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Trend Analysis of India's Bilateral Trade with BRICS Nations

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Abstract:

The emergence of the BRICS grouping comprising Brazil, Russia, India, China and South Africa represents a paradigm shift in the global economic order. Initially conceptualized as an acronym for the world's fastest-growing emerging economies, BRICS has evolved into a formidable geopolitical and economic group that accounts for approximately 42 percent of the world's population and nearly 24 percent of the global GDP. For India, the BRICS alliance serves as a critical platform for South-South cooperation, offering a strategic counterweight to traditional Western-dominated financial institutions. Analysing the trends in India's bilateral trade with its BRICS partners reveals a complex tapestry of exponential growth, persistent trade imbalances and strategic dependencies. For India, the BRICS framework has been a cornerstone of its "multi-aligned" foreign policy and a vital conduit for expanding its trade footprint. India's bilateral trade with BRICS nations is a testament to the shifting centre of gravity in the global economy. While the relationship with China remains a complex mix of competition and necessity and the tie with Russia is currently propelled by energy imperatives, the broader trend underscores India's rise as a pivotal player in the Global South. To maximize the benefits of this alliance, India must focus on narrowing trade deficits through value-added exports and leveraging the BRICS platform to build resilient, multi-polar supply chains that can withstand the uncertainties of the 21st century geopolitical landscape. Present paper provides a formal and extensive analysis of the trends in India's bilateral trade with its BRICS partners, examining the structural imbalances, sectoral growth drivers and the strategic imperatives that define these complex economic relationships.

Keywords: BRICS, Bilateral trade Geopolitical, Economic, Financial institutions,

Introduction:

In the early 21st century, the identification of the BRICS economies signalled the rise of the "Global South." India, as one of the fastest-growing major economies, has viewed this partnership not merely as a diplomatic forum but as an essential mechanism for trade diversification. Over the past two decades, India's trade with BRICS nations has witnessed exponential growth, yet it remains characterized by profound asymmetries, particularly concerning China. As the global economy grapples with post-pandemic recovery and geopolitical shifts, analysing the trajectories of India's trade within this group reveals much about its domestic manufacturing ambitions, resource dependencies and strategic autonomy.

The Sino-Indian Trade Paradox:

The most significant component of India's intra-BRICS trade is its relationship with the People's Republic of China. China is consistently among India's top trading partners, yet this relationship is defined by a widening trade deficit that has become a matter of national economic security for New Delhi. The trend analysis reveals a heavy reliance on Chinese imports for critical inputs. India primarily imports electronic goods, machinery, active pharmaceutical ingredients (APIs) and components for solar energy from China. Conversely, Indian exports to China are largely concentrated in raw materials and primary commodities, such as iron ore, copper and agricultural products. While the volume of bilateral trade reached record highs exceeding \$100 billion in recent fiscal years, the structural imbalance persists. India's recent policy shifts, including the "Atmanirbhar Bharat" (Self-Reliant India) initiative and Production Linked Incentive (PLI) schemes, are direct responses to this trend, aiming to reduce import dependency and shift the trade balance toward high-value manufactured exports.

Over the past two decades, China has emerged as one of India's largest trading partners. However, this relationship is characterized by a profound structural asymmetry. India's imports from China primarily consist of high-value manufactured goods, including electronic components, active pharmaceutical ingredients, machinery and telecommunications equipment. Conversely, Indian exports to China are largely dominated by raw materials such as iron ore, cotton, and seafood. This "raw material for finished goods" pattern has raised concerns regarding India's industrial competitiveness and over-reliance on Chinese supply chains. Despite geopolitical tensions at the border, economic interdependence remains high, illustrating the "de-coupling vs. de-risking" dilemma that Indian policymakers face.

The Indo-Russian Partnership:

Historically, India's trade with Russia was anchored in the defense and aerospace sectors. However, the last few years particularly following the onset of the Russia-Ukraine conflict have seen a dramatic transformation in trade dynamics. The most notable trend is the surge in energy trade. As Russia sought new markets amidst Western sanctions, India emerged as a primary solicitor of Russian crude oil. This has catapulted the bilateral trade volume far beyond historical averages. While this ensures India's energy security and helps manage domestic inflation, it has created a new challenge a lopsided trade balance where Indian imports vastly outweigh exports. The current trend focuses on diversifying the export basket to include pharmaceuticals, chemicals and engineering goods, while simultaneously exploring Rupee-Rouble payment mechanisms to bypass traditional Western financial intermediaries.

