International Journal of Advanced Research in Management and Social Sciences
ISSN: 2278-6236

EXPORT AND IMPORT AND ITS EFFECTS ON EXCHANGE RATE VOLATILITY IN BRICS: AN EVALUATION OF INDIA'S POSITION

Nischith. S*

Abstract: *The trade and relationship with other country is the most important aspect for any country. Since the nations cannot isolate itself from the rest and do business and even the nation is not filled with all the resources which is most important for all the purpose. Hence the deficiency or resources makes them to go for trade. Further due to taxations and to avoid these taxation in the business nations even move further extant to make a trade bloc and hence these trade blocs work in the progress line. Since there are other countries apart from trade blocs hence the worth of the currency value always changes from time to time depending on the demand and supply of the other currencies and import and export also stabilise and destabilise the currency value. Since the exchange rate volatility exist in the line the import and exports from the countries acts as the influential factor. Hence in this paper BRICS trade bloc has been taken into consideration and its import-export have been evaluated to the external share of the world. And also an emphasis has been given to the exchange rate volatility of the BRICS nations with special reference to India.*

Keywords: *BRICS, exchange rate volatility, export and import policy, value of currency etc.*

*Research scholar, Department of Studies in Management, B.N. Bahadur Institute of Management Sciences, University of Mysore, Mysore

INTRODUCTION

The fast expansion of trade in the growing developing economic blocs BRICS – Brazil, Russia, India, China and South Africa has taken the stage of the world trade share in the maximum way and hence this has changed the scenario in the trade and development in the developing economies. The trade between the BRICS have surpassed the G7. Even the individual countries have surpassed the biggest economies of the world such as china passed Japan in 2010 to become the second largest economy (Dawson and Dean, 2011) and Brazil just overtook the UK (BBC, 2011). The BRICs have witnessed robust growth in 2010and the first half of 2011. However, recently they have been faced with slowing demand growth raising concerns over their ability to support a weak global economy this year as many have hoped for going forward, BRIC economies will face challenges from:

- A deteriorating global economy, particularly in Europe;
- A reversal of investor risk appetite moving capital from the BRICs (and other emerging markets) to safe havens; and
- A loss of confidence at home.

As a result, we expect a moderation of growth in2012.However, the authorities in these economies have plenty of scope to loosen monetary policy and provide fiscal support so we expect policy measures to provide a boost in the second half of 2012.

It has been estimated that the export and import which takes place in the country will estimate the valuation of the currency in the country. The demand for the currency for the purchase of goods will influence the exchange rate of currency in the country to purchase the currency first before goods. The country which is going to purchase goods has to go for the purchase of currencies which is 1)US dollar or euros or 2)currencies of those country of which it is having the business of purchase. Hence in these lines the currency value always changes from time to time. Hence tin this paper it has been briefly highlighted the Export and Import and its effects on Exchange Rate Volatility in BRICS and also India's position of currency in BRICS.

LITERATURE REVIEW

Exchange rate volatility

An exchange rate is the rate at which one currency can be exchanged for another. In other words, it is the value of another country's currency compared to that of your own. The

exchange rate's volatility indicates the extent to which the currency varies over the period. The bigger the degree of currency change, the greater is the exchange rate's volatility. The fixed for ex rate does not have any volatility as it remains fixed throughout. A floating rate may sometimes be volatile or sometimes may not; it relies on the exchange rate's change. The exchange rate's volatility forms the global trade and speculations a difficult task as it increases the risk of exchange rate.

