

The Evolution of BRICS: India's Strategic Interests and Challenges

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Abstract

BRICS, comprising Brazil, Russia, India, China, and South Africa, has become a significant player in the global economic and political landscape. As an emerging economic powerhouse, India holds a crucial position within BRICS, capitalizing on the bloc's collective influence in shaping global economic policies. Introduced by economist Jim O'Neil in 2001, BRICS was initially envisioned as a group of rapidly growing economies with the potential to surpass the wealth of the world's most developed nations by 2050. This paper examines the evolution of BRICS, with a particular emphasis on India's strategic interests and the multifaceted challenges it faces within the group. The study delves into the historical formation and expansion of BRICS, India's economic, trade, and diplomatic engagement, and the internal and external challenges India encounters in balancing its aspirations with the bloc's diverse political and economic dynamics. Through qualitative analysis of secondary data, this paper offers insights into India's strategic positioning in BRICS and evaluates the opportunities and obstacles that will shape its future within this influential multilateral alliance.

Keywords: BRICS, India, strategic interests, challenges, global economy, economic growth, geopolitical challenges.

Introduction

The BRICS group started with Brazil, Russia, India, and China and has changed a lot since the early 2000s. Economist Jim O'Neill first used the term "BRIC" in 2001 to describe these countries' growing role in the world economy. In 2006, they began working together formally, and the first BRIC summit was held in 2009. South Africa joined in 2011, making it BRICS. Today, this group includes major developing countries, representing over 42% of the world's people and a large part of global trade and economy.

India has many reasons for being part of BRICS. It helps India increase its influence in world politics, especially by balancing the power of Russia and China. India also pushes for changes in global financial organizations so that developing countries get more say. BRICS is also important for India because it allows the country to speak on global issues like sustainable development and the fight against terrorism.

But being part of BRICS is not always easy for India. There are tensions with China, and all the countries have different national interests, which can make it hard to agree on important matters. As BRICS grows and changes, India will need to handle these challenges carefully to make the most of its position in the group.

Historical Evolution of BRICS and Its Expansion over Time

In 2001, economist Jim O'Neill introduced the term "BRIC" to describe four fast-growing economies—Brazil, Russia, India, and China. The leaders of these countries met for the first time in 2006, and their first official summit took place in 2009. South Africa joined in 2010, turning BRIC into BRICS.

Over the years, BRICS has grown, and by 2025, it included ten countries. The group aims to improve global economic cooperation and reform financial institutions. It has launched projects like the New Development Bank and BRICS Pay. However, some experts believe BRICS lacks unity and mainly makes statements without strong action.

India plays a key role in BRICS, benefiting from trade and cooperation. But it also faces challenges like political disagreements and economic differences among members. As BRICS expands, India must navigate these challenges to strengthen its position in global politics and economic governance.

Expansion of BRICS and India's Role

BRICS started with four countries—Brazil, Russia, India, and China. In 2010, South Africa joined, making it BRICS. Over time, more countries showed interest in joining. By 2023, over 40 nations wanted to be part of the group, seeking a fairer global system outside Western-controlled institutions like the IMF and World Bank.

At the 2023 BRICS Summit, six new countries were invited—Egypt, Ethiopia, Iran, Saudi Arabia, the UAE, and Argentina. However, Argentina later withdrew. In early 2025, Indonesia also joined, leading some to call the group BRICS+.

For India, this expansion brings both benefits and challenges. It creates more trade and investment opportunities, especially with countries like the UAE, Iran, and Ethiopia. However, it also means more competition for influence within BRICS, especially as China strengthens its role. To maintain its position, India must strengthen ties with countries like Brazil, South Africa, and the UAE.

Despite challenges, BRICS expansion gives India a chance to shape global policies, promote economic growth, and push for reforms in world governance. By actively engaging with new members and ensuring balanced decision-making, India can secure its interests in this growing alliance.

Objectives

- To analyze the historical evolution of BRICS and its expansion over time.
- To identify the economic, political, and geopolitical challenges India faces in BRICS.
- To assess the impact of BRICS on India's strategic ambitions and policy formulation.

