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INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

INTRA-BRICS TRADE & ITS IMPLICATIONS FOR INDIA

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ABSTRACT

In the recent years, developing countries have increasingly emerged as regional and global growth engines, reflecting higher growth in economic activity and trade, as compared to the developed economies. Brazil, Russia, India, China and South Africa (BRICS) – the five emerging global powers from the continents of Asia, Africa and Latin America – are incrementally increasing their global engagements In 2008, four emerging economies, viz. Brazil, Russia, China and India, came together to form the BRIC group of countries. Earlier called BRIC, without South Africa, this group was initially coined by Goldman Sachs in 2001, by Jim O'Neill in a paper titled 'Building Better Global Economic BRICs'. In 2010, South Africa, another emerging economy, joined this group, which came to known as the BRICS group. Together they account for almost 18 per cent of the world's economy. They have approximately 3 billion people, a combined nominal gross domestic product of US$ 16.039 trillion and an estimated US$ 4 trillion in combined foreign reserves. All are members of the G20 group of countries. Today, BRICS economies together account for 22.5 per cent of the global output, 17.2 per cent of global trade, and over 40 per cent of the global population. This Discussion Paper, using a series of analytical tools, illustrates the trends in trade and competitiveness between the BRICS countries as well as its implications for India. Tellingly, the results indicate a complementarity in export and import products with low levels of competition, which can provide opportunities for enhanced intra-BRICS trade. This paper concluded that over 10 years the weight of the BRIC countries and especially China in world GDP will grow, raising important issues about the global economic impact of fiscal and monetary policy in the BRIC countries.

KEYWORDS

BRICS, capital mobility, export intensity index, free trade agreement, import intensity index, intra-BRICS trade, trade intensity analysis.

JEL CODES

B17, F13,P33, P45, Q27.

INTRODUCTION:-INTRA-BRICS TRADE

BRICS countries have made significant progress in integrating with the global economy. Analysis of trading patterns within BRICS countries reveals that levels of Intra-BRICS trade is quite diverse, mainly reflecting comparative sizes of the economies. Over the past decade, intra-BRICS trade has increased by nearly threefold, supported by increase in intra-regional trade for all the member countries. An analysis of the intra-BRICS trade reveals that China has played a significant role by accounting for nearly half of the intra-BRICS trade. This was followed by India, Brazil, Russia, and South Africa. However, it may be mentioned that BRICS countries have not harnessed the potential offered by the regional cooperation, especially given the significant growth of its market size to US$ 16.5 trillion in 2015 from US$ 6.1 trillion a decade ago, supported by a large consumer An analysis of trade intensity index (TII) highlights.

That trade intensities of Brazil and South Africa with BRICS have improved since 2001, while that of China, India and Russia, on the other hand, have deteriorated since 2001.

The mutually invigorating trade interaction among the BRICS countries is reflected in their trade composition. Brazil and Russia are among the world's largest producers and exporters of natural resource, while most of their imports include manufactured and processed goods. India and China, on the other hand, are among the major exporters of manufactured and processed goods, and major importers of natural resources. South Africa, apart from being a major trading partner for India, China and Brazil, serves as an important trade route for India-Brazil trade. Thus, growing synergies among the

A BRICS economy is mutually beneficial to the members. According to Goldman Sachs, a significant driver of BRICS growth stems from the large scale Chinese and Indian industrialization and urbanization creating strong demand for Russia's and Brazil's abundance of natural resources.

LITERATURE REVIEW

Although researches on global and regional CGE are getting more active, less attention has been taken to those regions grouped by both the economic and politic standards such as the BRICS countries within the global CGE framework. Separately speaking, Maldonado et al. (2007) modeled foreign capital flow to Brazil as stemming from an investment decision whose risk depended on the expected rate of loss of foreign reserves. By comparing the response of the two versions of the model by simulating the implementation of the trade agreements with the Americas and with the European Union, they concluded that the inclusion of endogenous foreign capital flow in the model significantly amplifies. One of the latest global CGE research publications came from Lemelin et al. (2013), they present an applied CGE world model with financial assets and endogenous current account, along with the capital and financial account balances. Their financial CGE model involves 14 regions including two main BRICS countries China and India. However, the G7 group is not so appropriate in terms of the developed regions due to its smaller scale compared with the OECD, and is less representative than the USA plus EU. Das (2012) also made the two BIRC countries China and India as the core regions in his global CGE model. His model presented that exogenous technology shock from developed North, vehicle via trade, transmits to developing Souths and induces productivity growth. What's more, dynamism of Southern Engines of Growth – India and China – caused them to emerge as 'core' South. Das's paper shows kind of inter-relationship implication among the developing countries, while the other BRICS countries' role still unknown. As BRICS are the leading countries in terms of economy development, it is easy to find out that they are often concerned in some other global CGE research works especially in GTAP model (McDonald at al 2008, Walmsley and Hertel 2000, Elena et al 1999, 2006). Pereira et al (2010) analyze the impacts of the Doha Round on Brazilian, Chinese and Indian agribusiness using GTAP 7, compared with the EU 25 regions and The USA as the developed countries. Their research gave many reasonable implications such as the highest growth rate owned by China and Brazil. While some limitations must be figured that It is kind of static model but not a dynamic one, which is not enough to analyze the scenarios of these fast developing countries. Besides, more researches could be found in some regional CGE model focus on Russia (Orlov and Grethe 2012), India (Ojha et al 2013) and China (He et al 2010, Horridge et al 2008) due to the data quality limitation and specific model structure designing. As reviewed above, it is implied that less global CGE modeling work has been done about the BRICS countries, as well as the GTAP modeling.

