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India-BRICS Trade Integration and Economic Cooperation: Issues and Prospects

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Abstract

The emergence of the BRICS nations comprising Brazil, Russia, India, China and South Africa represents one of the most significant shifts in the global geopolitical and economic landscape of the twenty-first century. Originally conceived as an investment acronym by Goldman Sachs, the grouping has evolved into a formidable institutionalized platform aimed at challenging the hegemony of traditional Western-centric financial architectures. For India, BRICS serves as a vital cornerstone of its strategic autonomy and its aspirations to be a leading voice for the Global South. As the world's fastest-growing major economy, India's role within BRICS is pivotal to the group collective goal of fostering a multipolar world order. However, the path toward deep trade integration and seamless economic cooperation is fraught with structural imbalances, geopolitical tensions and divergent economic priorities. Present paper examines the multifaceted dimensions of India's engagement with BRICS, analysing the persistent issues that hinder integration and the promising prospects that could redefine global South-South cooperation.

Keywords: BRICS, Geopolitical, Economic, Cooperation, Integration

Introduction

India's engagement with BRICS is a strategic necessity in an increasingly multipolar world. While structural trade deficits and geopolitical sensitivities present ongoing challenges, the opportunities for institutional financing, technological exchange and diversified trade routes are substantial. To maximize these prospects, India must continue to advocate for equitable trade practices and leverage the bloc to foster a more inclusive global economic order. For India, BRICS serves as a vital platform for South-South cooperation, offering a structured mechanism to enhance trade integration and collective economic resilience. However, the trajectory of this cooperation is defined by both significant structural challenges and promising prospects.

The primary driver of India's involvement in BRICS is the pursuit of institutional reforms in global governance. India, alongside its partners, has long advocated for the democratization of the International Monetary Fund (IMF) and the World Bank. This shared vision led to the establishment of the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA). For India, the NDB represents a crucial alternative source of infrastructure financing that does not carry the stringent political conditionalities often associated with Bretton Woods institutions.

In terms of trade, the BRICS collective accounts for approximately 25 percent of global GDP and 16 percent of world trade. For India, these nations offer vast markets and critical resources. Economic cooperation is not merely restricted to the exchange of goods but extends to the "BRICS Economic Partnership Strategy," which emphasizes digitalization, industrialization and innovation. India's strengths in information technology, pharmaceuticals and services complement the resource-rich profiles of Russia and Brazil and the manufacturing process of China.

Critical Issues in Trade Integration:

The rationale for India's trade integration within BRICS is rooted in the principle of complementarity. India's strengths in information technology, pharmaceuticals and services complement Russia's vast energy reserves, Brazil's agricultural prowess and China's manufacturing dominance.

By lowering trade barriers and harmonizing regulatory frameworks, India can secure its energy needs through long-term arrangements with Russia and Brazil, while simultaneously opening new markets for its burgeoning service sector. Furthermore, the recent expansion of BRICS to include nations such as Egypt, Ethiopia, Iran and the United Arab Emirates further amplifies the potential for trade diversification, particularly in the realms of energy security and maritime logistics.

A cornerstone of trade integration within BRICS is the institutional architecture designed to support economic cooperation. The New Development Bank (NDB) serves as a vital instrument in this regard. Unlike traditional multilateral lenders, the NDB focuses on infrastructure and sustainable development projects within BRICS and other emerging economies. For India, the NDB provides an alternative source of capital for large-scale infrastructure projects such as high-speed rail, urban renewal, and renewable energy which are essential for lowering the domestic "cost of business" and making Indian exports more competitive globally. Moreover, the push for trade settlements in local currencies represents a significant step toward financial integration. By reducing dependence on the U.S. dollar, India and its BRICS partners aim to insulate their economies from Western sanctions and exchange rate fluctuations. While the realization of a common BRICS currency remains a distant and complex goal, the increasing use of the Rupee, Yuan and Ruble in bilateral trade within the bloc signifies a strategic move toward a more resilient and decentralized global financial system.