Flexible exchange rates

In 1973 the downfall of the Bretton wood system has brought a huge change in totally outlaying the fixed exchange system to flexible. Following its collapse in 1973, economists' interest shifted towards the impact of exchange rate volatility, especially on trade and investment. In spite of a vast literature on the matter, the effect of floating exchange rates on trade remains controversial (Krugman and Obstfeld, 2003). Note also that even if the Bretton-Woods system is not in force anymore, the reserves of the central banks of the world remain constituted of few currencies which are generally the US dollar and the Euro (Krugman and Obstfeld, 2003). The theory behind the relationship between exchange rate volatility and trade is that if we consider two exporting countries and assuming that there is no future or forward market for foreign exchange such that the exporters cannot lock a price, they can incur a risk at the moment of the conversion (Bailey et al., 1987). Clearly, a company which is selling its goods abroad will be paid in the currency of the buyer (i.e. importer), and once the payment is made, the company will have to convert back to its home currency. The issue is that it can take a long time from the moment that the merchandise is on a ship to the moment the full payment is made such that the currency of the seller can depreciate or appreciate relative to the currency of the buyer. Depending on how currency fluctuates, she/he will gain or lose. The effect of exchange rate volatility on trade is closely tied to risk-aversion behaviour. If the exporter is risk adverse, she/he will require a premium. Graphically, we can think of this phenomenon as a left shift of the supply curve (Bailey et al., 1987) which represents a decrease in trade. Foreign exchange markets allow theexporter to hedge the risk without making it totally disappear. Many authors have attempted to measure the effect of exchange rate volatility on trade. One of the pioneer works is that of Hooper and Kohlhagen (1976).

BRICS and exchange ratevolatility

In October 2003, a Goldman and Sachs' report (Purushothaman and Wilson, 2003), using the demographic projections and a model of capital accumulation and productivity growth, mapped out GDP growth, income per capita and currency movements of the BRICs countries (Brazil, Russia, India and China) until 2050. Based in some assumptions, the report forecasted that in less than 40 years the BRICs countries together could be larger than the G6 in US dollar terms and by 2025 they could account for over half for the size of the G6 (currently they are worth less than 15%).

The impact of exchange rate levels on trade has been much debated but the large body of existing empirical literature does not suggest an unequivocally clear picture of the trade impacts of changes in exchange rates. The impact of exchange rate volatility on trade also does not benefit from a clear theoretical cause-effect relationship. This study examines the impact of exchange rates and their volatility on trade flows of BRICS.

OBJECTIVES

1. To evaluate Global integration of BRICS economies
2. To evaluate the Share of Global Trade
3. To evaluate Export and Import of BRICS nations
4. To evaluate the cross rates of BRICS currencies with US dollars

HYPOTHESIS

H_0: The import and export has raised after forming the BRICS

H_1: The import and export has not raised after forming the BRICS

H_0: The value of the currency of India has appreciated with that of US dollars after forming the BRICS

H_2: The value of the currency of India has not appreciated with that of US dollars after forming the BRICS

FINDINGS

1. Global Integration of BRICS

Global integration of most of the emerging market economies, in general, and the BRICS in particular, gained momentum in the1990s, mainly on account of the structural adjustments adopted by these economies. The financial sector developments in these economies enhanced trade and capital flows along with increased technology transfers and mobility of

labour. Increased global integration is highly visible in terms of the openness of the BRICS economies through higher share in global trade and other financial flows, which enhanced the growth potentials of these economies (Table 1).

Integration changed the course of development of the BRICS economies through active management of their external liabilities and assets across segments. This resulted in minimizing external sector vulnerabilities, which helped the BRICS economies withstand the recent global financial crisis and its aftershocks.