Recent geopolitical shifts most notably the conflict in Ukraine and subsequent Western sanctions on Moscow have fundamentally altered trade trends. There has been a meteoric rise in bilateral trade, driven almost exclusively by India's increased intake of Russian crude oil. Before 2022, Russia was a marginal supplier of energy to India. Today, it stands as one of India's top oil providers, offering discounted barrels that have helped India manage domestic inflation and energy security. This shift has pushed bilateral trade figures to record highs, far exceeding the targets set by both governments. Nevertheless, the trade remains heavily skewed; while India's imports have

ballooned, exports to Russia in sectors like pharmaceuticals, agriculture and machinery have not grown at a commensurate pace. The challenge remains the operationalization of the International North-South Transport Corridor (INSTC) and the resolution of payment mechanisms outside the SWIFT system to diversify trade beyond energy.

Trade with Brazil:

India's trade relationship with Brazil represents a classic model of South-South cooperation, characterized by mutual interests in agriculture and energy. Brazil has become an important source of vegetable oils (specifically soy oil) and crude petroleum for India. In return, India exports significant quantities of refined petroleum products, pharmaceuticals and agrochemicals to the Brazilian market. A positive trend in this corridor is the increasing cooperation in the ethanol sector, where Brazil's technological leadership complements India's ambition to increase biofuel blending. While the total trade volume remains lower than that with China or Russia, the growth trajectory is steady, supported by the India-MERCOSUR Preferential Trade Agreement (PTA), which both nations seek to expand into a more comprehensive Free Trade Agreement (FTA).

India's trade with Brazil reflects a different set of economic synergies, primarily centered on agriculture, minerals and niche manufacturing. Trade with Brazil has seen steady growth, bolstered by the Strategic Partnership signed in 2006. India is a significant exporter of refined petroleum products and pharmaceuticals to Brazil, while importing crude oil, soy oil and gold. Brazil's role as a major global agricultural powerhouse complements India's food security needs. However, geographical distance and high logistics costs remain significant bottlenecks that have prevented trade from reaching its full potential.

Trade with South Africa:

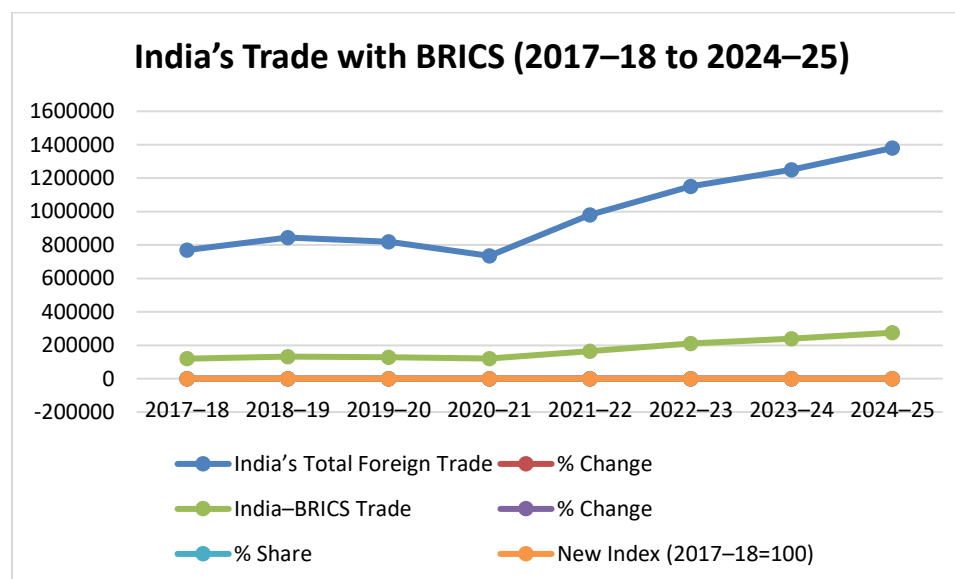
South Africa serves as India's largest trading partner in Africa and the bilateral relationship is bolstered by a shared history and common developmental challenges. Trade trends indicate a robust exchange of minerals and precious metals. India imports gold, coal and briquettes from South Africa, reflecting its industrial demand for energy and raw materials. India's exports to South Africa are diversified, ranging from automobiles and transport equipment to pharmaceuticals and machinery. A significant trend is the presence of Indian multinational corporations in South Africa, using the nation as a hub for broader continental operations. However, trade between the two remains sensitive to fluctuations in global commodity prices, necessitating a shift toward more value-added services and technology-driven trade.