Literature Review

Jim O'Neill, in his 2001 report, foresaw the potential of Brazil, Russia, India, and China as powerful emerging economies. He emphasized that these nations would not only drive global economic growth but also reshape the structure of international trade and finance. According to O'Neill, the BRIC countries had rapidly expanding markets, growing populations, and large reserves of natural resources, all of which would position them as central players in the future of the global economy (O'Neill, 2001). His vision set the foundation for what would later become a formal political and economic alliance.

By 2006, BRIC began formalizing its cooperation. The countries held discussions and set the stage for regular summits. The first BRIC summit took place in 2009 in Yekaterinburg, Russia, marking a significant milestone in the group's development. During this summit, the countries discussed key global issues, such as reforming international financial institutions, enhancing trade cooperation, and promoting a multipolar world order (Vision IAS, 2024). The group's goal was to assert the interests of emerging economies in global governance structures that were traditionally dominated by Western nations. This formalization helped set the agenda for BRICS' future, focusing on mutual economic growth and policy coordination.

As BRICS developed, it began to play an increasingly significant role in global governance, especially in areas like economic policy and financial reform. The creation of institutions such as the New Development Bank (NDB) and

the BRICS Contingent Reserve Arrangement (CRA) marked important steps in challenging the dominance of Western-controlled institutions like the IMF and the World Bank. These initiatives were designed to provide financial support for infrastructure projects and financial stability in emerging economies, offering alternatives to traditional Western financial institutions (India Foundation, 2025). The expansion of BRICS to include new members in 2010, with South Africa joining the group, further solidified its relevance in global affairs.

Since its formalization, BRICS has faced various challenges, including differences in political systems, economic structures, and global priorities among its members. The expansion of BRICS, especially with the inclusion of new countries such as South Africa, Egypt, and the UAE, has brought both opportunities and risks. While the group benefits from the increased representation of the Global South, it also faces difficulties in maintaining unity among a diverse set of members. Despite these challenges, BRICS has worked to enhance its influence by advocating for reforms in global economic governance and strengthening economic ties between its members (The Diplomat, 2025).

Sanusha Naidu (2023) Naidu explores the evolving objectives and internal challenges faced by BRICS, particularly as it expands and attracts new members. The paper highlights the geopolitical tensions within BRICS, with particular emphasis on India's balancing act between its interests and the diverse priorities of other member states, including China and Russia. The author also discusses how BRICS aims to challenge the dominance of Western powers in global institutions like the IMF and the World Bank, a critical factor for India's strategic goals within the group.

Navigating Geopolitical Rivalries by Journal of International Relations (2024) This article explores India's strategic positioning within BRICS, particularly in relation to its ongoing geopolitical rivalry with China. The author examines the implications of this rivalry for India's participation in BRICS and its foreign policy objectives. India's ability to influence the group while managing complex relationships with both China and Russia is central to the study. It also discusses the delicate balancing act India faces as it seeks to expand its influence in the Global South without alienating its traditional Western partners.

Amidst Global Geopolitical Changes by South Asian Journal of International Relations (2025) This focuses on India's diplomatic strategies within BRICS, especially as global geopolitical dynamics shift. The study underscores India's desire to maintain its strategic autonomy while engaging with other BRICS members. By highlighting the increasing influence of China and Russia, the paper discusses how India uses BRICS as a platform to assert its global leadership, particularly in advocating for the reform of international institutions and promoting multipolarity in world affairs.

Methodology

This research adopts a qualitative approach based on secondary data sources, including academic publications, government reports, trade statistics, and policy documents. Comparative analysis is used to assess India's engagement in BRICS relative to other member states. The study also incorporates case studies of key BRICS initiatives such as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) to evaluate India's role and challenges.

Challenges India Faces in BRICS

India's engagement in BRICS (Brazil, Russia, India, China, South Africa) presents a multifaceted set of economic, political, and geopolitical challenges that influence its strategic positioning and policy formulation.

1. Economic Challenges

➤ Slowing GDP Growth

India's economy slowed down significantly in the second quarter of the financial year 2025, with GDP growth falling to 5.4%. This is a big drop compared to previous quarters. The decline has sparked discussions among experts and policymakers, as many had expected the economy to recover steadily. Finance Minister Nirmala Sitharaman said that the low growth in Q2 was just a temporary issue and not a sign of a deeper problem. However, some reports suggest that the economy may remain weak in the third quarter as well, raising fresh concerns.

