



Harnessing BRICS for India's Strategic Ambitions

For Prelims: [New Development Bank](#), [BRICS](#), [US tariff hikes](#), [SWIFT](#), [Purchasing Power Parity](#), [QUAD](#)

For Mains: Potential does BRICS Hold in Cushioning India Against Geoeconomic Shocks, Key Barriers Stand in the Way of India's Deeper Involvement in BRICS.

Source: [IE](#)

Why in News?

At the virtual [BRICS Leaders' Summit](#), India's External Affairs Minister cautioned against **linking trade measures with political or non-trade issues** in the backdrop of [US tariff hikes](#).

- The importance of **fair, transparent, and resilient trade systems amid global conflicts, climate shocks**, and supply chain disruptions was also emphasised.

What is BRICS?

- **About:** BRICS is a cooperative intergovernmental organization of **emerging economies that was originally formed to enhance economic collaboration** and increase the global political and economic influence of its members.
 - The name BRICS is an acronym for its five founding countries: **Brazil, Russia, India, China, and South Africa**.
- **Foundation:** The term "**BRIC**" was first coined in 2001 by Jim O'Neill to describe the rapidly growing economies of Brazil, Russia, India, and China.
 - **The first formal summit of the four countries was held in 2009 in Russia**, where they officially formed a diplomatic club.
 - **South Africa** was invited to join in 2010, which led to the group's name being changed to BRICS.
- **Purpose:**
 - **Promote Economic Cooperation:** This includes increasing trade, investment, and financial ties among member states.
 - **Counterbalance Western Influence:** The group seeks to create a more equitable and multipolar world order by advocating for reforms in global governance institutions like the **United Nations, IMF, and the World Bank**.
 - **Establish Alternative Financial Systems:** To reduce reliance on the U.S. dollar and Western-dominated institutions, the BRICS countries created the [New Development Bank \(NDB\)](#) and the **Contingent Reserve Arrangement (CRA)**.
- **Expansion of BRICS:** BRICS has expanded its membership to include **Egypt, Ethiopia, Indonesia, Iran, Saudi Arabia, and the United Arab Emirates**, a development often described as "**BRICS+.**"

What Potential does BRICS Hold in Cushioning India Against Geoeconomic Shocks?

- **Alternative Financial Architecture: BRICS offers India access to financial resources outside the Western-dominated institutions like IMF and World Bank.**
 - NDB has approved nearly USD 10 billion in loans for 28 major infrastructure projects in India, including the Chennai, Indore, and Mumbai metro systems, the Delhi-Ghaziabad-Meerut Regional Rapid Transit System, and the Namo Bharat high-speed trains.
 - Such financing cushions India during global credit squeezes or when Western agencies impose conditionalities.
 - It also enhances India's bargaining power in negotiations with Bretton Woods institutions.
- **Energy Security and Diversified Supplies:** The grouping includes major energy exporters like Russia and Brazil and large consumers like India and China, making it a natural platform for energy cooperation.
 - India, which imports over 80% of its crude oil needs, benefited after the Ukraine crisis when Russia emerged as a key supplier.
 - Access to discounted Russian oil has helped India manage inflation and trade deficits. BRICS discussions on an "Energy Alliance" further promise stable supplies at predictable prices.
- **Local Currency Trade and De-dollarisation:** By promoting settlement in local currencies, BRICS cushions India against dollar volatility and sanctions risk.
 - Efforts toward a BRICS reserve currency and bilateral arrangements like rupee-ruble trade are significant steps.
 - For instance, India and Russia agreed to increase bilateral trade to \$100 billion dollars by 2030, including the use of national currencies to circumvent Western sanctions.
 - This reduces India's vulnerability to external shocks like U.S. monetary tightening or sanctions-driven disruptions in global payments systems such as [SWIFT](#).
- **Market Access Amid Global Slowdowns:** The expanded BRICS market acts as a cushion for India when Western economies slow down or erect trade barriers.
 - IMF data reveals that BRICS accounted for 40% of the global economy (measured by [Purchasing Power Parity](#)) in 2024.
 - India's pharmaceutical exports, agri-products, and IT services can find steady demand within this bloc.
 - Thus, BRICS provides a buffer against demand shocks in traditional Western markets.
- **Technology and Digital Cooperation:** Geoeconomic shocks often manifest in technology sanctions, as seen in U.S. restrictions on semiconductors and digital platforms.
 - BRICS fosters cooperation in AI, fintech, 5G, and space technologies, creating alternative ecosystems.
 - NDB support for India's smart cities projects also illustrates how BRICS strengthens digital infrastructure, insulating India against external tech-driven shocks.
- **Food and Fertilizer Security:** Global crises often disrupt food and fertilizer supplies, threatening India's agrarian economy.
 - BRICS offers a safety net, as Russia is among the largest suppliers of fertilizers and agri-inputs.
 - Similarly, cooperation in agricultural research and supply chains ensures stability in grain and edible oil availability, safeguarding India's food security during global disruptions.

What Key Barriers Stand in the Way of India's Deeper Involvement in BRICS?

- **China's Dominance and Strategic Rivalry:** China's economic size and political influence overshadow other BRICS members, limiting India's ability to shape agendas.
 - **With China's GDP nearly 5 times India's**, it sets the tone on issues like de-dollarisation and technology frameworks.

