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# New Development Bank (NDB)

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# New Development Bank (NDB)

Practice: 6 MCQs
The NDB is the multilateral development bank set up by the BRICS countries.

This page covers how it began, how its capital and voting work, how it has grown, and the traps that exams set.

- **Signed:** 15 July 2014, Fortaleza, Brazil.
- **Founders:** Brazil, Russia, India, China, South Africa.
- **Capital:** US$100 billion authorised, US$50 billion subscribed.
- **Votes:** equal to subscribed shares.
- **Headquarters:** Shanghai.

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## 1. The BRICS Bank

### NDB timeline

**15 Jul 2014**
Agreement signed, Fortaleza

**3 Jul 2015**
Founders join

**2016**
NDB fully operational

**2021**
HQ moves to Shanghai

**2021**
Four new members approved

Based on the sources listed below.

Key dates in the NDB story. Original explanatory diagram.

## 1.1 What is the New Development Bank?

The New Development Bank (NDB) is a multilateral development bank. Brazil, Russia, India, China and South Africa (BRICS) set it up.

It mobilises money for infrastructure and sustainable development projects. These are in BRICS and other emerging markets and developing countries.

## 1.2 When and where was it created?

The Agreement on the NDB was signed at Fortaleza, Brazil, on 15 July 2014. The leaders signed it at the sixth BRICS Summit.

The five founding members joined on 3 July 2015. The Board of Governors met for the first time on 7 July 2015. K. V. Kamath became the first President.

The NDB became fully operational in 2016, after the founders paid in the first instalment of capital.

## 1.3 Where is the head office?

The Agreement says the Bank will have its headquarters in Shanghai. The NDB moved to its permanent headquarters there in 2021.



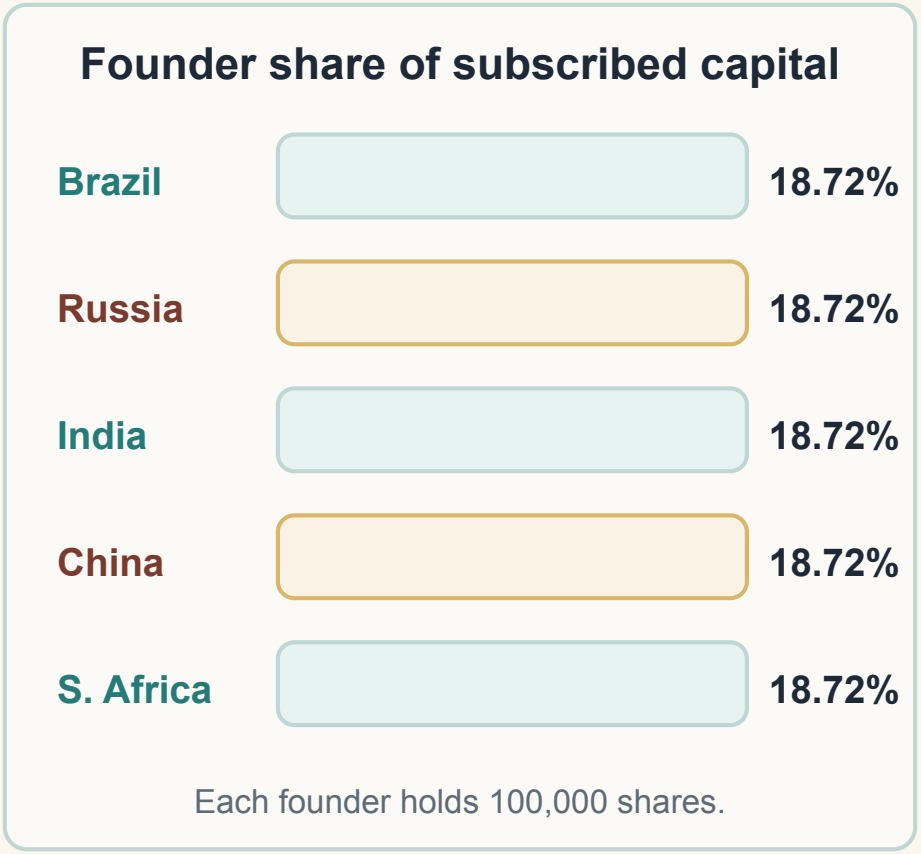
Shanghai, home to the NDB headquarters. Credit: Wikimedia Commons (CC BY 4.0).

