

# The BRICS and India's Collaboration with Rising Powers: Friendship and Obstacles

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## ABSTRACT

The BRICS nations of Brazil, Russia, India, China, and South Africa are the developing powers investigated in this study as they relate to India's relationship with them. Numerous BRICS nations, including India, have had long-standing historical ties with one another. Over the last several years, efforts such as "the New Development Bank and the \$100 billion Contingent Reserve Agreement" have shed light on the unified goal of the BRICS nations to restructure the global financial architecture. However, there are a few areas of worry within the BRICS, one of which is the low amount of foreign direct investment. In addition, while institutional arrangements and monetary mechanisms already exist within BRICS to expand economic ties, these mechanisms and arrangements nevertheless need to be used to the utmost extent possible via consistent communication.

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## Introduction

The paper looks at India's interactions with developing nations via BRICS, which stands for Brazil, Russia, India, China, and South Africa. Political interests are now subordinate to economic ones. The phrase "emerging powers" acknowledges the contribution of the BRICS nations to the global economy and its growing importance, particularly in the economic sphere. The BRICS nations can play a significant role in regional and global international affairs.<sup>[1]</sup> India engages in bilateral, regional, and multilateral interactions with developing nations. In addition to focusing on political and strategic issues, India has effective free trade agreements with numerous nations. India is also giving substantial credit lines globally and pursuing bilateral and multilateral free trade agreements with several other governments. A good illustration of global economic cooperation is the BRICS.

Many of the BRICS nations have long-standing historical ties with India. The New Development Bank and the \$100 billion Contingent Reserve Agreement are two recent projects that show the common BRICS goal of remaking the world financial system.<sup>[2]</sup> There are various areas of worry within BRICS, such as the low amount of foreign direct investment. Additionally, while institutional frameworks and monetary mechanisms exist within BRICS for strengthening economic ties, they must be used to the fullest via frequent exchanges.

## The Birth and Development of the BRICS

Goldman Sachs was the first company to introduce the phrase BRIC, which stands for "Brazil, Russia, India, and

China." Its purpose was to emphasize the expanding economic potential of nations such as Brazil, Russia, India, and China. Goldman Sachs has projected that by the year 2032, the economies of the BRIC nations might become just as big as the economies of the G7 nations.<sup>[3]</sup> Since South Africa became a member in April of 2010, the acronym BRICS has become a symbol of the shifting balance of economic power on a global scale. "Break the global North's chokehold on finance and development" is the stated objective of the current activities of "the New Development Bank and the \$100 billion Contingent Reserve Agreement".<sup>[4]</sup> BRICS has the potential to be a constructive actor in the arena of world affairs. The five nations have a significant opportunity to work together to solve global concerns and educate one another via their interactions. When it comes to the topic of development banking, India may gain valuable insight from Brazil and China.<sup>[5]</sup>

Even though they are all working toward economic progress, the BRICS governments are very distinct from one another politically, economically, and geographically. They did not get together "for the first time as a group until the Summit in Yekaterinburg, Russia, in 2009. The BRICS members have held annual summit meetings in the following locations: Brasilia, Brazil, in 2010; Sanya, China, in 2011; New Delhi, India, in 2012; Durban, South Africa, in 2013; Fortaleza, Brazil, in 2014, and Ufa, Russia in 2015." The next meeting is planned to take place in Goa, India, in 2016. Every one of the five nations is a great power in its particular part of the world. Strong economic and political collaboration among the BRICS nations has contributed to expanding economic ties, including trade and investment. They have also engaged in various international forums in close collaboration with one

another as partners, such as making a conditional pledge of \$75 billion to the International Monetary Fund that is contingent on the IMF voting procedure being reformed. In addition, they have agreed to do commerce with each other using their respective currencies.