Since the BRICS countries are the most sensitive regions both in the economic and politic fields, and most of the international issues such as tariff exemption and trade facilitation are very complicated due to the policy intervention, we put our research focus on the BRICS countries' inter-action, along with their trading and financial relationship with the advanced regions (e.g. EU and the United States) by a global CGE model. For the most obvious feature of the BRICS countries is the long-lasting fast economic growth, a dynamic model is necessary and introduced in our model.

Because most of the CGE model has often been used to analyze the trade and energy issues just like what Dixion et al. (2006), Hertel (1994) and Böhringer (2011) have done, a tariff reduction scenario is certainly necessary to be introduced into our global CGE model. In addition, there are more measures taken to improve the trade facilitation by some organizations such as the World Customs Organization's Data Model and Single Window Projects, the UN/CEFACT's trade facilitation projects, and the EU Blue Belt Pilot Project. So it is reasonable and necessary to analyze the effects of these trade facilitation because these policies are often implemented regionally (EMSA, 2010), partly and temporarily (Trade Facilitation and Port Community System Committee, 2012). We will further introduce the related tariff reduction and facilitation policies in detail in the following processing part.

OBJECTIVES OF THE STUDY

The major objectives of present study are:
1. To analyse the potential for Enhancing India's Trade with BRICS
2. To examine the trends in Share of BRICS as a group and of individual countries of BRICS in World trade during 2006-2015
3. To analyse trends in the Intra-BRICS Trade intensity of BRICS as a group during the time period 2006-2015
4. To analyse the trends in the Intra-BRICS trade intensity of each of the BRICS Countries during the time period 2006-2015

ANALYSIS AND DISCUSSION

1. POTENTIAL FOR ENHANCING INDIA'S TRADE WITH BRICS

Underlying the robust trend in bilateral trade between India and rest of BRICS countries has been the rising trend in India's trade deficit with BRICS countries. India's trade deficit with rest of BRICS increased from US$ 8.7 billion in 2006, to US$ 58.4 billion in 2015. India maintained the largest trade deficit with China (US$ 52 billion), followed by Russia (US$ 2.9 billion), South Africa (US$ 2.5 billion), and Brazil (US$ 1 billion). To further enhance India's trade with the BRICS countries, and at the same time to address the rising trade deficit, an important strategy would be to focus on India's export potential to these countries. Such a strategy would also contribute to the overall efforts to enhance India's trade with BRICS. While India's current global capability could be matched with the import demand of BRICS countries, leading to enhanced exports from India, strategy to promote. bilateral trade relations could also encompass the case for enhancing domestic production in India to cater to the large demand existing in other BRICS countries. Given India's expertise in several manufactured products, and technology which is affordable and adaptable, other BRICS countries would also stand to gain with increased import of such items from India. This would also help in further strengthening bilateral ties, and resulting in a mutually rewarding long-term partnership. Potential items of export for India to other BRICS countries up to the 6-digit HS code, have been identified and presented in the study.

