



INTRA-BRICS TRADE AND OPPORTUNITIES FOR INDIA

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Abstract

In 2008, group of four emerging economies came together and form the group BRIC. In December 2010, South Africa became its official member and the BRIC is renamed as BRICS. Here 'S' stands for South Africa. Idea for setting up the BRICS development bank was proposed by India at 4th Summit in Delhi, 2012. BRICS together maintain a trade surplus, which has increased from US\$ 314.8 billion in 2006 to US\$ 644.7 billion in 2015. Together they account for almost 20 per cent of global trade and generating more than 40 per cent of global economic growth. BRICS Development Banks have signed a number of agreements to promote intra-BRICS trade and investment. This paper investigates the intra-BRICS trade as well as opportunities for India in BRICS. The cooperativeness between the BRICS countries has the opportunities to gain for all five of the member countries specifically for India, which has the competitive advantage in certain products.

Keywords: Intra-BRICS trade, India, China, Brazil, Russia, South Africa.

Introduction:

Usually there are regional economic groups exists such as APTA, SAARC, NAFTA, ASEAN, EU etc. Countries who are members of these groups are from some specific continent and same region. And BRICS- Brazil, Russia, India, China, South Africa; five emerging economies from four continents came together and

form a group. Over the last decade, BRICS nations have begun to seriously define their common interest. Brazil, Russia, India, China and South Africa have held eight Summits so far. In September 2017, they will meet again in China with the goal of deepening cooperation, strengthening global governance, carrying out people-to-

people exchanges, making institutional improvements, building broader partnership and the theme of the Summit will be “ BRICS: Stronger Partnership for a Brighter Future.” These priorities of the Summit will directly impact these nations and also affect the rest of the developing world. BRICS has evolved a number of mechanisms for consultation, coordination and cooperation. These include Summits, meetings of Foreign Ministers, Finance Ministers and Central Bank Governors, Agriculture Ministers, Health Ministers, Science & Technology Ministers, Education Ministers and National Security Advisers.

Together the five BRICS nations account for about 40.54 per cent of the world population, a quarter of the world's land area and a combined GDP of US\$ 16.039 trillion. They account for almost 18 per cent of the world's economy. The value of intra-BRICS trade was US\$ 250 billion in 2015. BRICS nations have set a target to increase intra-BRICS trade to US\$ 500 billion by 2020 (www.economicstimes.com). This requires businesses and industry in all five countries to scale up their engagement and government to facilitate this process. The first BRICS Trade Fair and Exhibition held on October, 2016 in Delhi (India). This initiative was proposed by Prime Minister Narendra Modi last year. The fair is meant to give an impetus to intra-BRICS economic engagement.

India's strengths are in labour, services, generic pharmaceuticals, and information technology (Chatterjee et al 2014). There are significant synergies with other BRICS partners which may be tapped to further strengthen intra-BRICS linkages in these

areas. India's notable contribution to BRICS is proposal of the New Development Bank which was put on the BRICS agenda at the 4th Summit hosted by India in New Delhi in March 2012. India has proposed important initiatives in order to strengthen intra-BRICS cooperation. These initiatives relate to online education, an affordable health care platform, a virtual BRICS university and BRICS language schools, cooperation in small and medium enterprises, tourism, youth exchanges, a Young Scientists Forum and disaster management (BRICS Report).

BRICS Development Bank, which was also proposed by India in 2012 Summit and came into existence in 2014, has signed a number of agreements to promote intra-BRICS trade and investments. The BRICS New Development Bank (NDB) has approved its first package of loans worth \$811 million for renewable energy development to four nations in tranches. The NDB decided to provide \$300 million to Brazil, \$81 million to China, \$250 million to India and \$180 million to South Africa. There are many more new projects in the pipeline including projects from Russia. The speed of NDB's progress is an indication of collective aspirations of BRICS. In a recent statement by K V Kamath, President of NDB said that it is working towards doubling lending every year over the next two-three years. This presents huge opportunities for India as well as for other nations too.

This paper investigates the intra-BRICS trade and also determines the opportunities for India. This paper is divided into three parts. First part comprises the Economic and Social comparison of BRICS nations.

Second part deals with the opportunities available to India in BRICS and intra-BRICS trade. Last part deals with the concluding remarks.

Objectives of the Study:

- To analysis the intra-BRICS trade of India.
- To determine the opportunities for India in intra-BRICS trade.

Methodology:

This paper is descriptive in nature. Secondary data is used for this paper which was obtained from the online websites, articles of journals, corporate websites and website of Government of India. In the process of reviewing the

literature, the study uncovered the facts on the basis of which we can find out the position of India in intra-BRICS trade and also determine the opportunities for India in BRICS. Data is analysed by content analysis technique.