The third quarter is usually a strong period for the economy because of the festive season, which boosts spending and business activity. If growth remains low during this time, it could indicate more serious economic challenges that cannot be ignored.

➤ **Decline in Household Savings**

A recent report from the Reserve Bank of India (RBI), published in December 2024, shows a worrying trend. The gap between household savings and investment is widening. Net financial savings, as a percentage of GDP, have fallen sharply:

- **FY22:** Households saved 7.3% of GDP. This means that for every ₹100 of economic output, ₹7.30 was saved.
- **FY23:** Savings dropped to 5.3% of GDP, meaning only ₹5.30 was saved per ₹100.
- **Past Trend:** Over the last ten years, the average savings rate was around 8% of GDP, which makes the recent decline even more concerning.

Savings are expected to fall further in the current year, though exact numbers are not available yet. This decline is a problem because lower savings mean fewer funds for investments in businesses and infrastructure. It may also increase India's dependence on foreign capital to meet its investment needs.

➤ **Rising Unemployment**

In 2025, unemployment is becoming a major issue in India. It affects millions of people and slows down the economy.

When people do not have jobs, they spend less money. This reduces demand for goods and services, affecting businesses and leading to even more job losses. As a result, the economy suffers in a cycle of low demand and fewer jobs.

A growing population adds to the challenge. Every year, many young people enter the job market, but industries like manufacturing, technology, and services are not growing fast enough to employ them all.

The problem is worse in rural areas, where farming jobs are limited, and in cities, where automation and outsourcing are replacing workers. High unemployment also increases inequality, making it harder for people to afford education, healthcare, and housing.

To address this, the government and businesses need to create more jobs by investing in infrastructure, skill development, and small businesses. Promoting industries like green energy, digital technology, and manufacturing can help in the long run. However, immediate action is necessary to prevent unemployment from becoming a bigger problem.

➤ **Impact of US Policies on Inflation and the Rupee**

Experts believe that decisions made by the United States will play a big role in India's economy in 2025. Changes in US government policies, interest rates, and trade relations can affect the global economy, including India. These changes influence inflation, currency value, and investment flows.

The US Federal Reserve's interest rate policy is especially important. If the Fed increases interest rates, borrowing money becomes more expensive worldwide. Since India relies on foreign money for infrastructure projects and corporate loans, higher global interest rates could make it costlier to borrow.

This could also lead to higher inflation in India. Some factors to consider:

- If global interest rates rise, demand for goods may decrease, but disruptions in the energy market could keep oil prices high, possibly above \$100 per barrel.
- Since India imports 80% of its oil, expensive crude oil would increase transportation and manufacturing costs, pushing inflation beyond the RBI's preferred range of 4-6%.
- A fluctuating rupee could create challenges for businesses. Exporters may lose competitiveness, while importers may struggle with higher costs.

➤ **Inflation and the RBI's Interest Rate Decision**

To support economic growth, the Reserve Bank of India (RBI) may need to reduce interest rates. However, this can only happen if inflation is under control.

In 2025, two key factors—high oil prices and a weaker rupee—are expected to push inflation higher. Since these factors are not in India's favor, inflation could be difficult to manage.

One of the biggest economic challenges in 2025 will be finding the right balance between controlling inflation and lowering interest rates. The RBI's actions will depend on how inflation trends in the coming months. India faces multiple economic challenges in 2025, including inflation, unemployment, and global uncertainties like US policy changes and fluctuating commodity prices. These issues could slow down growth, create financial instability, and increase inequality.

To overcome these problems, India must focus on:

- Increasing domestic production
- Diversifying energy sources
- Improving infrastructure
- Encouraging innovation

Timely action and effective policies will be essential to ensure stable and sustainable economic growth.

2. **Political Challenges for India in BRICS**

India faces many political challenges in BRICS (Brazil, Russia, India, China, and South Africa). These challenges affect its goals and influence within the group. They come from differences between member countries, global rivalries, and the need to manage relationships with both BRICS nations and other world powers.