- The border tensions at **Galwan (2020)** and **Beijing's opposition to India's UNSC bid** weaken mutual trust.
- **Divergent Strategic Alignments:** Member states often hold conflicting foreign policy stances, making cohesion difficult.
 - For instance, **Russia and China openly challenge Western dominance**, whereas India maintains strong ties with the **EU**, and **QUAD**.
 - Brazil under different governments has oscillated between West-leaning and South-South engagement.
 - This divergence dilutes BRICS' effectiveness as a united front, and India risks being seen as an outlier between two camps.
- **Limited Institutional Depth: Unlike the EU or ASEAN, BRICS lacks binding structures**, permanent secretariats, or enforcement mechanisms.
 - Most initiatives such as the **BRICS Contingent Reserve Arrangement—remain underutilized and symbolic**.
 - For India, which needs tangible economic and strategic benefits, the absence of strong institutional frameworks reduces BRICS' ability to act as a reliable buffer against shocks.
- **Slow Progress on Financial Alternatives:** Although BRICS promotes de-dollarisation and local currency trade, actual implementation remains patchy.
 - **Intra-BRICS trade is still largely dollar-denominated**, and the much-discussed BRICS reserve currency is yet to materialize.
 - For India, which needs credible and quick financial alternatives to cushion against dollar shocks, this slow pace reduces the practical utility of BRICS promises.
- **Overlap with Other Alliances and Strategic Balancing:** India's foreign policy is based on the principle of strategic autonomy, engaging with multiple blocs without being tied to any single one.
 - As a member of BRICS, **India also maintains strong ties with Western-led groups like the G7 and the Quadrilateral Security Dialogue (Quad)**.
 - This requires a delicate balancing act. India must ensure that its participation in BRICS, which is often seen as a counterweight to the West, **does not alienate its strategic partners, particularly the United States**.

What Measures can India Adopt to Effectively Utilise BRICS for its Geoeconomic Ambitions?

- **Promote Local Currency Trade and Payment Systems:** To reduce vulnerability to dollar volatility, India can expand **rupee-based trade mechanisms** within BRICS.
 - **Linking UPI with Russia's SPFS** or promoting rupee-yuan settlements can reduce reliance on SWIFT.
- **Push for Balanced Trade and Supply Chain Resilience:** India must negotiate for diversified supply chains within BRICS to **correct its large trade deficit with China**.
 - Deepening cooperation with **Brazil for agri-products, Russia for energy, and South Africa for minerals** and with newer **BRICS+ members like the UAE, Egypt, and Indonesia for trade, investment, and strategic sectors** can help India build more balanced and diversified economic linkages.
 - This reduces India's overdependence on Chinese imports, aligning BRICS with India's vision of **Atmanirbhar Bharat** and resilient global value chains.
- **Leverage Energy and Resource Partnerships:** India can institutionalize long-term energy partnerships with Russia and Brazil through **BRICS energy frameworks**.
 - For example, **ensuring stable access to oil, natural gas, and fertilizers** at predictable prices will shield India from global market volatility.
 - **Joint exploration and renewable energy projects** under BRICS can further diversify India's energy basket while supporting its **net-zero 2070 commitment**.
- **Expand Digital and Technology Cooperation:** India should champion BRICS cooperation in **AI, fintech, cybersecurity, and space technology**, where it already has comparative advantages.
 - Promoting **UPI-like models across BRICS** or **collaborating on 6G and digital infrastructure** would position India as a digital leader.
 - This would reduce exposure to Western tech sanctions while creating export opportunities for India's IT sector.
- **Pursue Issue-Based Pragmatism:** Given internal divergences, India must adopt a **selective**

engagement approach focusing on areas like energy security, green finance, and digital cooperation where BRICS adds real value.

- Simultaneously, it should avoid being drawn into anti-West blocs led by China or Russia.
- This pragmatic strategy ensures that BRICS complements, rather than complicates, India's parallel engagements in **Quad, G20, and SCO**.

- **Strengthen People-to-People and Cultural Linkages:** Beyond economics, India can promote academic exchanges, tourism, and joint research initiatives within BRICS to build long-term soft power.
 - Cultural cooperation with BRICS+ members like **Egypt, Saudi Arabia and Indonesia** can also foster goodwill, trust, and collaboration in strategic sectors.

Conclusion:

In an era of increasing geoeconomic volatility, **BRICS presents India with a strategic platform to diversify trade, strengthen energy and resource security**, and expand technological and financial cooperation. A pragmatic, issue-based approach ensures that BRICS complements India's broader foreign policy and economic vision of fostering resilience.

Drishti Mains Question:

In the context of India's geoeconomic ambitions, critically examine the potential and challenges of India's engagement with BRICS. How can India strategically leverage this grouping to enhance trade, energy security, and technological cooperation while safeguarding its broader foreign policy interests?

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. Consider the following statements: (2016)

1. New Development Bank has been set up by APEC.
2. The headquarters of the New Development Bank is in Shanghai.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

Q. The 'Fortaleza Declaration', recently in the news, is related to the affairs of (2015)

- (a) ASEAN
- (b) BRICS
- (c) OECD
- (d) WTO

Ans: (b)

