

CRISPY NEWS

Are the BRICS nations too splintered to be a bloc?

With the post-World Cup, BRICS countries' summit drawing near, all eyes of the world will once again be on Brazil as it welcomes leaders of Brazil, Russia, India, China and South Africa. The agenda of the summit includes the creation of a development bank along with a \$100 billion currency reserve fund. But the question here is, are the BRICS really "brick-and-mortar"? Or are they a pack of cards waiting to fall with the next blow of the wind? Recent statistics are pointing towards the latter with china's share of the world economy growing from 11% in 2008 to an estimated 18% in 2018 while the same figures for India are a modest 4.8% to 6.3%; Russia and Brazil each account for a paltry 3% each while South Africa has largely remained stagnant at 1%.

A number of world economists today believe that the BRICS concept no longer holds any relevance due to the wide disparity in size and importance. One of the most glaring examples of this lies in the fact that the BRICS couldn't even come on common grounds when agreeing on an elected candidate for the World Bank and IMF in 2011 and 2012.

The underlying problem here could be that that BRICS don't really have anything in common in terms of economic-management policies, per capita income and currency reserves. Despite the enormity of their resources, their banks and currency lack financial heft.

All in all it is going to be a waiting game but if the BRICS are dissolved because India and the other countries couldn't keep up with China then it serves as a grave reminder for us to pull up our socks and get back in the game. It will also be interesting to see if other national blocs like the EAGLEs and Breakout Nations are going to be the next emerging contenders.

Wipro's biggest win

Wipro has bagged a 10 year outsourcing contract of \$ 1.2 billion from the Canadian energy and utility company ATCO making it the largest IT vendor for the Canadian company. This would mean revenues of \$112 million annually for the next ten years. It would provide a major boost for Wipro, especially for its energy, natural resources and utilities segment [ENU], which accounts for 16% of the company's revenue in 2013-14.

Flipkart Vs Future Retail: one tenth in size, but ten times more valuable?

Flipkart's latest round of fund of \$160 million announced on Wednesday effectively pegs its valuation almost at par with the aggregate market capitalisation of the 10 biggest listed retail firms. With the retail landscape in India being remapped and with the momentum the online shopping has picked up it is slightly difficult for brick-and-mortar retailers to receive the valuations like online retailers. But just like how the high tech smart phones cannot replace landlines the online retailers cannot replace the brick-and-mortar retailers.

Recapitalisation of PSU banks is on high priority: Arun Jaitley

A move to strengthen the banking system Arun Jaitley said that recapitalisation to the tune of Rs 2.4 lakh crore in public sector banks to meet Basel III norms is a 'high priority' item for the government. While maintaining the public ownership, the capital of these banks will be raised by increasing the public shareholdings. Thus, while the government will continue to have majority shareholding, the citizens of India will also get direct shareholding in these banks, which currently they hold indirectly.

Around the world in 80 seconds

Malaysian Airlines crash: How it impacts Indian markets

The crash of Malaysian Airlines has fuelled geo-political concerns in global markets, which led to a sharp rise in crude and international gold price and back home the rupee also came under some bit of pressure. Within 7 hours, prices shot up 2 per cent on the New York Mercantile Exchange, from \$101.99/barrel to \$103.99/barrel.

Nikesh Arora, Google's Chief Business Officer, quits; joining Japan's SoftBank

SoftBank Corp, the Japanese wireless carrier led by billionaire Masayoshi Son, hired Google Inc.'s Nikesh Arora to help steer its global expansion. Soft Bank fell 1.2% to 7,587 yen at 9:56 a.m. in Tokyo trading, extending an 18 % decline this year. The benchmark Topix index lost 1 % on Friday. As vice-chairman Arora will help define, implement and manage the company's global growth strategy.

Washington asks Wall Street if it wants super long-term debt

The US Treasury said on Friday it asked the biggest dealers of US debt if it should issue a security with a maturity greater than 30 years. If implemented it would potentially help the government capitalize on current low interest rates. Borrowing over longer terms helps insulate governments from future increases in interest rates. Sovereign bonds with 50-year duration are not common, although China and Britain issue them.