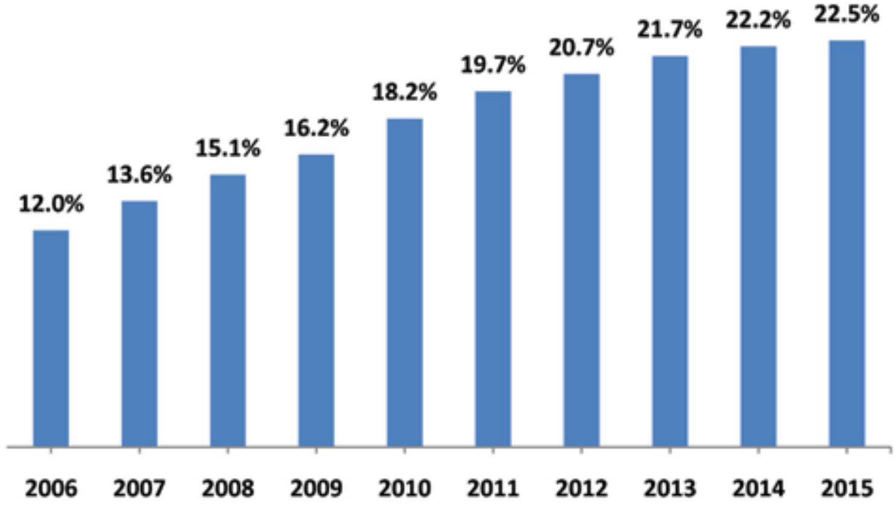
2. CHALLENGES AND THE WAY FORWARD

BRICS countries have made significant progress in integrating with the global economy. According to the IMF, more than 40 per cent of the global economic growth is generated by BRICS economies. However, the share of intra-BRICS trade to its global trade is still as low. Further, intra-BRICS trade is dominated by China on both export and import fronts. The growth of intra- BRICS trade has been constrained primarily by high and escalating trade costs and restrictive trade policy environment. In the World Bank's 'Ease of Doing Business', trading across borders index, it has been observed that despite progress made in the past, the trading across borders rankings of BRICS countries remain low. Cumbersome documentation and customs clearance, poor inland transportation and terminal handling, are some of the reasons that hamper exports. BRICS economies have reduced their tariff rates in the recent years, however, there exists import restrictions in terms of non-tariff barriers. There has been a rise in the incidence of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) applied by the BRICS. Apart from these, the prevalence of anti-dumping measures, countervailing duties and safeguards have also affected intra-BRICS trade. In order to expand cooperation in trade among BRICS countries, the following goals should be pursued:
1. Enhancing consultations and exchanging information on macroeconomic and trade policies;
2. Encouraging trade and investment links between BRICS countries with an emphasis on promoting market access on goods and services amongst BRICS countries and supporting industrial complementarities, sustainable development and inclusive growth;
3. Simplifying and increasing the efficiency of administrative procedures to facilitate and accelerate mutual trade and investment;
4. Improving the transparency of trade and investment climate in the framework of international obligations and national legislation; and
5. Creating favorable conditions for development of mutual trade and foreign direct investment in the BRICS countries in order to diversify production and exports.