Table 1: Global Integration of BRICS economies

	Share in world trade		Trade openness		Current Account Balance (percent of GDP)		Forex reserve (percent of GDP)		External Debt (US$ billion)		Debt service ratio	
Country	**1990**	**2010**	**1990**	**2010**	**1990**	**2010**	**1990**	**2010**	**1990**	**2010**	**1990**	**2010**
Brazil	0.8	1.2	6.9	11.2	0.8	-2.3	1.5	13.7	119.7	276.9	22.5	23.4
Russia	-	2.3	-	30.3	-	4.9	-	30.4	-	381.3	4.4	17.7
India	0.5	1.8	6.9	21.7	-1.2	-3.2	0.5	18	85.7	237.7	34.9	5.9
China	1.6	9.2	17.4	29.5	1.3	5.2	7.6	48.8	55.3	428.4	11.7	2.9
South Africa	0.6	0.5	24.3	27.9	1.4	-2.8	0.9	10.7	23.3	42.1	-	9.3

Source: UNCTAD

2. BRICS share of global trade

The share of the BRICS in the trade has been a remarkable in the growth. Before the formation of BRICS, the trade between the Indian, Brazil, Russia, China and South Africa was not so valuable. But as the trade group formed between these countries, the trade has rapidly emerged. Their share in world exports increased substantially over the past decade mostly through broad-based diversification, both in commodities and regions of trade, while imports witnessed a sharp rise that was driven by increased investment and consumption demand led by the increasing purchasing power of these economies (Table 2).

Table 2: BRICS share of Global Trade

BRICS Share in Global Trade							
	1990	1995	2000	2005	2008	2009	2010
BRICS	3.6	6	7	11.2	13.6	13.7	15
Brazil	0.8	0.8	0.8	1	1.1	1.1	1.2
Russia	-	1.5	1.4	2.1	2.6	2.2	2.3
India	0.5	0.6	0.7	1.2	1.5	1.6	1.8
China	1.6	2.6	3.5	6.4	7.9	8.3	9.2
South Africa	0.6	0.5	0.5	0.5	0.5	0.5	0.5

3. EXPORT AND IMPORT OF BRICS NATIONS

3.1. Export of BRICS nations

All the BRICS economies maintained persistent trends of rising share of exports in GDP, reflecting the structural transitions witnessed by these economies in exploring avenues for exports based on comparative advantage and supported by productivity gains (Table 3).

The composition of BRICS exports changed drastically over the past two decades due to structural changes across the sectors of these economies during the period. Though the BRICS are still known for exports of natural resources, these economies moved from being exporters of primary products to exporters of manufactured products. Likewise, their export destinations have undergone dramatic changes in response to globalization and liberalization which, in turn, helped the BRICS increase their share in global trade (Table 4).

Structural developments across sectors in BRICS economies during the past two decades are more visible in technological developments, which may also be responsible for the changes in the composition and destination of BRICS exports. This is revealed by the share of high-technology goods in the export baskets, which have registered an increasing trend (Table 5).

Increased technology-intensive investments and a higher supply of human resources propelled growth in the services sector, which,in turn, led to higher productivity in the BRICS economies. Among the exports of invisibles, the share of services exhibited significant improvement in almost all the BRICS economies (Table 6).

Table 3: BRICS Export of goods of services

	1990	1995	2000	2005	2008	2009	2010
BRICS	3.9	6.5	7.5	12.2	14.8	15.1	16.3
Brazil	0.9	0.9	0.9	1.1	1.2	1.2	1.3
Russia	-	1.6	1.6	2.3	2.9	2.4	2.6
India	0.5	0.6	0.7	0.9	1.2	1.3	1.4
China	1.8	2.9	3.9	7.3	8.9	9.6	10.4
South Africa	0.7	0.6	0.5	0.5	0.5	0.5	0.6

Source: BRICS report 2012

Table 4: BRICS share in world exports

	1990	1995	2000	2005	2008	2009	2010
BRICS	3.9	6.5	7.5	12.2	14.8	15.1	16.3
Brazil	0.9	0.9	0.9	1.1	1.2	1.2	1.3
Russia	-	1.6	1.6	2.3	2.9	2.4	2.6
India	0.5	0.6	0.7	0.9	1.2	1.3	1.4
China	1.8	2.9	3.9	7.3	8.9	9.6	10.4
South Africa	0.7	0.6	0.5	0.5	0.5	0.5	0.6