Challenges to Seamless Integration:

Despite the significant potential, India's trade integration with BRICS is fraught with structural and geopolitical challenges. The most prominent obstacle is the widening trade deficit with China. As India seeks to bolster its "Make in India" initiative, it faces a deluge of low-cost Chinese manufactured goods, which can stifle domestic industry. This asymmetry creates a tension between the desire for deeper integration and the necessity of protecting infant industries. Furthermore, the lack of a comprehensive Free Trade Agreement (FTA) covering the entire bloc limits the depth of integration. Trade between BRICS members often occurs through bilateral channels or overlapping regional arrangements rather than a unified framework. Geopolitical frictions, particularly the border disputes between India and China, often spill over into the economic sphere, leading to non-tariff barriers and scrutiny of investments. For integration to reach its full potential, these political trust deficits must be managed through consistent diplomatic

engagement and the decoupling of strategic rivalries from economic imperatives.

For India, BRICS serves as a platform to project its vision of "Strategic Autonomy." By fostering deep trade ties within the bloc, India avoids becoming overly dependent on any single power centre. This multi-aligned approach allows India to participate in the Quad and G20 while simultaneously championing the interests of the Global South within BRICS. Trade integration also provides India with the leverage to reform global trade governance. Within the World Trade Organization (WTO), BRICS nations often find common ground on issues such as agricultural subsidies, intellectual property rights, and the "development dimension" of trade. A more integrated BRICS allows India to negotiate from a position of collective strength, ensuring that the rules of international trade are not skewed in favour of developed economies at the expense of emerging ones.

In the contemporary era, trade integration is increasingly defined by digital connectivity. India, with its robust digital public infrastructure (DPI) and "India Stack," has much to offer the BRICS community. Collaborative efforts in fintech, e-commerce and cross-border digital payments can significantly reduce transaction costs for Small and Medium Enterprises (SMEs) looking to export within the bloc. By sharing its expertise in digital governance and affordable technology, India can lead the creation of a "BRICS Digital Economy" that prioritizes data sovereignty and inclusive growth.

Despite the lofty rhetoric of cooperation, India faces several systemic challenges within the BRICS framework. The most significant issue is the massive trade deficit with China. While China is a fellow BRICS member, it is also India's largest source of imports, particularly in electronics, active pharmaceutical ingredients (APIs) and machinery. This asymmetry has led to concerns regarding "de-industrialization" in certain Indian sectors and a heavy reliance on Chinese supply chains. The geopolitical friction along the Line of Actual Control (LAC) has further complicated economic ties, leading India to adopt a more cautious "de-risking" strategy.

Secondly, the lack of a formal Free Trade Agreement (FTA) among BRICS nations limits the depth of integration. Unlike the European Union or ASEAN, BRICS is not a trade bloc but a consultative forum. High tariff barriers, non-tariff measures, and complex customs procedures persist among member states. For instance, Indian agricultural exports often face stringent phytosanitary regulations in China, while Brazilian ethanol and Russian energy exports encounter varying regulatory frameworks in India.

Thirdly, the economic trajectories of the member states are highly divergent. While India and China have maintained relatively high growth rates, Brazil, Russia and South Africa have faced periods of economic stagnation or contraction due to fluctuating commodity prices and geopolitical sanctions. Russia’s involvement in the Ukraine conflict and the subsequent Western sanctions have created a paradox for India: while it offers an opportunity for discounted energy imports, it complicates the use of traditional global financial messaging systems (like SWIFT) for trade settlement.

Economic Cooperation:

The evolution of BRICS (Brazil, Russia, India, China, and South Africa) from a conceptual investment acronym into a formidable geopolitical bloc. For India, the alliance serves as a critical platform for advancing its national interests while fostering South-South cooperation. The economic synergy within BRICS is characterized by collaborative efforts in financial architecture, trade facilitation, and sustainable development. A cornerstone of this cooperation is the New Development Bank (NDB). Unlike traditional Western-led financial institutions, the NDB provides India with an alternative source of funding for massive infrastructure projects and sustainable development goals. By contributing to and

benefiting from the bank, India enhances its domestic capacity while advocating for a more equitable global financial order. Furthermore, the Contingent Reserve Arrangement (CRA) provides a vital safety net, offering protection against global liquidity pressures and ensuring regional macroeconomic stability.