3. EXIM INDIA'S ENDEAVOURS TO HARNESS SYNERGIES WITH BRICS COUNTRIES

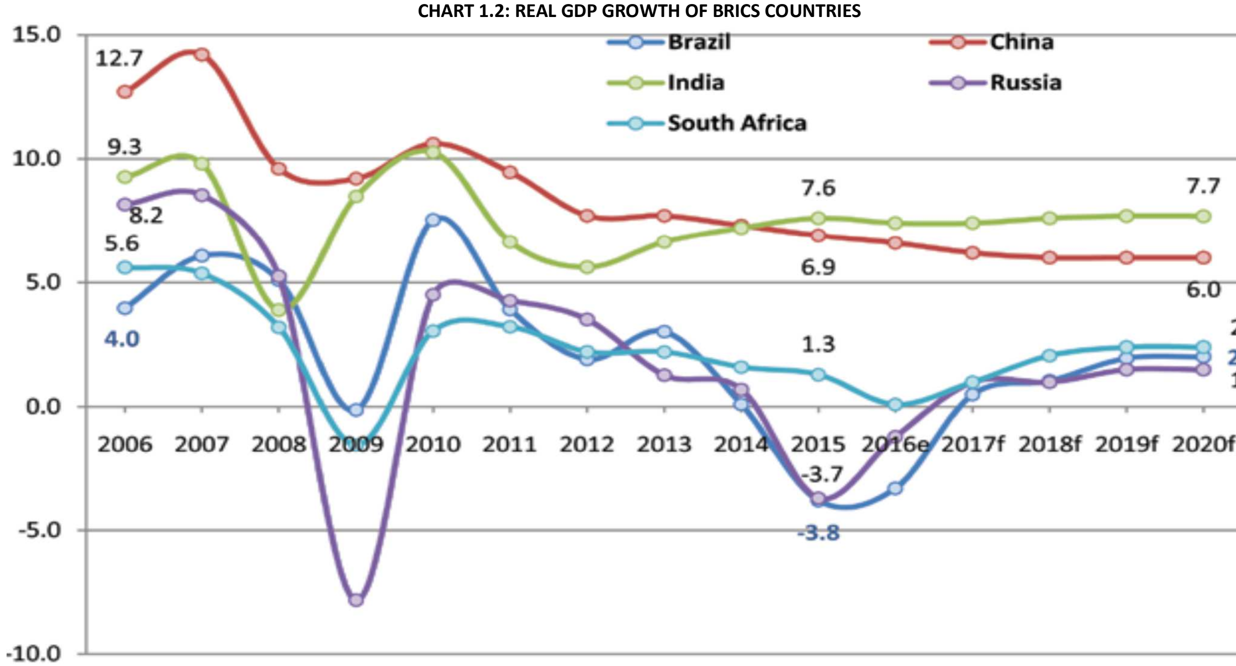
Export-Import Bank of India (Exim India or the Bank) has played a catalytic role in augmenting India's increasing integration with the global economy, with particular reference to the countries of the South. The BRICS economies have been a focus region for Exim India, and thus a critical component of its strategy to promote and support two-way trade and investment. As a partner institution to promote economic development, the commitment towards building relationships with the BRICS economies is reflected in the various activities and programmers, which Exim India has set in place. Exim India is the nominated member development bank from India under the BRICS Interbank Cooperation Mechanism. Other nominated member development banks from other BRICS nations are: Banco Nacional de Desenvolvimento Economico e Social (BNDES),Brazil; State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank), Russia; China Development Bank Corporation (CDB), China, and Development Bank of Southern Africa (DBSA), South Africa.In April 2010, Exim India entered into a Memorandum of Cooperation (MOC) with BNDES, Vnesheconombank, and CDB, in the BRIC (Brazil, Russia, India, China) Summitheld in Brazil. The MOC signed in the presence of Heads of four States/ Governments seeks to develop cross border transactions and projects of common interest; strengthen and enhance trade and economic relations between BRIC countries and its enterprises; and finance the investment projects and to work towards economic development of BRIC countries. Towards fostering institutional linkages, the Bank entered into a Framework Agreement on Financial Cooperation with BNDES, Vnesheconombank, CDB, and DBSA at the third BRICS Summit, held in Sanya, China in April 2011. The Agreement aims to facilitate financial cooperation among the partner development banks of the BRICS countries, with a view to promoting trade and investment for economic development. As a follow-up to this Agreement, the Bank hosted a Technical Group Meeting in Kumarakom, Kerala, in February 2012, during which the member development banks discussed and finalized two Agreements viz., 'Master Agreement on Extending Credit Facility in Local Currency' and 'BRICS Multilateral Letter of Credit Confirmation Facility'. During the fourth BRICS Summit hosted by India in New Delhi in March 2012, Exim India signed these two multilateral financial cooperation agreements with other member development banks. The Bank also hosted the Annual Meeting and Financial Forum under the BRICS Interbank Cooperation Mechanism coinciding with the fourth BRICS Annual Summit at New Delhi. Exim India has signed two multilateral financial cooperation agreements with other member development banks of BRICS nations, in the presence of Heads of States/Governments of the BRICS countries during the fifth BRICS Summit 2013. The two agreements signed during the occasion are: (i) BRICS Multilateral Infra-structure Co-financing for Africa; and (ii) BRICS Multilateral Cooperation and Co-financing Agreement for Sustainable Development. These two agreements are aimed at setting broader agenda for cooperation in these key areas; and are expected to enhance cooperation among BRICS development banks to promote intra-BRICS trade. Exim India has also been participating in the Annual Meetings of the BRICS Financial Forum, under the BRICS Interbank Cooperation Mechanism.

CHART 1.1: SHARE OF BRICS COUNTRIES IN WORLD GDP



Source: IMF, World Economic Outlook, April 2016 and July 2016 Update; and Exim Bank Analysis.

CHART 1.2: REAL GDP GROWTH OF BRICS COUNTRIES



Source: IMF, World Economic Outlook, April 2016 and July 2016 Update; and Exim Bank Analysis.

TABLE 1: MAJOR INDUSTRIES IN BRICS COUNTRIES

Brazil	Coffee, soybeans, wheat, rice, corn, sugarcane, cocoa, citrus, and beef.
Russia	Grain, sugar beets, sunflower seeds, vegetables, fruits, beef, and milk.
India	Rice, wheat, oilseed, cotton, jute, tea, sugarcane, lentils, onions, potatoes, dairy products, sheep, goats, poultry, and fish.
China	Rice, wheat, potatoes, corn, peanuts, tea, millet, barley, apples, cotton, oilseed, pork, and fish.
South Africa	Corn, wheat, sugarcane, fruits, vegetables, beef, poultry, mutton, wool, and dairy products.