The BRICS countries share the view that the world should be multi-polar. According to an article that was published by Mudunur L. in 2013,<sup>[6]</sup> "After four major summits and a substantial number of wide-ranging low-level meetings, BRICS may be viewed as One of the primary long-lasting forces building the new framework of global politics in the 21st century" In practice, BRICS is representative of a powerful and cohesive "global south" BRICS is comprised of a combined strength of roughly 3 billion people, which accounts for nearly 43% of the entire population of the world. Additionally, BRICS has around \$4 trillion in foreign reserves and a total GDP of \$13.7 trillion. Additionally, BRICS accounts for roughly 18% of the world economy, which is crucial for global economic reform politics.<sup>[7]</sup>

As the global economic order continues to shift, new economic actors will likely play an increasingly important role. "In a multi-polar and more interdependent globalizing world," the BRICS Summit, convened for the fourth time in 2012 in New Delhi, was a venue for debate and collaboration amongst nations representing "43% of the world's population for peace, security, and development." Their relationship is relevant because they are from various continents, including "Asia, Africa, Europe, and Latin America." In addition, the heads of state of the BRICS countries issued a signed declaration entitled "Partnership for Global Stability, Security, and Prosperity."<sup>[8]</sup> This document outlines the primary recommendations to guarantee that the global economic governance order accurately reflects the current economic and political reality. Members voiced concern over the glacial speed at which changes are being implemented at "the IMF and World Bank." In particular, "the IMF" has to change how it handles international reserve currencies, how it distributes its voting power, and how it deals with the fact that just a few countries—the United States, Europe, and a few others—control the organization's decision-making process. And more fortification of the International Monetary Fund's role as a regulator and supervisor of international financial markets to reduce the likelihood of systemic dangers.

The BRICS nations came together as a reaction to the growing unpredictability of the world's political landscape. All of them are participants in the G20 group of nations. For the sixth time, the Summit of the leaders of "the BRICS nations was held in Fortaleza, Brazil, in July 2014." They concluded that the best way to finance sustainable development and infrastructure projects was to establish a new development bank, which would have an initial capitalization of one hundred billion dollars US. In addition, they established

a contingency reserve arrangement with the same amount of money. The Fortaleza Declaration strongly emphasized economic cooperation and trade among the BRICS nations. The "BRICS Think Tanks Council" provided information that was used to develop the "BRICS Economic Cooperation Strategy" and the "Framework of BRICS Closer Economic Partnership." Both of these documents can be found on the website of the BRICS (BTTC).

BRICS is a symbol of the desire of countries in the global south to anchor their own economic and military security in an unequal global order. This goal is reflected in the formation of BRICS. The goal of expanding BRICS into a vehicle of long-term cooperation on critical problems of the global economy and politics was emphasized in the statement issued at the conclusion of "the Fifth BRICS Summit, which took place in South Africa in March 2013." "The current architecture of global governance is governed by institutions designed under conditions when radically different possibilities and difficulties defined the international environment in all dimensions. We are dedicated to exploring new models and ways towards more inclusive development and inclusive economic demand by focusing on complementarities and building on our unique economic strengths as the global economy is being restructured."<sup>[9]</sup>

The BRICS are working toward a primary objective: amplifying the role that rising economies and developing nations play in global affairs. "Global development in the new century is affected by the changing economic stance of the emerging powers and their growing influence on both the world economy and the global institutional architecture," which can be paraphrased as "global development in the new century is affected by the changing economic stance of the emerging powers."...draws attention to the new actors in the global arena. "In particular, the unheard-of growth in China and India, which are essential to the BRIC, draws focus to the new players."

### **Harmony among the Nations of the BRICS Group**

Recent changes in the international economy have highlighted that developing markets, most notably "the BRICS countries, constitute a significant counterbalance to the previously existing global powers of the Triad (the United States, the European Union, and Japan) in both the economic and political spheres." The redistribution of world economic activity and global consumption to emerging & developing nations has resulted in a change in the destination of imports and exports as a direct consequence of this reallocation. The economies of the BRICS countries are now heavily linked to worldwide commerce. Even though the Triad continues to be one of the most significant economic partners for BRICS, the Triad's overall proportion in BRICS's trade is continuing to shrink.

