

Bricks for Brics Bank Laid

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Editorial

History was created on the last day (16th July, 2014) of the BRICS summit at Fortaleza, Brazil by the economic block of 5 world's emerging leading economies- Brazil, Russia, India, China and South Africa by consenting to the proposal of laying the foundation of BRICS Bank named New Development Bank (NDB). The acronym "New" itself inspires and energizes. Globally significant institution is highly welcomed by the BRICS economies as well as many other countries.

The proposed capital of NDB is \$100 billions through contribution from founding member countries and new members.

Objective of laying the bricks for BRICS bank is provision of funds for infrastructure and sustainable growth to the founding member countries and the new entrants.

International Monetary Fund, World Bank and Asian Development Bank are the other financial institutions of global significance.

To be based in Shanghai, China, the NDB will have president from India for the first 6 years and thereafter Brazil and Russia for five years each. NDB will be functional in next two years.

BRICS economies' global strengths are: 20% share in world GDP, 11% of global capital investment, 17% of total world's trade and 42% population inhabits BRICS countries.

Consent to the mandate by member countries to "One country, one vote" represents equality among members irrespective of economic or demographic inequalities.

A comparative of NDB with other global financial institutions:

1. International Monetary Fund(IMF) Established in 1944, Member countries 182, employees 2300, subscribed, authorized and paid-up capital and funds(net worth) \$316 billion,
2. World Bank(World Bank) Established in 1944 , member countries 180, employees 7000 subscribed, authorized and paid up capital and funds(net worth) \$184 billion
3. Asian Development Bank (ADB) Conceived in 1960 and established in 1966, member countries 67, employees 3062, subscribed, authorized and paid –up capital and funds (net worth) \$ 165 billion.
4. CRA (Contingency Reserve Arrangement) is another feature of the summit. CRA is a pool to be set up with reserve of \$100 billion to meet the contingency to forestall the short-term liquidity pressures of member countries.
5. CRA's initial authorized and subscribed capital \$100 billion will be funded by Brazil (\$18bn), Russia (\$18 bn), India (\$18 bn), China (\$40 bn) and South Africa (\$5 bn) contribution.