Source: CIA World Factbook

TABLE 2: MAJOR AGRICULTURE AND ALLIED PRODUCTS OF BRICS COUNTRIES

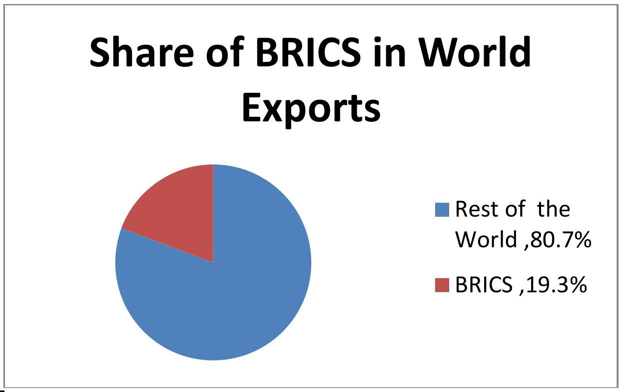
Brazil	Textiles, shoes, chemicals, cement, lumber, iron ore, tin, steel, aircraft, motor vehicles and parts, and other machinery and equipment
Russia	Mining and extractive industries producing coal, oil, gas, chemicals, and metals; all forms of machine building from rolling mills to high-performance aircraft and space vehicles; defense industries (including radar, missile production, advanced electronic components), shipbuilding; road and rail transportation equipment; communications equipment; agricultural machinery, tractors, and construction equipment; electric power generating and transmitting equipment; medical and scientific instruments; consumer durables, textiles, foodstuffs, and handicrafts.
India	Textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery, software, and pharmaceuticals.
China	Mining and ore processing, iron, steel, aluminum, and other metals, coal; machine building; armaments; textiles and apparel; petroleum; cement; chemicals; fertilizers; consumer products (including footwear, toys, and electronics); food processing; transportation equipment, including automobiles, rail cars and locomotives, ships, aircraft; telecommunications equipment, commercial space launch vehicles, and satellites.
South Africa	Mining (world's largest producer of platinum, gold, chromium), automobile assembly, machinery, textiles, iron and steel, chemicals, fertilizer, foodstuffs, and commercial ship repair.

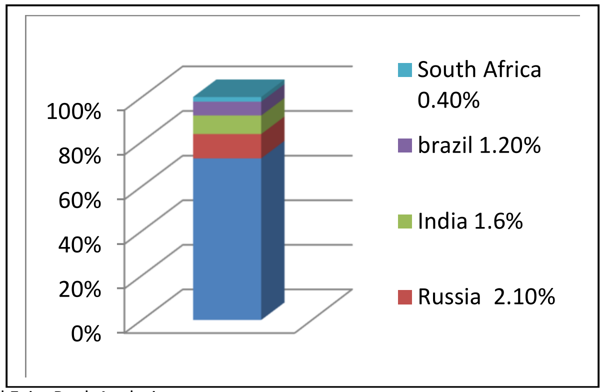
Source: CIA World Factbook

4. BRICS GLOBAL TRADE: RECENT TRENDS

The significance of international trade among BRICS countries was highlighted during the Sixth BRICS Summit in Fortaleza, Brazil in 2014. During this Summit the BRICS countries adopted a key decision on launching comprehensive talks regarding the BRICS Strategy for Economic Partnership and a draft BRICS Roadmap for BRICS Trade, Economic and Investment Cooperation. The countries also coordinated subsequent joint steps in topical areas of cooperation such as the creation of favorable conditions for barrier-free trade, among others. At the non-governmental level, the BRICS Trade & Economics Research Network (BRICS-TERN) was launched at the WTO Annual Conference to commemorate the 10th anniversary of China's accession to the WTO in Shanghai on November 19, 2011.

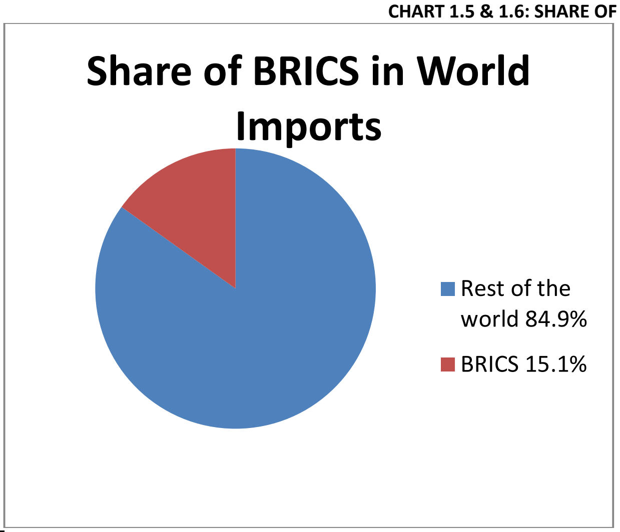
CHART 1.3 & 1.4: SHARE OF BRICS IN WORLD EXPORTS

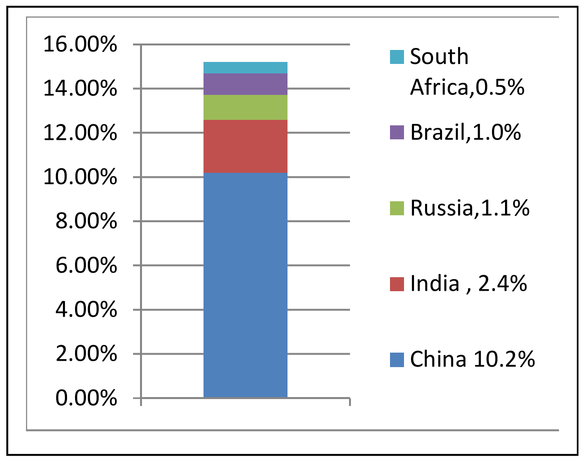




Source: ITC Trademap; and Exim Bank Analysis.