**Sources:**

- NDB: About NDB
- NDB: History
- NDB: Members
- NDB Agreement
- BRICS Bank briefing (PMG)

True or false: the NDB was set up by APEC.

## 2. Capital and Voting




Founders hold equal shares. Original explanatory diagram.

### 2.1 How big is its capital?

The initial authorised capital is US$100 billion. The initial subscribed capital is US$50 billion.

Of the subscribed capital, US$10 billion is paid in. The founding members share the initial subscription equally.

## 2.2 How is voting power decided?

The voting power of each member equals its subscribed shares. It does not depend on population or GDP.

Each of the five founders holds 100,000 shares. That is US$10 billion each.

## 2.3 Do the founders still hold 20% each?

No. The founders held equal shares at the start. New members have since joined, so each founder now holds 18.72% of the subscribed capital.

## 2.4 What limits does the Agreement set?

No capital increase can take effect if it does three things. It cannot cut the founders' voting power below 55 percent.

It cannot raise the non-borrowing members' voting power above 20 percent. It cannot raise any non-founding member above 7 percent.

**Sources:**

- NDB Agreement (section 2)
- BRICS Bank briefing (PMG) (section 2)
- NDB: Shareholding
- NDB: Admission terms

True or false: voting power at the NDB follows each member's subscribed shares.

**Think it through: why does the Agreement cap the founders' loss of votes at 55 percent?**

It keeps the BRICS founders in control as new members join. Their share of votes cannot fall below that line.

# 3. Growth

## 3.1 Who has joined since 2015?

In 2021 the Board of Governors approved Bangladesh, the UAE, Egypt and Uruguay. Bangladesh joined on 16 September 2021 and the UAE on 4 October 2021.

Egypt joined on 20 February 2023, and Algeria on 19 May 2025. Uruguay is still listed as a prospective member.

## 3.2 How has the NDB changed how it lends?

Its early loans were mostly in US dollars. One 2016 loan was RMB 525 million, for a solar project in Shanghai Lingang. In 2019 it approved lending in more currencies, including euro, rand and Swiss francs.

In 2024 it issued its largest-ever five-year Panda Bond. A Panda Bond is a yuan bond sold in China.

## 3.3 What are the General Strategies?

The Board of Governors approved a General Strategy for 2017-2021. It approved the next one, for 2022-2026, in 2022.

The NDB earned an AA+ rating from Fitch and S&P in 2018. This gave it access to global financial markets.

**Sources:**

- NDB: Members (section 3)
- NDB: History (section 3)

True or false: Uruguay is a full member of the NDB.

# 4. Exam Traps

## 4.1 Is the NDB the same as the CRA?

No. Both BRICS agreements were signed at Fortaleza on 15 July 2014. They do different jobs.

The NDB funds projects. The Contingent Reserve Arrangement (CRA) is a pool of US$100 billion for short-term balance of payments pressures.

The CRA commitments are China US$41 billion, and Brazil, Russia and India US$18 billion each. South Africa commits US$5 billion.

## 4.2 Was the NDB set up by APEC?

No. BRICS set it up, and its headquarters is in Shanghai. UPSC CSP 2016 tested this.

## 4.3 What other traps appear?

- **Share:** founders now hold 18.72% each, not 20%.
- **Uruguay:** approved in 2021, but still a prospective member.
- **Voting:** it follows shares, not population or GDP.
- **Founding year:** signed in 2014, founders joined in 2015.