Table 1- General Information of BRICS Nations

Country's name	Area of territory (1000 sq. km)	Capital city	Population (million)	National Currency
Brazil	8516	Brasilia	206	Real – RS
Russia	17125	Moscow	146	Rouble – Rub
India	3287	New Delhi	1299	Rupee - ₹
China	9600	Beijing	1375	Renminbi – RMB
South Africa	1221	Pretoria	55.91	Rand – ZAR

(Source: www.tradingeconomic.com)

Table 1 shows the general information about BRICS countries. And this table depicts that Russia has the largest surface area having second position in lowest population among BRICS nations. Russia

is then followed by China in the surface area but China has the highest population among all BRICS nations. South Africa has the lowest surface area with the lowest level of population too.

Table 2 - Economic and Social Comparison of BRICS Nations

	year	Value
Unemployment Rate (%)		
Brazil	2017	13.20
Russia	2017	5.60
India	2017	4.20
China	2016	4.02
South Africa	2016	2.50
Foreign Exchange Reserve (US\$ million)		
Brazil	2017	368981
Russia	2017	397334
India	2017	367930

China	2017	3005000
South Africa	2017	46722
Competitive Index (points)		
Brazil	2016	4.06
Russia	2016	4.51
India	2016	4.52
China	2016	4.95
South Africa	2016	4.47
Ease of doing business (Rank)		
Brazil	2016	123
Russia	2016	40
India	2016	130
China	2016	78
South Africa	2016	74
Corruption Rank		
Brazil	2016	79
Russia	2016	131
India	2016	79
China	2016	79
South Africa	2016	64
Corruption Index (points)		
Brazil	2016	40
Russia	2016	29
India	2016	40
China	2016	40
South Africa	2016	45
Industrial Production (%)		
Brazil	2017	1.40
Russia	2017	-2.70
India	2017	2.70
China	2017	6.30
South Africa	2017	0.80
Balance of Trade (US\$ million)		
Brazil	2016	4560
Russia	2016	11445
India	2017	-8896.30
China	2017	-91.50
South Africa	2016	5216.14
Exports (US\$ million except China)		
Brazil	2016	15472.00
Russia	2016	25121
India	2016	24490.27
China	2016	1200.80
South Africa	2016	87787.53
Imports (US\$ million except China)		
Brazil	2016	10912.00
Russia	2016	13676

India	2016	33386.60
China	2016	1292.30
South Africa	2016	82571.39
Terrorism Index(points)		
Brazil	2015	1.74
Russia	2015	5.43
India	2015	7.48
China	2015	6.11
South Africa	2015	3.53
GDP Deflator (index points)		
Brazil	2016	8.3
Russia	2016	114
India	2017	125
China	2015	622
South Africa		-
FDI		
Brazil	2016	5306.30
Russia	2016	3861
India	2016	3353
China	2016	201
South Africa	2016	1873
Leading Economic Index (%)		
Brazil	2017	-0.26
Russia	2016	-0.60
India		-
China	2017	0.10
South Africa	2016	0.70
Housing Index (%)		
Brazil	2017	130.09
Russia	2015	-0.30
India	2015	238.00
China	2017	11.80
South Africa	2016	544.47
Inflation (%)		
Brazil	2017	4.76
Russia	2017	4.30
India	2017	3.65
China	2017	0.80
South Africa	2017	6.30
GDP (US\$ billion)		
Brazil	2015	1775
Russia	2015	1331
India	2015	2095
China	2015	11008
South Africa	2015	315
Govt. Debt to GDP (%)		
Brazil	2015	69.49
Russia	2015	17.70

India	2015	69
China	2015	42.90
South Africa	2015	50.10
GDP Annual Growth Rate (%)		
Brazil	2016	-2.5
Russia	2016	0.3
India	2016	7
China	2016	6.8
South Africa	2016	0.7
CPI (index points)		
Brazil	2017	4810
Russia	2017	543
India	2017	131
China	2017	101
South Africa	2017	102

(Source: www.tradingeconomic.com)

India's Export and Import to BRICS Nations:

India's total export in 2016 is US\$ 199,466.40 which is less than total import in 2015 that is US\$ 278,379.57. And there is appreciation in India's total export in

2016 is 1.08% more as compared to total exports in 2015. Total import in 2016 is also 6.40% less as compared to total import in 2015.

Table 3 - Export to BRICS Nations

(US\$ million)

Country	2015 (April- Dec)	2016 (April- Dec)	Growth (%)
Brazil	2159.84	1807.82	-16.30
Russia	1167.17	1392.16	19.28
China	6959.82	6903.50	-0.81
South Africa	2856.13	2505.81	-12.27
Total	13142.96	12609.29	-10.10

(Source: Govt. of India, Ministry of Commerce and Industry, Dept. of Commerce (2017))

Table-3 depicts India's export to other BRICS nations in 2015(April- Dec) and 2016 and growth in exports during this time period. Total export to other BRICS

nations in 2015 is US\$ 13,142.96 million and total export in 2016 is US\$ 12,609 million. There is decline in the Export by India to other BRICS nations by 10.10%.