Source: BRICS report 2012

Table 5: High-technology export (percent of manufacturing exports)

	1990	1995	2000	2005	2007	2008	2009
Brazil	7.1	4.8	18.6	12.8	11.9	12	13.9
Russia	-	-	17.2	8.1	6.9	6.5	9.3
India	2.4	4.3	4.8	4.7	5.3	5.3	8.6
China	-	10.5	18.6	30.6	29.7	28.7	31
South Africa	-	5.7	7	6.6	5.7	5.2	5.6

Source: BRICS report 2012

Table 6: BRICS share of World Exports of services

	1990	1995	2000	2005	2008	2009	2010
BRICS	2.1	3.8	4.7	7	8.8	8.7	9.8
Brazil	0.5	0.5	0.6	0.6	0.8	0.8	0.9
Russia	-	0.9	0.6	1	1.3	1.2	1.2
India	0.6	0.6	1.1	2	2.7	2.6	3.1
China	0.7	1.6	2	2.9	3.7	3.7	4.2
South Africa	0.4	0.4	0.3	0.4	0.3	0.3	0.4

Source: BRICS report 2012

3.2. Import of BRICS nations

As fast-growing economies, the import demand from these economies now plays a catalytic role in the global growth process. The diversification in the composition of exports from

primary to manufactured products, mostly in the form of value additions, requires large imports (Table 7).

The major chunk of BRICS economies' import basket consists of capital goods, indicating the process of large-scale industrialization in these economies which is also reflected in their changed composition of commodity exports (Table 8).

The BRICS' imports of services have also grown, reflecting the increasingly broad-based nature of growth achieved by these economies over the past decades. As in the case of demand for commodity imports, large-scale industrialization and the increased emphasis on exports encouraged a high demand for services. Besides, the improved living standards of the middle class of these economies have driven the import demand of services to a greater extent (Table 9).

Table 7: Import of goods and services

BRICS	1990	1995	2000	2005	2008	2009	2010
Brazil	5.6	9.2	11	10.8	13	10.6	11.4
Russia	-	26.7	23.7	21.7	22.3	20.9	22.1
India	8.5	11.5	13.9	22.1	30.5	25	26.4
China	13.7	20.2	20.3	30.6	26.5	21.7	24.9
South Africa	18.6	22.8	25.3	28.9	38.3	29.4	24.9

Source: BRICS report 2012

Table 8: BRICS share in world imports

	1990	1995	2000	2005	2008	2009	2010
BRICS	3.3	6.1	6.2	10	12.5	13.3	14.8
Brazil	0.6	1	0.9	0.7	1.1	1.1	1.3
Russia	-	1.3	0.7	1.3	2	1.7	1.8
India	0.7	0.7	0.8	1.3	2	2	2.1
China	1.5	2.5	3.4	6.1	6.9	6.9	9.1
South Africa	0.5	0.6	0.5	0.6	0.6	0.6	0.5

Source: BRICS report 2012

Table 9: BRICS share of world imports of services

	1990	1995	2000	2005	2008	2009	2010
BRICS	3.3	6.1	6.2	10	12.5	13.3	14.8
Brazil	0.6	1	0.9	0.7	1.1	1.1	1.3
Russia	-	1.3	0.7	1.3	2	1.7	1.8
India	0.7	0.7	0.8	1.3	2	2	2.1
China	1.5	2.5	3.4	6.1	6.9	6.9	9.1
South Africa	0.5	0.6	0.5	0.6	0.6	0.6	0.5

Source: BRICS report 2012

From the above source it has been indicated that the export of the BRICS nations has been raised and rapidly in the years of 2005 especially with the china the export of the goods and services are best when compare to the other BRICS nations and the rest of them have taken maximum initiation in the development. The import is also one of the important functionary areas which have been raised in the year 2005. The import of the china has been estimated as half of the other BRICS nations. Hence the hypothesis 'import and export has risen after forming the BRICS' has been proved. Both import and export of the BRICS nation has been gone up after forming the BRICS.