‘One of the hallmarks of the contemporary international landscape is the rising prominence of several developing economies.’ It is yet unclear how this group of nations, known as BRICS, will behave in the international arena; nonetheless, there is a fair degree of unanimity about the extent to which they can significantly influence choices involving issues of vital concern to the whole world. “The BRICS nations now account for 37% of the world’s GDP and 17% of global commerce. On July 15, at the sixth BRICS summit in Fortaleza, Brazil, BRICS countries agreed on establishing the New Development Bank (NDB).” In accordance with its purpose, NDB is working to establish relationships with the most important banks in the nations it serves. The BRICS bank will make promoting clean energy one of its primary focuses. China Construction Bank, the nation’s second-largest lender, was a party to the strategic cooperation agreement that the company signed. The “China Construction Bank” is considering providing the BRICS Bank with enough credit lines and promising to participate in the emerging lender’s first financing of green bonds to show its support for the institution. The New Development Bank (NDB) has the potential to be an extremely important player in the monetary collaboration between BRICS nations and other emerging economies. The bank has an inaugural allowed capital of \$100 billion, and the founding members each contributed \$50 billion as their first subscribed capital when it first opened for business. According to the decisions made by the BRICS, the organization’s headquarters will be located in Shanghai, China; Russia will serve as the first chair of the board of governors; Brazil will serve as the first chair of the board of directors, and India will serve as the organization’s first president. At the moment, the position of President of the NDB is held by K.V. Kamath. The city of Johannesburg, located in South Africa, will serve as the bank’s African regional center. At the BRICS conference in Ufa, Russia in 2015, China committed to contributing \$41 billion to a BRICS currency pool cash balance. Russia, Brazil, and India “each contributed \$18 billion, and South Africa contributed \$5 billion.” This was done to create currency exchange ties against the dollar. The BRICS development bank may serve as an alternative to the prolonged domination of the United States and other Western nations over the International Monetary Fund and the World Bank. In 2016, India presided over the BRICS Forum as Chairman. “Exim Bank of India has established “the Exim Bank of India BRICS Economic Research” Award, which consists of a citation and prize money of 1.5 million Indian Rupees, to encourage more advanced research on economic topics relevant to BRICS. India is currently serving as Chairman of BRICS.<sup>[10]</sup>

The BRICS group has also been working on a proposal since 2012 to create a strategy to have a fiber optic undersea communications transmission system to transfer telecommunications among the member nations. This system is going to be referred to as the BRICS Cable. In addition,

India is working on a framework to increase cooperation among micro, small, and medium companies (MSMEs) in the five nations that comprise the BRICS. The goal of this mechanism is to foster joint ventures and exchange experience on how to develop the sector. According to estimates provided by the government, the micro, small, and medium-sized enterprise sector contributes more than 40 percent to the GDP of the BRICS nations. “The Commerce & Industry Ministry is also undertaking conversations with the industry to give a final form to its idea of putting in place a BRICS site to resolve “non-tariff measures (NTMs)” that hinder trade between the BRICS countries. In addition, several technical concerns, such as migration & social security, job creation for inclusive development, and connectivity of labor institutes of BRICS nations, were considered during the meeting of the Employment Working Group. In 2016, right before the annual Summit, the BRICS Trade Fair was held in New Delhi for the first time. These events can further contribute to the enhancement of investments, trade, and economic possibilities amongst the BRICS governments. At the Eighth Summit, which took place in Goa, India, in 2016, India’s Prime Minister Narendra Modi brought up the fact that intra-BRICS commerce was at US\$ 250 billion in 2015, barely around 5 percent of the total trade in the world. Narendra Modi mentioned this. He urged the member nations of the BRICS to collaborate “to achieve the goal of increasing” the present amount of trade to a total of US\$500 billion during the next five years. A framework for tax and customs cooperation was also adopted to make members’ commercial interactions easier. During the Ninth Summit, which took place in “China in September 2017, a Dialogue between Emerging Markets and Developing Countries” was conducted. The focus of this dialogue was to emphasize the implementation of the 2030 Agenda for Sustainable Development and to expand the global economy. In addition to the heads of state from the BRICS countries, which included “President Michel Temer of Brazil, President Vladimir Putin of Russia, Prime Minister Narendra Modi of India, President Xi Jinping of China, and President Jacob Zuma of South Africa, the heads of state from a few other states, including President Abdel Fattah al-Sisi of Egypt, President Alpha Condé of Guinea, President Emomali Rahmon of Tajikistan, and Prime Minister Prayut Chan-o-”

Even though the BRICS primarily concentrated on economic matters, topics of global significance have consistently made their way into BRICS proceedings. The Xiamen Declaration,<sup>[11]</sup> issued after the Ninth Summit in the wake of the India–China Doklam standoff, criticized the problem of terrorism and urged all nations to take a multifaceted approach to eliminate the threat. This included halting the recruiting and movement of terrorists, cutting off their access to funding via money laundering and drug trafficking, eliminating terrorist safe havens, and preventing them from using the internet and social media to spread their message. A diplomatic victory for India in its fight against

transnational terrorist organizations, the proclamation included the Pakistan-based terrorist organizations Lashkar-e-Taiba and Jaish-e-Mohammed in its list of global terrorist organizations along with Islamic State and Al-Qaida.