Table 4 - Import to BRICS Nations

(US\$ million)

Country	2015 (April- Dec)	2016 (April- Dec)	Growth (%)
Brazil	3220.86	2935.29	-8.87
Russia	3587.34	3807.49	6.14
China	46699.27	45631.34	-2.29
South Africa	4733.50	4048.82	-14.46

Total	58240.97	56422.94	-19.48
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(Source: Govt. of India, Ministry of Commerce and Industry, Dept. of Commerce (2017))

Table-4 shows India's import from other BRICS nations in 2015 and 2016 and growth or decline in India's import during this period. India's total import in 2015(April- Dec) is US\$ 58,240.97 million

and total import in 2016 is US\$ 56,422.94 million. There is also decline in the import by India from other BRICS nations by 19.48%.

Chart 1

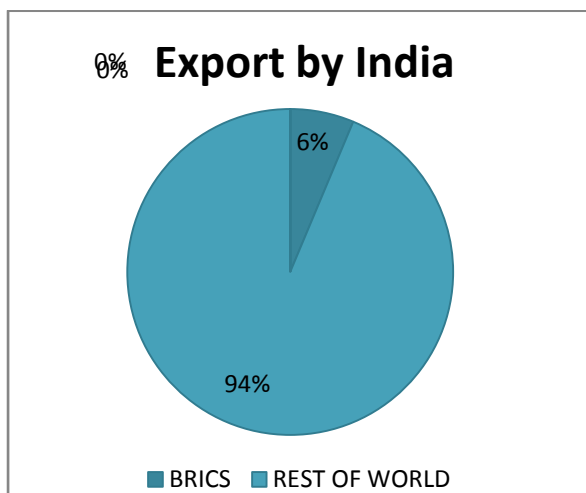
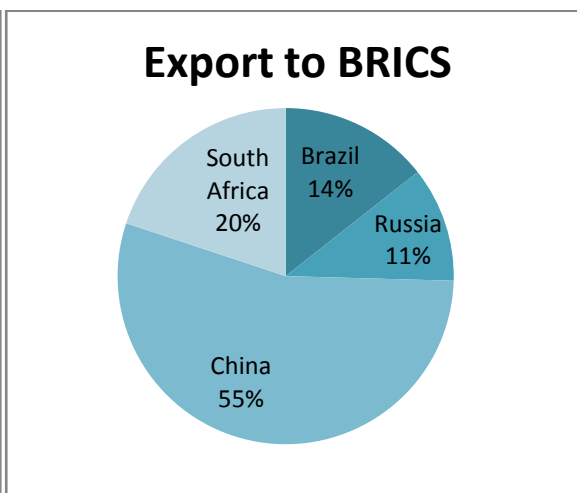


Chart 2



(Source: Govt. of India, Ministry of Commerce and Industry, Dept. of Commerce (2017))

Chart 1 shows the total export by India to BRICS nations and rest of the world. India's export to BRICS nations in 2016 was only 6% of its total export in 2016 and 94% to the rest of the world.

Chart 2 shows the export by India to BRICS nations. India's total export to BRICS nations in 2016 was US\$ 12,609 million out of which 55% is exported to China, 20% to South Africa, 14% to Brazil and 11% to Russia.

Chart 3

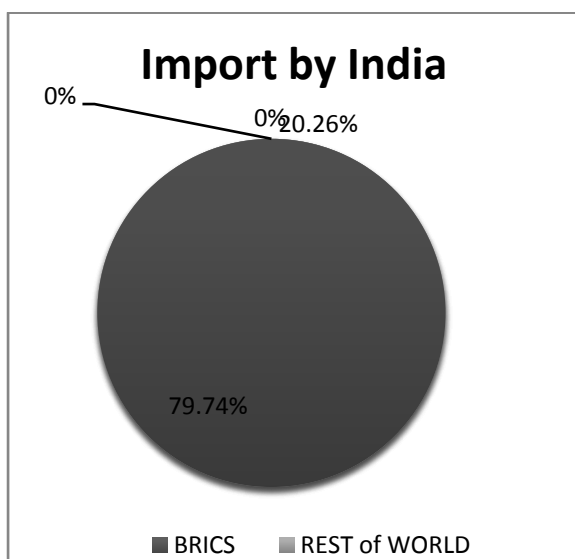
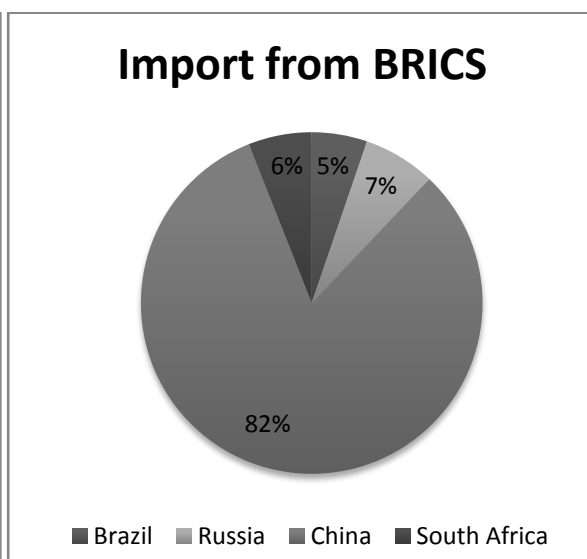