CHART 1.5 & 1.6: SHARE OF BRICS IN WORLD IMPORTS





Source: ITC Trademap; and Exim Bank Analysis.

5. INTRA-BRICS TRADE: AN ASSESSMENT

As highlighted in the previous chapter, BRICS economies together account for 22.5 per cent of the global output and 17.2 per cent of global trade. BRICS countries have made significant progress in integrating with the global economy. Analysis of trading patterns within BRICS countries reveals that levels of intra-BRICS trade are quite diverse, mainly reflecting comparative sizes of the economies. Over the past decade, intra-BRICS trade has increased by nearly three-fold during 2006 and 2015, supported by increase in intra-regional trade for all the member countries. As regards its share in the BRICS global trade, intra-BRICS trade showed gradual increase during the same period. This share had peaked in 2011. Rapid economic expansion, increasing importance of South-South trade, and the recent financial crisis that triggered in 2007, were responsible for this rise. China has played a significant role in the intra-BRICS trade, accounting for over half of the intra-BRICS trade. This was followed by India, Brazil, Russia, and South Africa. However, it may be mentioned that BRICS countries have not harnessed the potential offered by the regional cooperation, especially given the significant growth of its market size to US$ 16.5 trillion in 2015 from US$ 6.1 trillion a decade ago, supported by a large consumer base of over 3 trillion population.

TABLE 3: INTRA-BRICS TRADE

Items	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Nominal GDP (US$ bn)	6136.4	7863.8	9543.6	9707.4	11924.3	14326.2	15329.0	16444.6	17270.2	16483.8
Population (mn)	2822.6	2848.2	2873.6	2898.9	2925.2	2956.7	2991.9	3018.0	3046.8	3073.0
Intra-BRICS Exports (US$ bn)	92.9	128.6	168.9	143.6	210.7	274.9	281.4	296.4	295.3	242.3
Intra-BRICS Imports (US$ bn)	103.8	150.3	209.4	173.9	248.6	339.2	354.9	356.9	356.4	296.7

Source: IMF World Economic Outlook April 2016; ITC Trade map; and Exim Bank Analysis

6. TRADE INTENSITY ANALYSIS AMONG BRICS MEMBERS

Keeping in view the increasing importance of BRICS countries both economically and politically and increasing efforts by BRICS countries to enhance mutual trade relations, the following section analyses country wise intra-BRICS trade through the trade intensity index (TII). TII determines whether the value of trade among BRICS countries is greater or smaller than expected value on the basis of their importance in world trade. The following section measures trade intensity through three parameters, a) Intra-BRICS trade intensity index (TII); b) Intra-BRICS export intensity index (XII); and c) Intra-BRICS import intensity index (MII).

TABLE 4: COMPARATIVE GROWTH DYNAMICS OF INTRA-BRICS TRADE (2006 TO 2015) (CAGR %)

Region/ Country	Intra-Exports	Total Exports	Intra-Imports	Total Imports
BRICS	11.2%	8.0%	12.4%	7.9%
Brazil	13.1%	1.5%	14.9%	7.2%
Russia	6.8%	9.1%	10.3%	3.2%
India	4.4%	3.7%	15.4%	9.1%
China	13.5%	10.0%	11.7%	8.7%
South Africa	12.3%	3.2%	7.9%	1.7%

Source: ITC Trade Map, Geneva; Exim Bank Analysis.

Note: Shaded area implies intra-BRICS export/import growth is greater than total export/ import growth.

The BRICS members is seen in their composition of trade. Brazil and Russia are among the world's largest producers and exporters of natural resource, while most of their imports include manufactured and processed goods. India and China, on the other hand, are among the major exporters of manufactured and processed goods, and major importers of natural resources (Exhibit 3.1). South Africa, apart from being a major trading partner for India, China and Brazil, serves as an important trade route for India-Brazil trade. Thus, growing synergies among the BRICS economies is mutually beneficial to the members. According to Goldman Sachs, a significant driver of BRICS growth stems from the large scale Chinese and Indian industrialization and urbanization creating strong demand for Russia's and Brazil's abundance of natural resources9. Exhibit 3.1: Intra-BRICS Trade: Offering Greater Counter Cyclical Growth Opportunity.