### Obstacles to the Development of the BRICS

After the United States and the European Union, the BRICS nations constitute the “third giant.” However, there are certain problems with the BRICS. They were dealing with their fair share of monetary issues. By 2012, the BRICS countries were affected by the sluggishness of the global economy. The growth rate of Brazil fell from 5.3 percent in 2010 to 1.5 percent in 2012, the growth rate of India fell from 8.2 percent to 3 percent, the growth rate of Russia fell from 4.9 percent to 2.5 percent (which was also due to sanctions imposed by the United States and European countries over Ukraine), and the growth rate of China fell from 9.8 percent to 7.2 percent. The crises and associated problems of foreign capital outflows caused a drop in currency values, which led to an increase in inflation and inequality.

Another obstacle is the level of rivalry between BRICS members in the markets of other countries. BRICS, in this perspective, symbolizes an “awkward arrangement” between old rivals and nations that, although having shared development concerns, have divergent economic & political trajectories due to their unique histories.<sup>[12]</sup> They compete with one another in many different areas, one of which is the expansion of economic power in Africa, where China, South Africa, and India are all competitors. Similarly, China, Russia, and Brazil compete with one another in the worldwide markets for aircraft and military equipment. China, India, and Brazil also compete with one another in the industry of textiles.

There is a widespread belief that “the NDB and the Asian Infrastructure Investment Bank (AIIB)” may contend with one another in the future, which would contradict the NDB’s primary objective. However, National Development Bank Vice President Leslie Massdorp contends that both organizations are similar in many ways, making them sister entities. The objectives of these two banks are complementary, and they concentrate on distinct regions of the world, with the NDB putting more emphasis on the BRICS nations. In addition, “the quicker growth of reciprocal BRICS’ contacts is delayed by the objectives of these (member) nations to obtain or preserve economic and political influence, at least regionally, & by their distinctive internal issues.”<sup>[13]</sup>

Some authors have made the case that industrialized nations have the required expertise, self-assurance, and capability to make necessary modifications to ensure mutually beneficial efforts. On the other hand, emerging nations lack the self-assurance and experience necessary to negotiate effectively, which comes from years of economic and political success and involvement on the global stage. However, it is of the utmost significance to remember that each of the nations

that comprise BRICS has had some exposure to regional organizations. As a result, BRICS demonstrate that they are to consider their cooperation deeply to strive toward a more equal and just system that includes everyone to guarantee that those in the global south obtain what is rightfully theirs. India and China are the two largest members of the BRICS bloc. To what degree, however, India and China will work together inside the BRICS framework will be an essential factor in determining the new economic architecture. Some topics that cause tension in Sino-Indian relations include the border dispute, Tibet, the Dalai Lama, water difficulties, the Nuclear Suppliers Group, and Chinese assistance for Pakistan. Now the time has come for the two countries to put aside their differences, which include the current standoff in Doklam, and cooperate to alleviate the imbalanced economic situation that exists on a global scale.

### Impact on the Future

In this age of globalization, societies all around the globe are undergoing profound changes. According to Lieber, R. J<sup>[14]</sup>, BRICS is now performing the function that “the Soviet Union formerly performed, which was to create a pole that developing nations could play off of the United States while they tried to gain political and economic independence.” With the creation of the BRICS bloc, the gloomy age of unipolar dominance by the United States, with its neoclassical institutions & ideology, has ended. This is an immensely welcome development. The West dominates the contemporary structures of global governance; therefore, BRICS should play a determining role in reorganizing these institutions so that the voice of the global south is heard, their interests are protected, and they are allowed to act as the decision-makers of their destiny.