➤ **Differences Between Member Countries**

- The BRICS nations have very different types of governments. India and Brazil are democracies, while China and Russia have authoritarian rule. These differences make it hard for members to agree on important global issues. Since each country has its own way of governing, they often have different priorities in international politics.
- India and China have had conflicts for a long time, and this affects BRICS unity. India wants to stay independent in global matters, while China takes a more aggressive approach. Because of this, the two countries often disagree on economic policies and regional security matters. These tensions sometimes make it difficult for BRICS to work together smoothly.

➤ **Maintaining Global Relationships**

- BRICS aims to support a world where power is shared among many countries, rather than being controlled by a few Western nations. However, because China plays a dominant role in BRICS, some see the group as opposing Western influence. This is a challenge for India, as it wants to be a strong leader in BRICS while also maintaining good relationships with Western nations.
- India often faces pressure from Western countries regarding its ties with nations like Russia and Iran. These pressures make it difficult for India to follow its own foreign policy without upsetting powerful allies. Balancing these relationships while protecting its national interests is a tough task for India.
- **Unity and Future Plans**
- BRICS recently added new member countries, and each has different interests. This makes it harder for the group to move in one clear direction. India wants to be seen as a leader among developing nations, but the different goals of BRICS members make it difficult to push forward with a clear strategy.
- BRICS has big plans for economic growth and global political changes. However, putting these ideas into action is not easy. Since members often disagree, BRICS struggles to make strong decisions that benefit everyone. This makes it hard for India to use BRICS effectively to achieve its own goals.
- **China's Influence and Global Politics**
- China's economy is the largest in BRICS, which gives it a lot of power in decision-making. Because of this, other members, including India, sometimes feel that China has too much control. India has to work harder to make sure its voice is heard in the group.
- Other world events, like Russia's war in Ukraine and rising tensions between the U.S. and China, also affect BRICS. These issues create additional challenges for India, as it must carefully manage its relationships within BRICS while also considering its ties with other global powers.

3. Geopolitical Challenges for India in BRICS

India faces many geopolitical challenges as a member of BRICS (Brazil, Russia, India, China, South Africa). These challenges affect its goals and position in the group. They come from power struggles, differences among members, and global political issues.

- **Differences Between Member Countries**
- BRICS countries have different types of governments. Some, like India and Brazil, are democracies, while others, like China and Russia, have strict government control. These differences make it hard for BRICS members to agree on important global issues. India's democratic values often do not match the policies of China and Russia, making teamwork difficult.
- China has a powerful economy and an ambitious foreign policy. It leads projects like the Belt and Road Initiative (BRI), which India does not support. India tries to reduce China's control in BRICS, but this is difficult because China is the largest economy in the group.
- **Balancing Relations with Big Countries**
- India and China have a tense relationship due to border disputes and competition in Asia. These issues make it hard for India to fully benefit from BRICS while also protecting its interests in the Indo-Pacific region.
- India has a long history of good relations with Russia, especially in defense. However, Western countries criticize India's ties with Russia, especially after the Ukraine conflict. India must carefully manage its relations with both sides to avoid economic or political problems.
- BRICS supports a world with many powerful nations, not just Western countries. But since China has a big role in BRICS, some people see it as an anti-Western group. This can create problems for India, which wants to stay friendly with both BRICS members and Western nations.
- **Challenges from BRICS Expansion**
- BRICS recently added new members like Iran and Saudi Arabia. This makes decision-making harder because each country has different interests. India may find it difficult to lead when so many members have their own priorities.
- With more countries in BRICS, reaching an agreement becomes more complicated. If members cannot work together, BRICS may become weaker as a group, making it harder for India to use it for its own goals.
- **Impact of Global Issues**

- The Russia-Ukraine war and the growing tensions between the U.S. and China create challenges for BRICS. These events also affect India's role in the group. India must carefully handle these situations while focusing on its own strategic goals.
- India wants to stay independent in its foreign policy, but it is also part of BRICS, which works as a team. Sometimes, these two goals conflict. India must find a balance between making its own decisions and working with BRICS members on common goals.

Impact of BRICS on India's Strategic Ambitions and Policy Formulation

The BRICS grouping, comprising Brazil, Russia, India, China, and South Africa, has become a significant platform for India to advance its strategic ambitions and influence global policy formulation. As BRICS evolves, particularly with its recent expansion to include new members like Saudi Arabia and the UAE, it presents both opportunities and challenges for India.

