



BRICS and the Creation of a Multipolar World

Context

The current crisis in Ukraine will consolidate BRICS as the group will make further efforts to become a real alternative to the West to create a real multipolar world.

Relevance

GS-II: Bilateral, Regional and Global Groupings and Agreements involving India and/or affecting India's interests.

Dimensions of the Article

- BRICS' efforts to change world economic system
- Consequences of Ukraine crisis for BRICS
- Implications for India
- Spotlight on India
- Way Forward

BRICS' efforts to change world economic system

- The group was brought together by geopolitical rather than economic considerations and this can be seen in the strategic interests shared by Russia and China.
- Inclusion of non-Western states in international financial institutions: BRICS is actively involved in the efforts to change the world economic system by increasing the number of non-Western states in international financial institutes.
- The BRICS countries decided to create the \$100 billion BRICS Development



Bank and a reserve currency pool worth over another \$100 billion to offer an alternative to countries in the non-Western world when it comes to choosing the sources of funding for development or coping with serious economic crises.

Consequences of Ukraine crisis for BRICS

- It demonstrates that the West has not abandoned the idea of a unipolar world and will continue building it up by drawing into its foreign policy orbit issues it calls “international” or even “common to mankind.”
- Many non-Western states look at this as a new wave of colonialism.
- This will increase the desire of non-Western countries to enhance their coordination and perhaps the current conflict is already showing signs in this respect.
- The BRICS states are different in many respects and their disagreements with the West are rooted in different historical and political circumstances.
- The current crisis in Ukraine will consolidate BRICS as the group will make further efforts to become a real alternative to the West to create a real multipolar world.
- RIC controls 22 per cent of the global GDP and 16 per cent of global exports of goods and services.
- The fallout from Russia’s alienation from the G-8 group of nations, raises the prospect that — tactically at least — Russia, India, and China might be playing their own triangular integrationist card within BRICS at Moscow’s initiative.
- Eurasian integrationist core: This will create a north Eurasian integrationist core within BRICS, whichever way Moscow’s relations with the US and Europe play out.

Implications for India

- Both the Asian giants — India and China — may stand to reap the “best of both worlds” as the Ukraine imbroglio plays out.
- Investment: This could mean greater industrial and energy cross investments between Russia and India as well as between Russia and China.
- Additionally, the proposed arrangement for rupee-ruble cross currency pairing could result in settlement of payments in non-dollar currencies with more countries looking at India’s sovereign Financial Messaging Systems (SFMS), while also remaining connected with a central system like SWIFT.
- Dedicated payment mechanism: This should also anchor India’s quest to build a dedicated payment mechanism for energy-related payments and settlements as a long-haul measure.
- This could change the contours of the global payments landscape and benefit the rupee immensely.



Spotlight on India

- As the war progresses, New Delhi has been receiving a stream of high-profile visitors from around the world.
- This has included delegations from the US, Australia and Japan, India's partners in the Quad.
- The foreign minister of Greece has also been to India and the Israeli prime minister is scheduled to visit soon.
- Even traditional rival China is making overtures to India at this time, with Foreign Minister Wang Yi's visit.
- Another suitor is Russia, which is now also becoming a supplier of discounted crude oil to India as Moscow recoils from sanctions enforced by western consumers of its natural gas.

Way Forward

New Delhi is basking in its well-deserved spotlight with well-crafted diplomacy. India could be looking at a new dawn.

Source – Indian Express