4. CROSS RATES OF BRICS CURRENCIES WITH US DOLLARS

Table 10: United States currency to Indian Rupee

United states currency to the indian rupee										
cross rates of currency	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
JAN	45.407181	46.006643	48.711372	39.284726	44.239435	44.268237	43.637024	45.439678	47.929537	48.288454
FEB	45.386213	46.317302	49.263209	39.679868	44.066073	44.251207	43.608942	45.245606	47.747350	48.652098
MAR	44.921586	45.449033	51.184784	40.226752	43.889532	44.360197	43.621393	44.980883	47.612381	48.717818
APR	44.309851	44.452294	49.960748	39.956941	42.042291	44.853038	43.679833	43.880406	47.374219	48.878573
MAY	44.896258	45.841174	48.496820	42.058025	40.670057	45.267188	43.440522	45.121319	47.060242	48.948393
JUN	44.804462	46.475904	47.701162	42.798600	40.589642	45.953571	43.540748	45.470016	46.643419	48.912045
JUL	44.391584	46.785163	48.382500	42.778093	40.344953	46.376133	43.480494	45.994052	46.199804	48.717923
AUG	45.367031	46.533503	48.249142	42.940145	40.740901	46.488881	43.560269	46.296259	45.880718	48.531251
SEP	47.516484	45.933590	48.313277	45.595626	40.205348	46.100732	43.848413	46.037005	45.851274	48.397723
OCT	49.148552	44.357998	46.699247	48.573085	39.466808	45.403806	44.728734	45.740256	45.276564	48.340421
NOV	50.705561	44.964988	46.561197	48.901467	39.416417	44.777288	45.657490	45.051536	45.510061	48.234548
DEC	52.436595	45.073034	46.568731	48.503351	39.387905	44.559106	45.564128	43.928576	45.537501	48.091473

Table 11: United States currency to Chinese Yuan Renminbi

United states currency to the Chinese Yuan Renminbi										
cross rates of currency	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
JAN	6.597252	6.828375	6.835809	7.245325	7.791273	8.065469	8.276567	8.272853	8.275812	8.273736
FEB	6.577666	6.830531	6.836555	7.168293	7.751200	8.050946	8.276615	8.276926	8.277163	8.273284
MAR	6.566791	6.828150	6.836657	7.073907	7.738358	8.034951	8.276597	8.279314	8.277580	8.275390
APR	6.528736	6.827294	6.832277	7.000968	7.724270	8.013996	8.276579	8.278624	8.284139	8.276594
MAY	6.497068	6.828840	6.829123	6.973875	7.675396	8.013390	8.276629	8.282438	8.265374	8.273416
JUN	6.477146	6.820532	6.834951	6.898396	7.632622	8.006883	8.276712	8.280387	8.270164	8.274500
JUL	6.458009	6.777348	6.832653	6.837354	7.576535	7.988319	8.217415	8.279719	8.273418	8.275885
AUG	6.405180	6.788938	6.833713	6.853069	7.573379	7.973553	8.101447	8.279481	8.272755	8.275415
SEP	6.389746	6.745598	6.829520	6.841991	7.522782	7.934204	8.087273	8.278849	8.262053	8.276457
OCT	6.374578	6.669171	6.827885	6.842334	7.502219	7.901600	8.085791	8.279034	8.264355	8.276194
NOV	6.356462	6.652949	6.828446	6.832680	7.420927	7.863042	8.081185	8.279088	8.276114	8.276359
DEC	6.344026	6.648556	6.829147	6.853650	7.368110	7.822213	8.075006	8.276482	8.276851	8.277798

