1. PM says, “Terror Batters World Economy”

**Prelims Level:** International Institutions – Summits, Working, Organisations  
**Mains Level:** GS-II Important International institutions, agencies and fora- their Structure, Mandate.

**Why in News?**

- The 11th annual BRICS Summit was held recently in Brasilia, Brazil.

**About:**

- BRICS is an acronym for the grouping of the world’s leading emerging economies, namely Brazil, Russia, India, China and South Africa which is convened annually.
- The BRICS summit 2019 theme is 'Economic Growth for an Innovative Future'.
- BRICS does not exist in form of organization, but it is an annual summit between the supreme leaders of five nations.
- The Chairmanship of the forum is rotated annually among the members, in accordance with the acronym B-R-I-C-S.
- Together, BRICS accounts for about 40% of the world’s population and about 30% of the GDP (Gross Domestic Product), making it a critical economic engine.
- It’s an emerging investment market and global power bloc.

**Historical Background:**

- The acronym "BRICS" was initially formulated in 2001 by economist Jim O'Neill, of Goldman Sachs, in a report on growth prospects for the economies of Brazil, Russia, India and China – which together represented a significant share of the world's production and population.
- In 2006, the four countries initiated a regular informal diplomatic coordination, with annual meetings of Foreign Ministers at the margins of the General Debate of the UN General Assembly (UNGA).
- This successful interaction led to the decision that the dialogue was to be carried out at the level of Heads of State and Government in annual Summits.
- The first BRIC Summit took place in 2009 in the Russian Federation and focused on issues such as reform of the global financial architecture.
- South Africa was invited to join BRIC in December 2010, after which the group adopted the acronym BRICS. South Africa subsequently attended the Third BRICS Summit in Sanya, China, in March 2011.
New Development Bank:

- NDB is headquartered in Shanghai.
- At the Fourth BRICS Summit in New Delhi (2012) the possibility of setting up a new Development Bank was considered to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies, as well as in developing countries.
- During the Sixth BRICS Summit in Fortaleza (2014) the leaders signed the Agreement 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’s key areas of operation are clean energy, transport infrastructure, irrigation, sustainable urban development and economic cooperation among the member countries.
- The NDB functions on a consultative mechanism among the BRICS members with all the member countries possessing equal rights.

Contingent Reserve Arrangement:

- Considering the increasing instances of global financial crisis, BRICS nations signed BRICS Contingent Reserve Arrangement (CRA) in 2014 as part of Fortaleza Declaration at Sixth BRICS summit.
- The BRICS CRA aims to provide short-term liquidity support to the members through currency swaps to help mitigating BOP crisis situation and further strengthen financial stability.
- The initial total committed resources of the CRA shall be one hundred billion dollars of the United States of America (USD 100 billion).
- It would also contribute to strengthening the global financial safety net and complement existing International Arrangements (IMF).

Highlights of the Meeting:

- Our Honourable Prime Minister has addressed about the Terror that has emerged as the biggest threat to peace and prosperity.
- He also added that the Economic Growth of developing nations has decreased by 1.5% due to terrorism,” that the scourge had caused a $1 trillion loss to the world economy. In 10 years, terrorism had claimed the lives of 2.25 lakh people and destroyed societies, he said.
• He has proposed to hold the first meeting of BRICS Water Ministers in India as Sustainable water management and sanitation were important challenges in urban areas.

• He also stated about ‘Fit India Movement’ to increase contacts and exchanges between the BRICS countries in the field of fitness and health.

• He also called for special attention to mutual trade and investment, saying intra-BRICS trade accounts for 15% of the world trade, while its combined population is over 40% of the world’s population.