BRICS Tariff Profile The common feature in the tariff policies of the BRICS is the recent liberalization of their economies. Brazil and South Africa subordinate their tariff policies to a regional bloc, which forms the Southern Common Market (MERCOSUR) and the South African Customs Union (SACU), respectively. They thus have restricted autonomy when it comes to changing their policies. Within the context of MERCOSUR, Brazil is taking on the difficult task of converging the common external tariff (CET) with various applied exceptions. South Africa underwent a process of subordinating its tariff policy to SACU's CET10. Besides cuts in tariff rates, a large number of import restrictions in the form of prohibitions and quotas have also been done away with. Licenses, however, continue to be important means for regulating imports in the BRICS. According to the World Trade Organization (WTO)11, there has also been a rise in the incidence of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) applied by the BRICS. All BRICS economies are members of international standard setting organizations, including International Plant Protection Convention (IPPC), Organization International des Epizooties (OIE) and the Codex Alimentations Commission and steps have been taken to bring about greater harmonization in the standards adopted based on guidelines and recommendations of the OIE, IPPC and Codex. All BRICS countries also have memorandum of understanding on standards, conformity assessment and accreditation procedures with several third countries and are signatories to a number of multilateral and bilateral mutual recognition agreements. There are a number of such arrangements amongst the BRICS themselves. The rising trade of BRICS economies has also been accompanied with an increase in the use of trade remedies. Trade remedies include anti-dumping measures, countervailing duties and safeguards.

7. EXPORT –IMPORT BANK OF INDIA IN BRICS COUNTRIES

Exim India's Association with BRICS Exim India is the nominated member development bank from India under the BRICS Interbank Cooperation Mechanism. Other nominated member development banks from other BRICS nations are: Banco Nacional de Desenvolvimento Economico e Social (BNDES), Brazil; State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank), Russia; China Development Bank Corporation (CDB), China, and Development Bank of Southern Africa (DBSA), South Africa. Exim India is the nominated member development bank from India under the BRICS Interbank Cooperation Mechanism. Other nominated member development banks from other BRICS nations are: Banco Nacional de Desenvolvimento Economico e Social (BNDES), Brazil; State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank), Russia; China Development Bank Corporation (CDB), China, and Development Bank of Southern Africa (DBSA), South Africa. In April 2010, Exim India entered into a Memorandum of Cooperation (MOC) with BNDES, Vnesheconombank, and CDB, in the BRIC (Brazil, Russia, India, and China) Summit held in Brazil. The MOC signed in the presence of Heads of four States/ Governments seeks to develop cross border transactions and projects of common interest; strengthen and enhance trade and economic relations between BRIC countries and its enterprises; and finance the investment projects and to work towards economic development of BRIC countries. Towards fostering institutional linkages, the Bank entered into a Framework Agreement on Financial Cooperation with BNDES, Vnesheconombank, CDB, and DBSA at the third BRICS Summit, held in Sanya, China in April 2011. The Agreement aims to facilitate financial cooperation among the partner development banks of the BRICS countries, with a view to promoting trade and investment for economic development. As a follow-up to this Agreement, the Bank hosted a Technical Group Meeting in Kumarakom, Kerala, in February 2012, during which the member development banks discussed and finalized two Agreements viz., 'Master Agreement on Extending Credit Facility in Local Currency' and 'BRICS Multilateral Letter of Credit Confirmation Facility'. During the fourth BRICS Summit hosted by India in New Delhi in March 2012, Exim India signed these two multilateral financial cooperation agreements with other member development banks. The Bank also hosted the Annual Meeting and Financial Forum under the BRICS Interbank Cooperation Mechanism coinciding with the Fourth BRICS Annual Summit at New Delhi.

8. CHALLENGES FOR ENHANCING INTRA-BRICS TRADE

BRICS countries have made significant progress in integrating with the global economy. According to IMF12, during 2010-14, the BRICS accounted for about 40 percent of global growth, up from about 10 percent during the 1990s. However, the share of intra-BRICS trade to its global trade is still as low. Further, intra BRICS trade is dominated by China on both the export and import fronts. The growth of intra-BRICS trade has been constrained by a number of factors. Among others, high and escalating trade costs and restrictive trade policy environment are the major deterrents to trade.

9. HIGH AND ESCALATING TRADE COSTS

In the World Bank's 'Ease of Doing Business', trading across borders index has eight sub-components namely (i) Time to export: border compliance (hours), (ii) Cost to export: border compliance (USD), (iii) Time to export: Documentary compliance (hours), (iv) Cost to export: Documentary compliance (USD), (v) Time to import: Border compliance (hours); (vi) Cost to import: Border compliance (USD); (vii) Time to import: Documentary compliance (hours); and (viii) Cost to import: Documentary compliance (USD).