Table 12: United States currency to Russian Ruble

United states currency to the Russian ruble							
cross rates of currency	2011	2010	2009	2008	2007	2006	2005
JAN	30.133352	29.913124	31.726328	24.466908	26.497523	28.370702	26.171803
FEB	29.232295	30.144000	35.740314	24.517937	26.309680	28.198920	27.961992
MAR	28.417237	29.541382	34.571889	23.733951	26.103381	27.866935	27.631154
APR	28.046056	29.180746	33.487630	23.539533	25.827202	27.550450	27.822158
MAY	27.963258	30.462116	31.933585	23.713797	25.821855	27.045898	27.956403
JUN	27.980516	31.262904	31.066439	23.637271	25.913393	26.995140	28.415323
JUL	27.900217	30.623621	31.561842	23.354143	25.539101	26.896647	28.691589
AUG	28.811873	30.390595	31.662296	24.231316	25.623657	26.751982	28.492823
SEP	30.668276	30.799560	30.736193	25.357738	25.298510	26.749878	28.368659
OCT	31.222131	30.325495	29.451404	26.471084	24.880948	26.861038	28.545612
NOV	30.844280	30.983906	28.973124	27.345504	24.471682	26.593877	28.775123
DEC	31.530297	30.812787	30.048602	28.186460	24.574739	26.303381	28.808490

Table 13: United States currency to Brazilian Real

United states currency to the brazilan real										
cross rates of currency	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
JAN	1.675985	1.782566	2.312457	1.774411	2.139203	2.275574	2.686779	2.853048	3.431591	2.373896
FEB	1.667359	1.841003	2.317395	1.733846	2.094852	2.155732	2.599766	2.930367	3.597839	2.423742
MAR	1.659041	1.788044	2.317804	1.710579	2.088577	2.142127	2.695310	2.906210	3.456701	2.342809
APR	1.583068	1.758931	2.200301	1.686197	2.031373	2.128818	2.581989	2.904646	3.109240	2.319580
MAY	1.612752	1.812239	2.068814	1.658289	1.984313	2.171848	2.458273	3.091437	2.940465	2.472356
JUN	1.588970	1.805829	1.957244	1.617430	1.931194	2.254214	2.420537	3.128235	2.884676	2.702348
JUL	1.561866	1.769438	1.936302	1.591875	1.885856	2.188619	2.373440	3.035144	2.873365	2.916639
AUG	1.597783	1.759050	1.847557	1.613577	1.960725	2.157160	2.367032	2.999535	2.994532	3.088669
SEP	1.739071	1.719735	1.819879	1.796767	1.902618	2.168873	2.302516	2.890804	2.919574	3.331468
OCT	1.768827	1.683780	1.739069	2.184211	1.799277	2.146714	2.252928	2.849856	2.857318	3.792683
NOV	1.789859	1.712517	1.729758	2.269451	1.766390	2.155539	2.209587	2.786434	2.909782	3.586458
DEC	1.837939	1.695633	1.754216	2.406478	1.784194	2.147494	2.281770	2.719374	2.923268	3.620743

Table 14: United States currency to South African Rand

United states currency to the south African Rand										
cross rates of currency	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
JAN	6.918476	7.463815	9.873316	6.990245	7.186175	6.090480	5.962715	6.935687	8.667359	11.583916
FEB	7.178189	7.684723	9.977373	7.658076	7.166850	6.104554	6.003460	6.749638	8.286817	11.460774
MAR	6.900330	7.402802	9.952602	8.001026	7.349128	6.239157	6.028099	6.616437	8.057333	11.475538
APR	6.714435	7.344722	8.963801	7.757902	7.106402	6.084774	6.156776	6.537017	7.650955	11.059697
MAY	6.857113	7.644164	8.358750	7.599029	7.016322	6.326412	6.337832	6.774028	7.636584	10.144169
JUN	6.787497	7.641685	8.029466	7.931564	7.149367	6.967349	6.740403	6.412212	7.848207	10.143900
JUL	6.774344	7.538336	7.960253	7.626597	6.981153	7.074178	6.703793	6.114517	7.540398	10.072872
AUG	7.092846	7.289607	7.927594	7.655050	7.215122	6.952531	6.460221	6.453337	7.380779	10.538708
SEP	7.537646	7.122945	7.504898	8.054844	7.098675	7.429213	6.351215	6.534774	7.306001	10.567045
OCT	7.942863	6.906412	7.483232	9.764072	6.752726	7.623919	6.575636	6.374088	6.948136	10.298524
NOV	8.148420	6.975265	7.514445	10.118034	6.701226	7.245360	6.653185	6.026734	6.702158	9.633986
DEC	8.187933	6.814775	7.492591	9.929670	6.845068	7.045109	6.356796	5.731481	6.544059	8.930833

