

A REVIEW PAPER ON BRICS COUNTRIES FUTURE PERSPECTIVES

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ABSTRACT:

The BRICS (Brazil, Russia, India, China, and South Africa) initially known as BRICs and later South Africa joined this trade group in 2010 is an extension of the existing trade blocks. Purpose of this study is to provide historical background and future prospective of new trade block of emerging developing countries.

KEYWORDS: BRICS, Competitiveness

INTRODUCTION

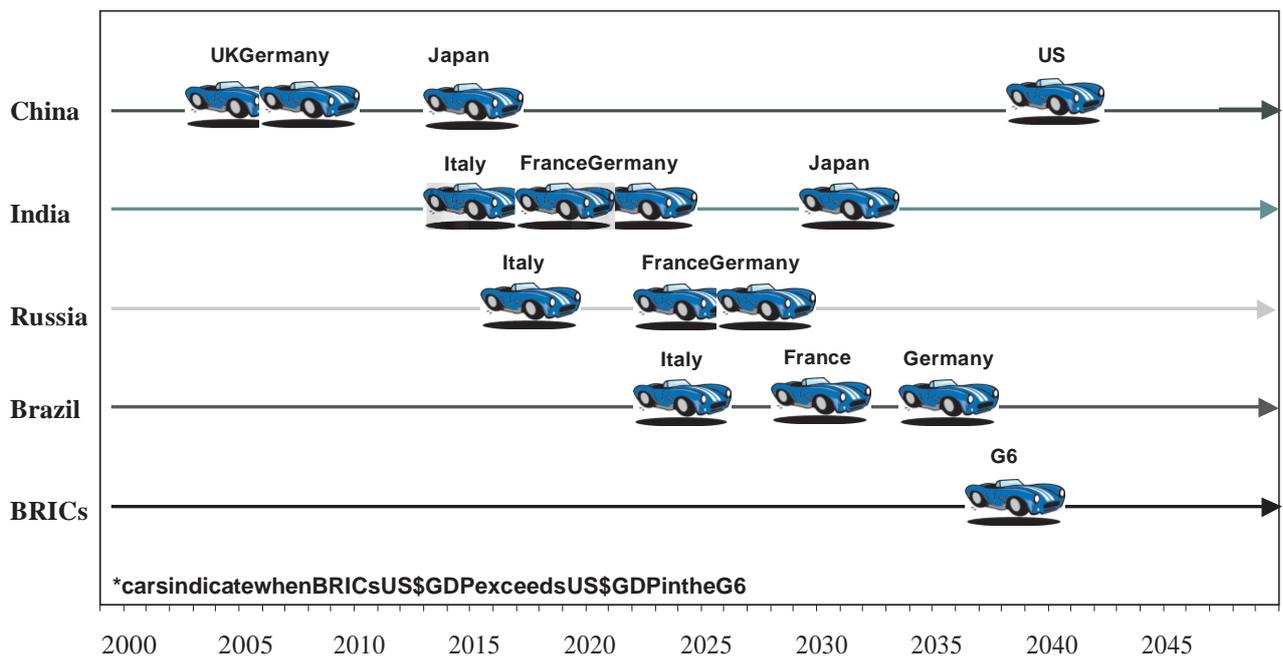
The importance of trade blocks were also mentioned in the medieval history. Those groups called 'guilds' the purpose of those groups to protect their trading interest and create monopoly and preferred position over foreign traders, now in present scenario, the purpose of trading blocs is to increase their bilateral trade among the member nations. There are various trade blocks e.g. European Union, NAFTA ASEAN and BRICS (Brazil, Russia, India, China, and South Africa) initially known as BRICs and later South Africa joined this trade group in 2010. In 2003, British Economist O'neillof of the Institute the Goldman Sachs shocked the world; they found the possibility of a new trade block. Which is by nature and characteristic different existing trade block of world e.g. NAFTA, SAARC, and European Union. BRICS consist of new emerging economies of the world having half of world population 3.6 billion people and total GDP of US\$16.6 trillion constitute 22 % of world GDP. In recent years BRICs has emerged as a major trade bloc for developing economies. Developing nations Brazil, Russia India, China and South Africa came together to take benefits from each other's resources to promote trade and development in their respective countries.

BRICS and Global Competitiveness

The competitiveness as measured by the global competitiveness Index (GCI). Refer the GCI reports of various years, w.e.f 2015- 17. In global competitiveness ranking issued by World Economic Forum China ranked at 28th in the year 2016-17 no change in previous position. India is at 39th position has been improved from previous performance from 55th and Russia also moved to 43rd rank from 45th last year. Brazil at 81st last year he was at

75th rank, South Africa improved its position from 49th to 47th rank. This report clearly suggest that India is a comprehensive gainer in competitiveness among BRICS countries as India in last decade has continuously improving in health basic educations and infrastructure, still India lacking at technology readiness. Due to those undermined factors, the competitiveness is hampered. (World Economic Forum 2016-17)

Fig 1: Projected Growth of BRICs(US\$GDP)



Source: Global Paper No 99 Goldman Sachs (2001)

Brazil economy, as per the predication made by the report of Goldman Sachs, Brazil will overtake Italy by 2025, UK & Germany by 2036. If Brazil maintains his economy growth at the avg rate of 3.6 % per annum. China could beat US by 2039 and Indian economy will be larger than all economy of world except China and US in 30 years.

REVIEW OF LITERATURE

Yeats (1992) in his study revealed that developing countries having a comparative advantage on labor-intensive goods where labor cost is low.

O'Neill (2001) predicted that if the things go right the BRICs could become major source of spending. Advance economy will shrink and in next decade, the BRICs real GDP will grow and will exceed the G-7 nations.

Wilson and Purushothaman (2003) observed in their research that BRICs in next 50 years will be an engine of world trade and could be larger than G-6 nations. Growth of India's GDP expected to be remain over 5% or more than the other BRICs economies and will surpasses Japan by the 2032.

Jain (2006) found that the economic and political power of BRICS Nation is surging and affecting the pattern of world trade. As these nation's has an immense possibilities and there are economic opportunities for other countries too.

Armijo (2007) she described BRICs nations as alternatives for foreign portfolio and direct investment and a threat to advance industrialized nations. They may lose their position and power in international trade, balance may shift to BRICs.

Rajiv and Sharma (2015) in their study revealed that India has bright possibilities and opportunity to become largest economy in world. To attain this goal India must have high growth rate in manufacturing sector. Manufacturing sector must contribute 25% to the total GDP.

Fetscherin (2012) they analyzed four different types of industry groups in India, domestic static, domestic dynamic, global dynamic and global static. Using Revealed Comparative Balassa model. found 61% of country industries fall into dynamic category and 40% of India's industries are global and they are more special than average global rate.

CONCLUSION:

The reason behind the development of the BRICS nations group despite dissimilarity in their demography, political and social cultural environments because they account for 26.46% world land, constitute 42.58% of world population area, in financial terms they constitute 13.24% World Bank voting power, 14.91% of IMF quota shares and most important they contribute 22.53% of world GDP in 2015. Moreover, they contributed 50% of world economic growth during last 10 years (www.brics2017.org). Though BRICS has emerged as a dynamic emerging economic market group with its plan to set up a development bank, it would be 'unrealistic' to expect the grouping to challenge US hegemony as the member nations face many hurdles, including territorial disputes preventing them from deeper cooperation.

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