bridge – Exploring mutual growth in oil and gas.

The Goa Model also agreed to set up BRICS Rating Agency, BRICS Agriculture Research Platform, Railway Research Network, Sports Council, Free Trade Area Framework Agreement, BRICS Trade Fair and various youth-centric forums. It was decided to finalize BRICS- New Development Bank (NDB) which was officially lanced in 2014 with a view to set up \$2.5 billion asset.

Besides, Goa Chapter was also instrumental in highlighting the key issues related to cross border terrorism. Business community was also given key concern for faster commercial cooperation, tax evasion, black money. Goa Declaration also adopted for comprehensive vision of cooperation through sustaining and creating deeper bonds among BRICS nations. Besides, Goa Declaration also adopted the process of institution building, transform the quantum and quality of trade and investment linkages, economic transformations, security counter-terrorism cooperation and people-to-people exchanges. In Goa Chapter, China was more curious in India-Business communities. Unfortunately, neither China nor Russia took serious note of Modi's stand on terrorism and asked for more sensible answers rather than concentrating on religious issues.¹⁶ The BRICS deliberations highlighted both challenges and opportunities.¹⁷

Conclusion

Fundamentally, BRICS remain either weak coalition or cracked bricks as all five members significantly differ in approach and application. To make BRICS a reformative and innovative, there is an urgent need to reframe the ideological and structural policies. But the emergence of BRICS definitely represent an important change in the global political economy. There is

anticipation that the BRICS – building on their own lessons and initiatives – will play a progressive role on economic and social issues at regional and global levels.

Fundamental question about the legitimacy and leadership of India remain at stake as several western countries have put India in the list of world's worst democracy due to regional differences, communal politics, ideological distortions and height of intolerance. BRICS require India's leadership on the line of trust and confidence under democratic power or otherwise other nation states have the power to cause significant trouble for BRICS. The parameter of BRICS to design peace, prosperity and peaceful regional order are being fueled by the agents of globalization. BRICS is now too big to tackle the small problems and too small to tackle big challenges. Global Players like USA, UK, Germany, Sweden, Canada, Japan and Mexico will not let India's leadership as successful.

Truly speaking, economically, financially and politically, China overshadows and will continue to overshadow the BRICS Policy. China's economy is larger than that of the three other economies (Brazil, Russia and India) combined. Moreover, China's exports and its official foreign-exchange reserves are more than twice as large as those of the other BRICs combined. China alone accounts for more than 70% of the combined GDP growth generated by the BRIC countries. If there is a BRICS miracle it's first and foremost a Chinese one. The "growth gap" between China and other large emerging economies such as Brazil, Russia and India can be attributed to a large extent to China's early focus on ambitious infrastructure projects. This considerable spending gap allowed the Chinese economy to grow at near optimal conditions while many South American and South Asian economies suffered from various development bottlenecks.

Findings

The foundation of BRICS is not simply economic, rather social conditions, human rights and democracy are increasingly important which have favored to Russia and China. So far India is concerned, our neighbours are suspicious, be it Pakistan, Bangladesh or Sri Lanka. This means, a BRICS without Nuclear Bombs, a weak and fractured mandate. BRICS nations have no hope of acting together as a coherent bloc in world affairs, and that any cooperation will be the result of forces acting on the individual nation.

BRICS should insist for economic security, youth promotion, spirit of media, civilian energy security, collective peaceful bargaining and inter-regional harmony. India's exercise of spiritual, moral ethical renaissance, honest efforts, secular democracy, law and social cohesion, sustained economic liberalization; all matters for BRICS. India's strategy has to stand on booming domestic economy and "Big Emerging Market", let other members coordinate and cooperate. At the same time, urgent need is felt to include other parallel competitors like South Korea, Mexico, Argentina, Turkey, Indonesia, Malaysia, Vietnam, Taiwan and Thailand for 'BRICS and Beyond' Model to promote effective bargaining and partnership with global competitors. Let India initiate the discussion, where other may co-opt or coordinate the business and healthy partnership rather than wasting time on petty issues. India's strategy has to stand on booming domestic economy and grabbing of 'Big Emerging Market' through knocking the diplomatic doors of BRICS rather than indulging in transnational disputes.

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