South Africa serves as India's gateway to the African continent. Bilateral trade is characterized by India's demand for South African coal, gold and diamonds. India, in turn, exports vehicles, pharmaceuticals and telecommunications equipment. A notable trend is the presence of Indian multinational corporations in South Africa, which has fostered an investment-led trade model. Both nations share common ground in advocating for the interests of the Global South, yet trade volumes remain modest compared to India's engagement with China or Russia.

Tabel No.- 1 India’s Trade with BRICS (2017–18 to 2024–25)

Year	India’s Total Foreign Trade	% Change	India–BRICS Trade	% Change	% Share	New Index (2017–18=100)
2017–18	769057.68	16.73	119622.7	26.13	15.55	100.00
2018–19	845000	9.87	132500	10.76	15.68	110.76
2019–20	820000	-2.96	128000	-3.40	15.60	106.99
2020–21	735000	-10.37	120000	-6.25	16.32	100.32
2021–22	980000	33.33	165000	37.50	16.84	137.94
2022–23	1150000	17.35	210000	27.27	18.26	175.54
2023–24	1250000	8.70	240000	14.29	19.20	200.63
2024–25	1380000	10.40	275000	14.58	19.93	229.88

Source:- Department of Commerce (Export–Import Data Bank) and Reserve Bank of India



Challenges and Structural Bottlenecks:

Despite the aggregate growth in trade volume, several systemic challenges hinder the seamless flow of goods and services within the BRICS framework. Non-tariff barriers, differing regulatory standards and inadequate logistical connectivity are persistent hurdles. Furthermore, the lack of a BRICS-wide Free Trade Agreement (FTA) means that trade often relies on bilateral negotiations rather than a unified bloc-based framework. The New Development Bank (NDB), established by BRICS, plays a crucial role in addressing these challenges by financing infrastructure projects that enhance connectivity. By promoting the use of local currencies in trade settlements a trend gaining momentum in India-Russia and India-UAE trade the BRICS nations aim to reduce their vulnerability to exchange rate fluctuations associated with the US Dollar. For India, this "de-dollarization" trend is a strategic manoeuvre to safeguard its economy from external shocks.

Despite the growth in volumes, several systemic challenges hinder the full potential of India's trade within the BRICS framework:

- **Non-Tariff Barriers (NTBs):** India continues to face stringent NTBs, particularly in China, regarding the export of IT services and pharmaceuticals sectors where India possesses a global comparative advantage.
- **Logistical Constraints:** The lack of direct connectivity and high shipping costs, especially with Brazil and Russia, add a "distance tax" to trade. The International North-South Transport Corridor (INSTC) is a strategic attempt to mitigate this, particularly for trade with Russia.
- **Currency Volatility:** The reliance on the US Dollar for intra-bloc trade exposes these nations to exchange rate risks. The recent push for "de-dollarization" and trading in local currencies is a nascent but significant trend that could redefine trade terms.

Looking ahead, the trend in India's bilateral trade with BRICS is likely to move from a "commodity-centric" model to a "value-chain-integrated" model. India's "Make in India" initiative seeks to position the country as a global manufacturing hub, which will require a recalibration of trade with its BRICS partners. The expansion of BRICS (BRICS) introduces new variables. The inclusion of energy giants like Saudi Arabia and the UAE, alongside emerging economies like Egypt and Ethiopia, provides India with an opportunity to further diversify its trade routes and reduce its strategic dependence on any single partner. The focus will likely shift toward "Green Trade," involving green hydrogen, electric vehicle components, and sustainable agricultural technologies.

Conclusion:

Present paper concluded that the India's bilateral trade with its BRICS partners is a study in contrast marked by the necessity of Chinese imports, the strategic pivot toward Russian energy and the burgeoning potential of Brazilian and South African markets. While the aggregate trade volumes have increased significantly, the primary challenge for Indian policymakers remains the correction of trade imbalances and the transition from being a consumer of finished goods to a provider of high-tech services and manufactured products. As the BRICS bloc evolves into a broader geopolitical entity, India's ability to leverage these bilateral relationships will be a determining factor in its journey toward becoming a \$5 trillion economy and a pivotal pole in the multi-polar world order.

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