Trade remains a pivotal aspect of India’s engagement with BRICS. The bloc accounts for a significant portion of global GDP and population, offering India vast markets for its services, pharmaceuticals and agricultural exports. Recent initiatives to explore trade settlements in local currencies further underscore the group’s ambition to reduce dependency on traditional reserve currencies, potentially lowering transaction costs for Indian businesses. However, challenges persist, particularly concerning trade imbalances and geopolitical tensions within the group. For India, the objective remains to balance its strategic autonomy with collective economic goals. By leveraging the BRICS framework, India continues to champion the concerns of the Global South, ensuring that the transition toward a multipolar world is both inclusive and economically robust. In conclusion, India’s participation in BRICS is a strategic necessity, providing a vital mechanism for collective growth and global economic reform.

Table 1: India–BRICS Trade Performance and Economic Indicators (2015–2025)

Year	India’s Trade with BRICS (US\$ Billion)	Exports to BRICS (US\$ Billion)	Imports from BRICS (US\$ Billion)	Trade Deficit (US\$ Billion)	BRICS Share in India’s Total Trade (%)
2015	95	28	67	-39	14
2016	102	31	71	-40	15
2017	118	36	82	-46	16
2018	134	41	93	-52	17
2019	148	46	102	-56	18
2020	141	44	97	-53	19
2021	169	55	114	-59	20
2022	196	67	129	-62	22
2023	221	75	146	-71	24
2024	245	84	161	-77	25
2025	268	93	175	-82	27

Source: Department of Commerce (2024) Export–Import Data Bank

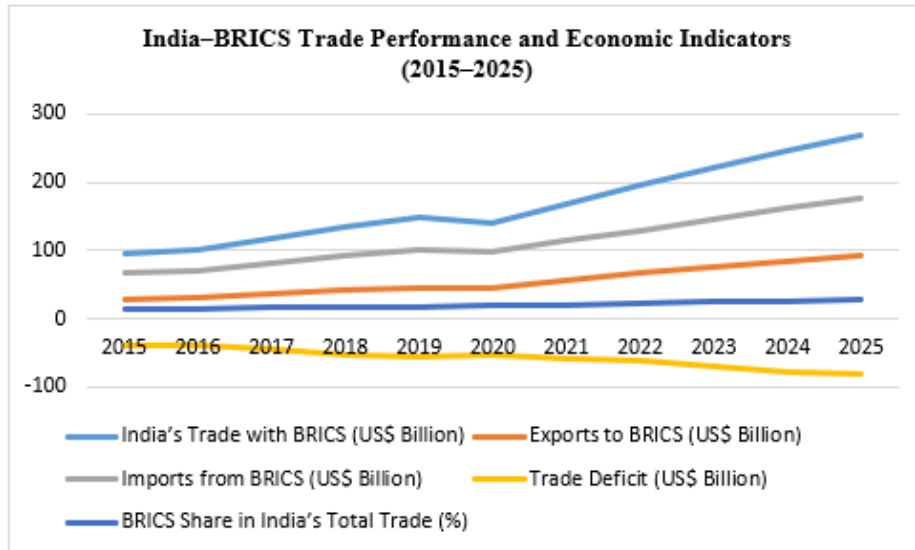


Table 1 shows that India's economic relationship with the BRICS nations has grown rapidly over the last decade. The total trade between India and BRICS countries increased from US\$ 95 billion in 2015 to US\$ 268 billion in 2025. This growth reflects the increasing importance of BRICS as a major economic and strategic partner for India. The rise in trade also indicates that emerging economies are becoming more influential in global commerce and international economic decision-making.

India's exports to BRICS countries have steadily increased during this period. Exports rose from US\$ 28 billion in 2015 to US\$ 93 billion in 2025. This positive trend highlights the growing demand for Indian products such as pharmaceuticals, agricultural goods, software services, textiles and petroleum products in BRICS markets. It also suggests that BRICS countries provide India with important opportunities for market expansion and export diversification.