TABLE 5: DOING BUSINESS RANKINGS FOR TRADING ACROSS BORDERS OF BRICS COUNTRIES

Country	Trading Across Borders Ranking
Brazil	145
Russia	170
India	133
China	96
South Africa	130

Source: World Bank, Doing Business 2016

Note: the above rankings are for 189 economies

10. RESTRICTIVE TRADE POLICY ENVIRONMENT

BRICS economies have reduced their tariff rates in the recent years, however, their import restrictions in terms of non-tariff barriers exist. There has been a rise in the incidence of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) applied by the BRICS countries. Apart from these, the prevalence of anti-dumping measures, countervailing duties and safeguards have also affected intra-BRICS trade.

WAY FORWARD

In order to expand cooperation in trade among BRICS countries, the following goals should be pursued:

- Enhancing consultations and exchanging information on macroeconomic and trade policies;

- Encouraging trade and investment links between BRICS countries with an emphasis on promoting market access on goods and services amongst BRICS countries and supporting industrial complementarities, sustainable development and inclusive growth;
- Simplifying and increasing the efficiency of administrative procedures to facilitate and accelerate mutual trade and investment;
- Improving the transparency of trade and investment climate in the framework of international obligations and national legislation; and
- Creating favorable conditions for development of mutual trade and foreign direct investment in the BRICS countries in order to diversify production and exports.

CONCLUSIONS & RECOMMENDATIONS

As per the World Development Indicators of the World Bank, India is an emerging economy with a gross domestic product of US$ 1.88 trillion in 2013. It is the largest economy in South Asia and one of the fastest growing in the world.

In 2013, its merchandise export was valued at US$ 336.61 billion, with the United States of America (US$ 41.96bn), United Arab Emirates (US$ 33.98bn) and China (US$ 16.42bn) being its top three export destinations. Furthermore, in 2013 its import was worth US$ 466.04 billion, with the top three sources being China, Saudi Arabia and United Arab Emirates (US$ 51.64bn, 36.60bn and 32.95bn, respectively).

Since 2001, its trade openness (export plus import of goods and services as a percentage of GDP) increased from 27 per cent to 57 per cent. While India's trade openness has surpassed Brazil, Russia and China, over the next few years it is expected to pass the current world average of 61 per cent. In 2013, it was 65 per cent in the case of South Africa.

Not only among its peers in the BRICS group of countries, is India poised to become a major trade open‟ country in the world. Therefore, given the fact that by the end of the next decade the BRICS group is expected to account for almost 50 per cent of world's GDP growth and the centre of gravity of the global economy is expected to be located somewhere between India and China, India should give much greater emphasis on similarities (and otherwise) of intra-BRICS trade.

Further welfare gains from trade will be available for India as well as the other BRICS countries if: a) intra-industry trade is promoted sincerely, and b) intra-industry trade is promoted along with horizontal movement of capital, that is, horizontal foreign direct investment due to the similarities of skill level amongst the BRICS countries. A strong institutional framework will be needed to tap into the potential skills and resources of each country.

Our analysis has revealed that there are many product categories in which India is competing with other BRICS countries and also there are products where India is enjoying comparative advantages. Accordingly, India should re-orient its Focused Market and Focused Product initiatives in its new trade policy. Our comparative analyses of Revealed Comparative Advantage of top ten products of the BRICS group of countries supports this re-orientation. With an increasing level of specialization between and among the BRICS industries the cost of production will decreases, providing economic gains for all consumers across borders.

Furthermore, though our analyses did not go beyond trade, looking at Degrees of Similarity in Export Structures (Finger-Krein in Index) and Relative Export Competitive Pressure Index of different pairs of BRICS countries, there may be a case for a free trade agreement among the BRICS group of countries. More importantly, if the BRICS group of countries can negotiate a comprehensive economic partnership agreement among themselves, covering behind-the-border issues of trade and investment (such as intellectual property rights, standards, competition, government procurement), not only will there be more robust trade growth among those countries but they can also play a more proactive role in global trade and investment governance in the future. 24 Intra-BRICS Trade & Its Implications for India.

While we are not recommending an immediate initiation of negotiations for a BRICS free trade agreement with a built-in agenda for a comprehensive economic partnership agreement at a later stage, we should keep a close eye on how they react to expected impact of mega free trade agreements (Trans-Pacific and Trans-Atlantic) on their economies.

Over the last few years, the BRICS group of countries has shown the world that they can arrive at multilaterally negotiated solutions. Future growth of intra-BRICS trade (and investment), particularly in the context of the Fortaleza Declaration, may make a stronger case for institutionalizing BRICS trade (and investment) relationship.

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