➤ Strategic Opportunities for India

- BRICS serves as a critical avenue for India to promote its vision of a multipolar world. By participating actively in this grouping, India can assert its leadership on global issues, aligning with other emerging economies to counterbalance Western dominance in international affairs.
- The expansion of BRICS has enhanced India's trade relationships within the bloc. Intra-BRICS trade exceeded \$100 billion in 2022, allowing India to diversify its economic partnerships and reduce reliance on traditional Western markets. The BRICS framework also facilitates discussions on trade agreements, investment facilitation, and economic cooperation among member state.
- India's involvement in BRICS enables it to navigate complex geopolitical landscapes, particularly in balancing relations with major powers like the U.S., Russia, and China. This positioning allows India to leverage its ties with Russia while simultaneously strengthening its strategic partnership with the U.S.
- BRICS provides a platform for India to address shared concerns such as terrorism and climate change collaboratively. The collective stance of BRICS members can amplify India's voice in international forums and enhance its diplomatic efforts against terrorism.

➤ Challenges Posed by BRICS

- The expansion of BRICS introduces a wider array of national interests and priorities that may complicate consensus-building within the group. For instance, differing views on energy policies and economic strategies could hinder effective collaboration.
- While BRICS aims to reform global financial institutions, India's aspirations may be challenged by the dominant positions of other members like China. This dynamic necessitates careful navigation to ensure that India's interests are not overshadowed by larger economies within the bloc.
- As India strengthens ties with both Western nations and BRICS counterparts, it must carefully manage its foreign policy to avoid being perceived as aligning too closely with either side. This balancing act is crucial for maintaining its strategic autonomy while engaging in multilateral frameworks.

The role of BRICS in shaping India's strategic ambitions is multifaceted. It offers a platform for economic growth, geopolitical balancing, and collaborative efforts against common challenges. However, the complexities introduced by an expanded membership necessitate astute diplomatic strategies from India to maximize benefits while mitigating potential risks associated with diverse member interests. As BRICS continues to evolve, India's engagement will be pivotal in defining both its own future and that of the grouping on the global stage.

Recommendations

India's engagement in BRICS remains a critical aspect of its global economic and diplomatic strategy. To enhance its position, India should:

- Promote trade policies that address deficits with China.
- Strengthen its role in BRICS institutions like the NDB to secure greater financial support.
- Foster deeper economic integration and multilateral cooperation among BRICS members.
- Address geopolitical concerns through sustained diplomatic efforts to mitigate conflicts with China and other member states.

By implementing these measures, India can optimize its participation in BRICS and enhance its global influence.

CONCLUSION

The evolution of BRICS represents a significant shift in the global economic and political landscape, highlighting the growing influence of emerging economies. Initially formed by Brazil, Russia, India, and China, the group has undergone substantial transformation with the inclusion of South Africa and other nations, reinforcing its role in challenging the dominance of Western-led global institutions. As a founding member, India plays a pivotal role in shaping the direction of BRICS, leveraging it as a platform to enhance its geopolitical stature and advocate for reforms in international financial systems that better reflect the interests of developing nations.

India's engagement with BRICS is driven by strategic interests that align with its national priorities, such as strengthening diplomatic ties with key economies, fostering cooperation on trade, investment, and sustainable development, and addressing global challenges like climate change and terrorism. The group provides India with a valuable forum to promote a multipolar world order and assert its role as a responsible global player.

However, the journey is not without challenges. India's relationships, particularly with China, are marked by geopolitical tensions that complicate BRICS's ability to act cohesively. Divergent national interests among member states can also lead to disagreements, undermining the effectiveness of the group. India's ability to navigate these challenges, while ensuring its strategic objectives are met, will be crucial for maintaining its influence within BRICS.

Despite these hurdles, the ongoing expansion of BRICS brings significant opportunities for India. The group offers a platform for collaboration on long-term economic growth, resource management, and global governance reforms. India's leadership within BRICS can also contribute to creating a more inclusive and representative global order. As BRICS continues to evolve, India's proactive and adaptive diplomatic approach will be key to ensuring the group's continued success and its own strategic advancement.

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