Along the above lines, in comparison to the BRICs and overall emerging economies, consider Myanmar, that started its liberalisation post 2000 after years of a repressive regime. It grew by 13% during the period 2003-07. It then slowed sharply during 2008-2012 after the global financial crisis and has recovered to grow by over 8% in the last two years. Its higher growth relative to India merely reflects its low starting income level.

Unfortunately, those championing the BRICs went overboard by treating high growth as a great achievement by itself. They were paying too much attention to GDP itself rather than GDP per capita as an indicator of economic status. By virtue of sheer size, India's high GDP gives it a superpower status, compared to its relatively low GDP per capita. Even GDP per capita is misleading as an indicator of economic status. This is because including investment in GDP is a form of double counting since it is an input that get used up to produce final consumption goods. Leaving aside quality of life indicators based on pollution etc, the more valid economic criterion is consumption per capita. Much of China's high GDP growth and rise in GDP per capita has come from the investment component, which has averaged about 40% of GDP for several years.

6.8.1 Inclusion of the Yuan in SDR Basket

The BRICs was originally visualized by O' Neill and others partly as a counterpart to the G-7, colloquially called the Rich Man's Club, which has a disproportionate clout in international economic affairs and in the decisions of the IMF. One long standing disputed issue between developed and developing countries has been the allocation of SDRs or Special Drawing Rights. The SDR is the international currency created by the IMF in 1969, to try to replace or supplement the US dollar as the global means of payment, in response to what was labelled the dollar shortage of 1960s. The SDR quotas were allocated based on a country's GDP and related factors.

Based on their growing share of world GDP and trade, the BRICs and emerging countries have justifiably wanted a greater share of SDRs and other privileges. As of September 2015 four currencies comprised the SDR basket (US dollar, Euro, Yen and Swiss franc with differing weights). The criterion for being part of the SDR basket are those with the largest exports of goods and services, *subject to* the currency being freely usable, i.e., those which are were freely convertible without government restrictions on usage in trade and finance. As the world's largest exporter, China meets the first criterion better than the four listed above. However unlike the hard currencies, the yuan is not fully convertible.

A convertible currency has been a cherished goal of many emerging economy leaders and Finance Ministers. The BRIC group was pushing to get the IMF to start including emerging economy currencies in the SDR basket, starting with the Chinese yuan due to its growing share in world trade. The basket of currencies going into the SDR is revised every five years. In November 2015, the yuan was included in the SDR basket. Ironically this was done after China's stock market tumbled in August 2015 and the Chinese authorities imposed stiff restrictions on various financial transactions both 'domestic and overseas' for China's residents. These restrictions are *not compatible* with being a freely usable currency.

Those skeptical of the economic viability of the SDR as an international currency have substantial justification. Despite being promoted by the IMF, the SDR's share in world reserves and global transactions remains quite small. As of 2006, member countries held only about \$ 17 bn SDR, but close to about 200 times more (about \$ 3014 bn) in foreign exchange, mainly US dollars. Inclusion in the SDR basket has been more a symbolic than substantive achievement for China.

It is perhaps worthwhile assessing predictions about whether the yuan can replace the US dollar as the world's largest reserve currency in the years ahead. In sync with Goldman Sachs (2009) further rosier projections, based on China's robust growth after the Lehman Brothers crisis in 2008, the view that the yuan would replace the dollar as the world's' reserve currency gained some ground. One optimistic proponent of this view, wrote in his book a few years back,

> "First, the economic dominance of China relative to the United States is more imminent (it may already have begun), will be more broad-based (covering wealth, trade, external finance, and currency)…..However, if these policy initiatives are indeed undertaken – and many have already been initiated – the fundamentals will be in place to facilitate the rise of the renminbi and its eclipsing of the status quo reserve currencies, the dollar and the euro," Subramanian (2011, pp. 4, 9).

However, despite the yuan entering the SDR basket in 2015, due to the growing crisis in the Chinese economy and other considerations, such an outcome is very unlikely.

Despite the growing skepticism about the BRIC group, since 2013 active efforts to promote a BRICs bank to take on some of the role of the IMF continued, with summit meetings of five heads of state in 2012 and 2013 respectively. These efforts fructified with the formation of a BRICS bank, officially called the New Development Bank, in 2015. Shortly afterwards, an Asian Infrastructure and Investment Bank (AIIB) headed by China, was formed in January 2016. The AIIB is meant to be a counterpart to the prevailing America dominated, Japanese headed Asian Development Bank and to take on some of its infrastructure financing roles. To summarize the BRICs developed an identity, enhanced by the views of experts on geopolitical affairs, way above its intrinsic value to portfolio investors. Unlike purely regional groupings, it is more a political concept more than hard economic reality, with substantial diplomatic and symbolic value for its members.

6.9 OUTLOOK FOR EMERGING ECONOMIES AND THEIR EQUITY MARKETS

The slowdown of BRIC and emerging economies calls for an assessment of the outlook for their growth and equity markets. Such an assessment will be useful from various angles−for portfolio investors concerned with dollar returns, for finance ministry officials and central bankers confronted with the tasks and currency risks of managing capital flows, and for