The institutions established at Breton Woods are unbalanced and dominated by the industrialized western world. China’s GDP is only second to that of the United States, although the country has fewer votes in that body than the Benelux nations. Both the United States and Europe have been embarrassingly tardy to take action to correct the imbalance. Recipients of IMF funds are also dissatisfied with the stringent changes required before receiving assistance. It is believed that the NDB and CRA would end the bullying of nations whose foreign policies conflict with those of the United States or Europe.

For the BRICS nations to achieve their goals, they must ensure consistent development in commerce, technology, and investment. Second, to encourage travel and tourism, nations should work to strengthen their communication links, both physically and culturally. Third, there should be greater participation of economic diplomats in the discussions. Fourth, other areas of collaboration & collaboration could include the fields of information technology (IT), an area in which India possesses particular expertise; nuclear energy; energy security;

space technology; the motion picture and entertainment industry; education; and medical treatment. Currently, India is in the first spot for providing IT services.

The economies of the BRICS nations may benefit from complementary trade. While China & India are considered net importers of commodities and natural resources, Brazil & Russia are considered industry leaders in these areas. Both India & China have access to inexpensive labor. China dominates the manufacturing industry; nevertheless, India excels in generic medicines, software engineering, textiles, and business process outsourcing.<sup>[15]</sup> In 2003, analysts estimated that during the next fewer than 40 years, the economies of Brazil, Russia, India, and China would be larger in US dollar terms than those of the G-6 countries. Given the unique dynamism of each of their economies, the BRICS nations are logical candidates for more aggressive market exploitation. This may help alleviate trade inequalities in some industries, such as manufacturing, where it already exists. However, this approach's success depends on having genuine accessibility to these markets.

The most recent update to the World Economic Outlook for 2017 by the International Monetary Fund (IMF) reduced India's growth prediction for 2017 to 6.7%, which is slower than China's 6.8% projection. While China is expected to develop at a rate of 6.5 percent in 2018, it is anticipated that India will grow at a rate of 7.4 percent, making it the fastest-growing economy in the world in 2018. Earlier, the World Bank's Report on Global Economic Prospects published in June 2017 indicated that "India is likely to accelerate to 7.2 percent in fiscal 2017 (April 1, 2017, to March 31, 2018) and 7.5 percent in the following fiscal year."<sup>[16]</sup> It is anticipated that domestic demand will continue to be robust, supported by policy improvements. According to the research findings, India now has the fourth fastest-expanding economy in "the world." On the other hand, China is now ranked number 16 in terms of the growth rate of its GDP, and it is exhibiting symptoms of slowing down. It is projected that the growth rate in China will decelerate to 6.5 percent this year and 6.3 percent in 2018.

Within the BRICS bloc Additionally, India and China have a very robust economic tie with one another. With a total of \$47,673 million in exports to China, India is by far the

greatest exporter in the world. Even though they compete against one another in the political arena, their interests are similar in many other ways. Both should cooperate to create a multi-polar world. An increase in transparency and communication inside the BRICS nations will benefit all five of the organization's members. Trade openness, defined as the value of exports plus imports as a share of GDP, has increased in India from 27% to 57% of GDP since 2001.

## Conclusion

It is vital to institutionalize BRICS trade via extensive economic engagement to prepare BRICS nations to be the enablers of future global trade & economic development. "BRICS countries include Brazil, Russia, India, China, and South Africa." To support rising global demand & absorb rises in global production, the world will now focus on the burgeoning markets of Asia rather than the established markets of "the United States and the European Union." These growing markets in Asia will be able to support and accumulate increases in both global demand and production. The only way for the BRICS nations collectively, and India and China, in particular, to have an impact on the globe is for them to become substantial actors in international commerce and decision-making. The BRICS summit allows India and China to demonstrate their combined might on a global stage. It is about time that the five countries of BRICS establish a shared BRICS preferential trade agreement accompanied by a free trade area for increased collaboration. Currently, preferential trading agreements between member nations are only bilateral or trilateral, but it is time for this to change. It will take some time to find solutions to problems like the unrestricted movement of commerce and products. A comprehensive economic cooperation agreement that covers investment and trade intellectual property rights standards, competition, and government procurement should be the ultimate goal of BRICS. In this light, the BRICS may be seen as a collaborative approach via multilateralism that is being pursued by developing regional powers in an evolving global architecture; India's contribution to this endeavor is very important.

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