

India to study proposal for Brics currency, minus China

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The central government has decided to ask a cluster of think tanks to study the proposal for a Brics (founding five: Brazil, Russia, India, China, and South Africa) currency. The proposal will debate if India and Russia could agree on a common currency arrangement but exclude China. Top-level government sources have described the move as significant ahead of the Kazan summit.

Last year in July, India's External Affairs Minister S Jaishankar categorically ruled out any proposals for India to contemplate any such common currency. He said this in a press conference, and the reasons were clear.

For India, a currency common with China is a big anathema, primarily because of the adversarial position Beijing has pursued politically and economically with India, which has only hardened.

While those concerns have not changed at all, Russia has renewed extensive talks with India on the need for a common currency, principally to ward off the impact of sanctions on the former.

"We have not changed our position at all, but there is no harm in a study," informed a source.

To get a sense of the arguments, the Indian government reached out to the Reserve Bank of India (RBI) for its views.



Think tanks will examine the plan to resolve contentious issues before Brics summit negotiations in Kazan this October

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The RBI, it is understood, has advised that it would be prudent to study the issues extensively before offering any advice on the same. The government has accepted the suggestion.

Consequently, plans are afoot to rope in a reputed international think tank, preferably from the Global South, to consider all the issues.

Unlike other economic themes, the Indian government does not wish to ask any one of the multilateral agencies like the World Bank or the Asian Development Bank, given the preponderant role of China in them.

The RBI did not reply to an email from Business Standard for the same.

The study will offer space for the Indian government in its negotiations with Russia about imports of crude oil and other minerals. The proposal for a common currency was floated in April 2023 by Babakov Alexander

Mikhailovich, deputy chairman of the State Duma.

He said that Russia, along with Brics nations and some African countries, were considering the creation of a new currency to challenge the dominance of the US dollar.

Russia has assumed the chairmanship of the Brics bloc from January this year. It plans a summit in the Russian city of Kazan in October. The timeline gives India just the space needed to commission and obtain a study on a common currency.

Given the size of the Brics economies (there are now 10 members), experts agree that such a currency could potentially challenge the dollar's pre-eminence.

The Brics nations account for about 30 per cent of the global gross domestic product and nearly half of the world's population.