It was found that the cross rates of have been decreased which means the currency have gained the value against the US dollars.

- India's currency value which was Rs.48 per dollar before the formation of BRICS was brought to Rs.45 per dollar (Table 10). But the major change was in the year 2008 where it has gone up to the rate of Rs.39 per dollar. But it was also found that the less export and more import in 2011, the rupee value crossed 50 (i.e. Rs.50 and Rs.52 per dollar in November and December of 2011).

- The value of Chinese currency which was the 8Yuan before the formation of BRICS reduced to 6 Yuan in 2010-11 which was a remarkable achievement (table 11). The exports from china have reached the maximum height in 2009 during the post-recession period which helped to achieve the maximum.
- The Russian Ruble which was better during the disintegration of USSR have found little better during the formation of trade blocs but in 2011 it has been totally depreciated against the US dollar (table 12).
- The currency of Latin American country such as Brazil has gained a huge momentum in stabilizing the Real. Before formation of BRICS Real's value against American dollar was 3 per dollar but after the formation of BRICS it appreciated (2 per dollar) and at present due to heavy export and establishment of tertiary sectors brazil have gained the maximum momentum in the Real (1. 5 per dollar) (table 13).
- Like Brazil another country which was heavily profited in the race of appreciation of the currency value was South African Rand. The South African rand which was 10 to 11 per US dollar has gained the momentum after becoming the member of BRIC which further leads to BRICS. The world development report have indicated that the South African which is famous for mining precious items such as gold and diamond have gained the momentum in establishing many manufacturing industries and also successful in tourism can change the fate of the country. after becoming the member of BRICS its currency value have appreciated to 6-7 Rand per US dollar (table 14).

It has been found that the formation of BRICS have given a maximum boost for the development for member countries but the major beneficiaries are Brazil, south Africa and china. Even though the china have showed that it can sustain without joining BRICS but have never neglected the stage which it can gain while in the membership of BRICS. But India and Russia have a major problem of increased import and hence the currency values have been decreased. It was found that the currency have of India in mid of 2012 had crossed 50 per dollar and Russia Ruble 33 per dollar. Hence the proposed hypothesis have been found that the currency value of India have appreciated during the formation of BRICS and due to heavy import the currency value have depreciated in the later stage.

CONCLUSION

Since the trade and bilateral relation plays an important role in the development of the country every nation is on the edge on the building the trade relation. The formation of the trade blocs for the abolition of double taxation in the international business has opened the door of trust and firm trade relation on the road of economic development. The trade blocs which are formed only for the greater business like BRICS has taken all the developed economy into consideration for overtake the stage on the next level. Hence the import and export which is done could change the scenario of the currency value. Hence BRICS have also influenced their currency value Real, Ruble, Rupees Yuan and Rand. Hence it is known from the above evidence that the currency value of countries has appreciated to certain level. But there are few countries such as India and Russia which imports more now a day which resulted in the depreciation of the value of the currency. But at the same time it has been seen that the currency value have appreciated in the other three countries where china have proved that even without the cooperation of the BRICS its currency can with stand. But in case of Brazil and South Africa after joining the BRICS it has improved its trade relation to the maximum extent.

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