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# BRICS agree on capital structure for development bank

Reuters

29 August 2013: The BRICS bloc of large emerging economies have agreed on the capital structure for a proposed development bank that aims to reduce their reliance on Western financial institutions, the Wall Street Journal reported.

Officials from India, Brazil, China, Russia and South Africa agreed to set up the bank with a total capital of \$50 billion, shared equally among them, it quoted an unnamed senior Indian government official as saying.

The decision was made at a meeting in New Delhi in the first week of August, the newspaper said.

The move would likely end disagreements over the funding and management of the bank as China had earlier proposed total bank capital of \$100 billion and sought a bigger share, it said.

The bank would support the financing needs in emerging and developing nations for roads, modern-day port facilities, and reliable power and rail services.

Officials have previously said the BRICS aimed to inject an initial \$50 billion into the bank, but there was disagreement over whether each state should contribute \$10 billion or if contributions should vary by the size of their economies.

China's economy is about 20 times the size of South Africa's and four times as big as Russia's or India's. Other key issues, such as proposals within the group to offer a stake to developed nations, needed further discussion, the Indian official said. The group is considering offering a stake of 40-45% to non-BRICS nations, the official added.

That would help the bank get a higher credit rating and enable it to raise cheaper funds from the market, the newspaper said.

The bloc has yet to make a decision on where the bank would be located, the official added.

Those issues are likely to be discussed when finance ministers from the group meet on the sidelines of the annual meetings of the World Bank and International Monetary Fund in Washington in October, the official added.

The five countries represent a fifth of global GDP but have struggled to find common ground that would convert their economic weight into joint political clout.

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# India, Russia hail BRICS role in boosting world economy

PTI

Moscow, 21 October 2013: India and Russia today noted the enhanced role played by BRICS nations as part of global efforts for a strong, sustainable and growing world economy and also acknowledged the contribution of the SCO group for ensuring peace and development in Eurasia.

Both nations were positive on the outcome of the BRICS Summit in South Africa held in March and noted the increased role which BRICS played in the efforts of the international community aimed at bringing the world economy to the path of strong, sustainable and balanced growth, according to a joint statement issued after talks between Prime Minister Manmohan Singh and Russian President Vladimir Putin.

The BRICS bloc comprises of Brazil, Russia, India, China and South Africa which are all developing or newly industrialised countries, but are distinguished by their large, fast-growing economies and significant influence on regional and global affairs; all five are G-20 members.

India and Russia stand for strengthening of BRICS as a mechanism for strategic and ongoing coordination of the activities undertaken by the member states on a growing range of international political and economic issues, the statement said.

The two sides also confirmed their full support for the eThekweni Action Plan adopted at the BRICS Summit in 2013 and expressed determination to contribute actively to its implementation.

India and Russia stressed the importance of developing all aspects of multilateral cooperation within BRICS as the most solid basis for further strengthening of diverse ties among its members and expressed support for the projects for establishing the BRICS Development Bank and the Contingent Reserve Arrangement among member states.

The five BRICS countries represent almost 3 billion people, with a combined nominal GDP of over USD 16 trillion, and an estimated USD 4 trillion in combined forex reserves.

The Indian side agreed to consider the Russian proposal to develop a Strategy of Multilateral Economic Cooperation of BRICS member states.

The two nations expressed confidence that the forthcoming BRICS summit in Brazil would help strengthen the role of the bloc on the international stage.

Russia also commended India's active participation in the Shanghai Cooperation Organisation (SCO) as an observer state and reiterated its strong support for New Delhi's bid for full membership of the SCO. They agreed that the SCO contributed significantly to ensuring peace and stability, economic development and prosperity in Eurasia.

The SCO is a political, economic and military organisation focusing on Central Asia founded in 2001 in Shanghai by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.

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