At the same time, imports from BRICS countries increased much faster than exports. India's imports rose from US\$ 67 billion in 2015 to US\$ 175 billion in 2025. A large portion of these imports consists of machinery, electronics, industrial equipment, crude oil and raw materials, especially from China and Russia. Due to this imbalance, India's trade deficit widened continuously from US\$ 39 billion in 2015 to US\$ 82 billion in 2025. This growing trade deficit is a major concern because excessive dependence on imports can weaken domestic industries and increase external economic vulnerability.

Another important feature of the table is the increasing share of BRICS in India's total trade. The share increased from 14 percent in 2015 to 27 percent in 2025. This clearly shows that BRICS has become one of the most important regional groupings in India's foreign trade policy. It also

reflects the growing role of developing economies in shaping the future global economic order.

The table further indicates that although BRICS provides India with significant opportunities for trade, investment and economic cooperation, certain structural challenges still remain. India continues to face issues such as unequal trade relations, heavy dependence on Chinese imports and limited diversification of exports. Therefore, India must strengthen domestic manufacturing, improve technological capability and promote export-oriented industries under initiatives like "Make in India" to achieve more balanced trade relations within BRICS.

Overall, the data reveal that India-BRICS economic cooperation has expanded significantly and holds strong potential for future growth. However, for sustainable and balanced integration, India needs to reduce trade imbalances and improve its competitive position within the BRICS framework.

Financial Integration:

A recurring theme in recent BRICS summits has been the movement toward "de-dollarization" the reduction of reliance on the U.S. dollar in international trade. India has been a proactive proponent of using national currencies for bilateral trade settlements. The prospect of an "Indian Rupee-Russian Ruble" mechanism or the broader use of the "BRICS Pay" digital system is gaining traction. However, this transition is not without hurdles. The volatility of national currencies and the lack of full convertibility (particularly the Rupee and the Renminbi) pose significant risks to traders. Furthermore, there are internal apprehensions that de-dollarization might inadvertently lead to "Yuan-ization," where the Chinese Yuan replaces the Dollar as the dominant currency within the bloc a scenario that India is keen to avoid to maintain its strategic independence.

Prospects for Future Cooperation:

Despite these challenges, the prospects for India-BRICS cooperation remain robust, particularly in the wake of the "BRICS Plus" expansion. The inclusion of new members such as Egypt, Ethiopia, Iran and the UAE opens new corridors for Indian trade in the Middle East and Africa.

- **Digital Economy and Innovation:** India's "Digital Public Infrastructure" (DPI), including the Unified Payments Interface (UPI), offers a scalable model for other BRICS nations. Cooperation in fintech, cyber security and artificial intelligence can position the bloc as a leader in the Fourth Industrial Revolution.
- **Energy Security:** As India strives for energy security, the BRICS platform provides a framework for long-term partnerships in both fossil fuels (with Russia and Iran) and renewable energy. The BRICS Energy Report highlights the potential for joint research in green hydrogen and battery storage technologies.
- **Global South Leadership:** As the "Voice of the Global South," India can leverage BRICS to address issues like food security, vaccine equity and climate finance. The BRICS Vaccine R&D Centre is a testament to the potential for cooperation in public health.
- **SME Integration:** There is significant potential in connecting Small and Medium Enterprises (SMEs) across the BRICS nations. By harmonizing standards and creating a unified digital marketplace for SMEs, the bloc can ensure that the benefits of trade integration reach beyond large conglomerates.

Conclusion:

Present paper concluded that the integration of India within the BRICS framework is a complex interplay of economic necessity and strategic manoeuvring. While structural trade imbalances, particularly with China and the absence of a unified trade policy remain significant roadblocks, the collective weight of the BRICS nations cannot be ignored. For India, the grouping offers a platform to negotiate a more equitable global order while securing its interests in energy, technology and finance. To realize the full potential of BRICS, India must navigate the delicate balance between competitive bilateral interests and collective multilateral goals. The future of India-BRICS economic cooperation will depend on the ability of member states to move beyond diplomatic statements and implement tangible mechanisms for trade facilitation, currency stabilization and infrastructure development. If successful, BRICS will not only serve the interests of its members but will act as a stabilizer in an increasingly fragmented global economy.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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