Chart 4



(Source: Govt. of India, Ministry of Commerce and Industry, Dept. of Commerce (2017))

Chart 3 depicts the total import by India from BRICS nations and rest of the world in 2016. India's import from BRICS nation was 20.26% of the total import in 2016 and 79.74% of total import from the rest of the world.

Chart 4 shows the import by India from BRICS nations was US\$ 56,422.94 million out of which 82% import from China, 7% from Russia, 6% from Brazil and 5% from South Africa. From above charts it finds that China is the largest exporter and importer among BRICS nations. But export to India is too higher than import from India.

Opportunities for India:

These five BRICS nations are dissimilar in demography, internal politics, economy, culture and traditions etc. There are neither same strengths nor similar development across the group of five nations. Border conflict between India and China also affect their trade relationship. Despite this India holds lots of opportunities in BRICS and trade from BRICS.

- India has a comparative advantage in services but significantly lags behind China in manufacturing. India's strengths in software and services compliment the hardware products of China.
- India needs to enhance its competitiveness in the manufacturing sector. And after PM NarendraModi campaign 'MAKE IN INDIA', India's weakness in manufacturing reduces to some extent. And this offers a lot of opportunities for India in intra- BRICS trade. And reduces the import of manufacturing products from other nations.

- Trade policies of BRICS nations are evolving toward deepen integration through regional trading arrangements as a compliment to multinational trade agreements under WTO.
- Presence of substantial complimentary and unexploited opportunities in manufacturing, services and investment will significantly enhance bilateral trade between the India and other BRICS nations.
- Cross-border initiatives relating to trade facilitation and investment promotion can be instrumental in generating jobs, increasing trade and economic growth.
- Regional cooperation and integration in trade, investment, and infrastructure development can foster outward-oriented development and generate economic and social benefits. Integration will bring reduced transaction costs; greater productive infrastructure services; lower trade barriers; faster communication of ideas, goods and services; and rising capital flows.

Findings:

India is the largest economy in South Asia and one of the fastest growing economies in the world. India is an emerging economy with a GDP of US\$ 2264 billion in 2015. In 2016-17, merchandise export of India was valued at US\$ 275851.71 billion and its import was worth of US\$ 384355.56 billion. India's trade openness has surpassed Brazil, Russia, China and South Africa as well. India is hovered to become a major trade open country in the world.

Table 5 - Share of BRICS in Global Exports of India

Countries	2010	2015	2016 (Apr- Dec)
BRICS	11.9%	6.8%	6.33%
China	7.9%	3.6%	3.46%
South Africa	1.7%	1.4%	1.26%
Brazil	1.7%	1.2%	0.91%
Russia	0.6%	0.6%	0.70%
India's Global Exports (US\$ mn)	220,408.5	264,381.0	199,466.40

(Source: EXIM Bank working paper; Dept of Commerce, Govt of India)

Table 6 Share of BRICS in Global Imports of India

Countries	2010	2015	2016 (Apr- Dec)
BRICS	15.7%	19.6%	20.26%
China	11.8%	15.8%	16.39%
South Africa	2.0%	1.6%	1.45%
Brazil	1.0%	1.2%	1.05%
Russia	0.9%	1.1%	1.37%
India's Global Exports (US\$ mn)	350,029.4	390,744.7	278,379.57

(Source: EXIM Bank working paper; Dept of Commerce, Govt of India)

Table 5 depicts that India's export only to Russia in 2016 is registering positive growth as compared to 2015 in BRICS nations. Table 6 depicts that India's import in 2016 increased from China as well Russia too. In BRICS, India imports are more than the exports.

India has to go long to attain its objectives. In spite of these opportunities for India in BRICS, still India imports are more than its exports and has balance of trade deficit. We have to see what the goals of the 2017 Summit will bring for India. Is really there build partnership among BRICS nations and strengthen their relations and deepening cooperation?

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