**Sources:**

- CRA Treaty
- BRICS Bank briefing (PMG) (section 4)
- NDB: About NDB (section 4)
- UPSC CSP 2016 paper page
- NDB: Shareholding (section 4)
- NDB: Members (section 4)
- NDB Agreement (section 4)

True or false: the NDB and the CRA are the same BRICS institution.

**Think it through: why do exams pair the NDB with the CRA?**

Both were signed at Fortaleza on the same day. One funds projects and the other lends against payment pressures.

## 5. Which previous-year question tests the NDB?

The answer is (b). Only statement 2 is correct.

Statement 1 is false. BRICS set up the NDB, not APEC. The headquarters is in Shanghai.

## Your understanding checks

**Your 4 quick checks**Answered 0 of 4 · Correct 0
This score resets when the page reloads.

## Practice: 6 MCQs

## Practice MCQs

**1. On which date was the Agreement on the New Development Bank signed?**

**A.** 3 July 2015

**B.** 7 July 2015

**C.** 15 July 2014

**D.** 15 July 2016

See answer ↓

**2. Where is the headquarters of the New Development Bank?**

**A.** New Delhi

**B.** Shanghai

**C.** Moscow

**D.** Sao Paulo

See answer ↓

**3. What is the initial subscribed capital of the NDB?**

**A.** US$50 billion

**B.** US$41 billion

**C.** US$10 billion

**D.** US$100 billion

See answer ↓

**4. On what does a member's voting power at the NDB depend?**

**A.** Its GDP

**B.** Its loans taken

**C.** Its subscribed shares

**D.** Its population

See answer ↓

**5. Below what share of total voting power can the founders' votes not fall under the Agreement?**

**A.** 7 percent

**B.** 20 percent

**C.** 75 percent

**D.** 55 percent

See answer ↓

**6. Which statement about the BRICS Contingent Reserve Arrangement (CRA) is correct?**

**A.** It was set up in 2021

**B.** It is a US$100 billion pool for balance of payments pressures

**C.** It finances infrastructure projects

**D.** It is headquartered in Shanghai

See answer ↓

# Answer Key

1. **C.** The answer is **15 July 2014**. The leaders signed it at Fortaleza, Brazil. Why the others fail: 3 July 2015 is when the founders joined. 7 July 2015 is the first Board of Governors meeting. Memory hook: signed 2014, joined 2015. ↑ Q1
2. **B.** The answer is **Shanghai**. The Agreement says so, and the NDB moved to its permanent home there in 2021. Why the others fail: Moscow and Sao Paulo host NDB regional centres or offices. New Delhi is not the headquarters. Memory hook: BRICS bank, Shanghai base. ↑ Q2
3. **A.** The answer is **US$50 billion**. Of this, US$10 billion is paid in. Why the others fail: US$100 billion is the authorised capital, and it is also the size of the CRA pool. US$41 billion is China's CRA share. Memory hook: 100 authorised, 50 subscribed, 10 paid in. ↑ Q3
4. **C.** The answer is **its subscribed shares**. The Agreement makes voting power equal to shares held. Why the others fail: population and GDP do not set votes directly, and borrowing does not either. Memory hook: more shares, more votes. ↑ Q4
5. **D.** The answer is **55 percent**. No capital increase can cut the founders below that line. Why the others fail: 20 percent is the cap for non-borrowing members. 7 percent is the cap for one non-founding member. Memory hook: 55 floor, 20 and 7 caps. ↑ Q5
6. **B.** The answer is **the US$100 billion pool**. China commits US$41 billion, Brazil, Russia and India US$18 billion each, and South Africa US$5 billion. Why the others fail: project lending is the NDB's job. The CRA was signed at Fortaleza in 2014, the same day as the NDB Agreement. Memory hook: NDB funds projects, CRA covers payment gaps. ↑ Q6

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