India has had longstanding relations with Africa. Historically, India’s relations with Africa were built upon the foundations of anti-colonialism and South-South Cooperation. India also supported developmental initiatives in African countries. However, trade and investment relations between India and Africa were limited during this period. The early 1990s saw a paradigm shift in India’s policy towards Africa. The liberalisation of the Indian economy led to a shift in India’s approach towards Africa from the ideological realm to economic diplomacy. With higher economic growth rates, India’s energy requirements also increased manifold. India’s import dependence to meet domestic energy needs grew rapidly. In 2010–11, import dependence for crude oil, coal, and natural gas was about 79 percent, 18 percent, and 15 percent respectively.¹

On the other hand, Africa’s importance in the world energy markets grew rapidly on account of the instability in West Asia as well as technological advances which made it possible to extract Africa’s offshore oil reserves. Africa also became a favoured destination for Indian companies. Many African countries experienced an economic turnaround from 2000 onwards. The average annual growth rate of real output in Africa increased from 1.8 percent in the period 1980–1989 to 2.6 percent in 1990–2000, and 5.3 percent in the period 2000–2010.² Twelve African countries had an average growth rate above the developing-country average of 6.1 percent over the period 2000–2010, and two countries (Angola and Equatorial Guinea) had double-digit growth rates.³

India and Africa also started working closely to represent the interests of developing countries in global platforms such as the World Trade Organisation (WTO). According to Mohanty and Chaturvedi (2008), the formation of the G-20 was itself a culmination of South African and Indian efforts to deepen their relationship since the WTO’s Seattle meeting in 1999.⁴ India and Africa worked closely to guard their collective interest in agriculture, and have often

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 emphasised that protecting the interests of farmers, including food and livelihood concerns, should be the main focus of the Doha Development Round. They also moved several joint proposals such as the Agricultural Framework Proposal and Protection of Geographical Indications in WTO and the World Intellectual Property Organisation (WIPO) respectively.5 More recently, South Africa also supported India’s position on the issue of public food stockholding. They also tabled detailed proposals for a permanent solution for public stockholding programmes for food security, and a special safeguard mechanism to protect low-income farmers from import surges from developed countries in the Nairobi Ministerial of WTO in December 2015.6 Thus, an economic partnership is the cornerstone of India’s current engagement with Africa.

India-Africa engagement reached new heights with the establishment of the India-Africa Forum Summits (IAFS). India’s engagement with Africa became more structured and there was a major boost to economic linkages between India and Africa. In the first Summit in 2008, India announced the Duty Free Tariff Preference Scheme, an additional credit line of US$ 5.4 billion, and increased the number of scholarships for African students. In the second Summit in 2011, an action plan was launched to promote closer cooperation for food security. Moreover, India committed another credit line of US$ 5 billion, and a grant assistance of US$ 700 million for setting up new institutions in Africa.

However, the third India-Africa Forum Summit was undoubtedly a milestone event. Unlike the previous two summits which adhered to the Banjul Principle, all 54 African countries participated in the summit which made the summit more representative. India announced an additional credit line of US$ 10 billion, a grant assistance of US$ 600 million, and 50,000 additional scholarships for African students.

The summit was followed by a series of high profile visits; by the Indian President, Vice President, and the Prime Minister. The main focus of the Prime Minister’s visit to Africa in July 2016 was greater cooperation in maritime security in the Indian Ocean Region. India also entered into a long term agreement for purchase of pulses from Mozambique.

The objective of this essay is to provide an in-depth analysis of contemporary India-Africa relations by studying India’s economic engagements with Africa. Trade data used in the study was obtained from the UNCOMTRADE Database using the World Bank’s World Integrated Trade Solution Software. Data on India’s foreign direct investments in African
countries was obtained from UNCTAD Bilateral FDI Statistics. The essay is organised as follows. The first three sections discuss India’s trade, investment, and development cooperation linkages with Africa. Thereafter, the essay critically examines three key dimensions of India-Africa relations viz. energy security, food security, and the Indian Diaspora in Africa. The last section concludes.

**Trade Relations**

After a long period of stagnation, trade between India and Africa grew rapidly from the mid 2000s onwards. India’s exports to Africa grew from US$ 8,444.9 million in 2005 to US$ 29,689.4 million in 2015, at a compound annual growth rate of 13 percent. However, India’s imports from Africa grew even faster, and overtook Indian exports in 2006. Indian imports from Africa increased from US$ 5,337.5 million in 2005 to US$ 35,247.8 million in 2015, at a compound annual growth rate of 21 percent.

The growth of trade between India and Africa was mainly led by the rise in India’s energy imports. The imports of mineral fuels and lubricants from Africa increased from US$ 194.7 million in 2005 to US$ 18,675.2 million in 2015, at a compound annual growth rate of 58 percent. Oil imports from Africa have grown tremendously, and oil now accounts for about 18 percent of India’s total oil imports. Nigeria and Angola are the largest sources of oil in Africa. There was a concurrent increase in India’s exports of refined petroleum products to Africa. Exports of refined petroleum products currently account for about 10 percent of India’s exports to Africa because Africa has very limited refining capacity whereas India has surplus refining capacity.

Apart from oil, Africa is also an important source of coal, natural gas, and uranium. South Africa and Mozambique are important sources of coal for India. Algeria, Nigeria, and Egypt are important sources of natural gas while Niger, Malawi, South Africa, and Namibia are important sources of uranium for India.

There was also a marked increase in agricultural trade between India and Africa. Agricultural goods currently account for over 10 percent of the total trade between India and Africa. India’s agricultural imports from Africa increased from US$ 754 million in 2004 to US$ 2,457.7 million in 2014 while Indian agricultural exports grew even faster. Much of the increase in agricultural exports to Africa was due to a massive growth in Indian exports of non-basmati rice. India’s rice exports to Africa increased from US$ 802.9 million to US$ 4,369.5 million in the brief period of 2009 to 2013. Major
destinations for India’s non-basmati rice in Africa are Benin, Senegal, South Africa, and Liberia. Beef, sugar, and fish are other important agricultural exports from India to Africa. About 15 percent of India’s beef exports are destined for Africa. In recent years, East African countries have become larger exporters of pulses which are a main source of proteins for the majority of the Indian population. Mozambique and Tanzania exported US$ 99.9 million and US$ 159.9 million worth of pulses to India in 2015.

India has also emerged as an important destination for African cash crops. Its main agricultural imports from Africa are shelled cashew, vegetables, nuts (dried and fresh), coffee, tea, and spices.

**Geographic Composition Trade**

Oil rich West Africa has emerged as the most important trading region in Africa. However, Eastern Africa continues to be India’s largest export destination. India’s top five trade partners in Africa are Nigeria, South Africa, Angola, Egypt, and Tanzania. As stated earlier, India’s trade with Nigeria and Angola is dominated by crude oil imports. Indian exports to South Africa include vehicles, transport equipment, pharmaceuticals, engineering goods, footwear, etc. On the other hand, India imports gold, coal, copper, and copper concentrates from South Africa. Tanzania’s main exports to India are vegetables, pulses, cashew nuts, raw cotton, and gemstones. It imports mineral fuels, oil, iron and steel, pharmaceuticals, and motor vehicles from India. India is Egypt’s third largest export destination. It mainly exports crude petroleum, rock phosphate, inorganic chemicals, cotton, and fruit to India. Egypt’s top five imports from India are mineral fuel, frozen meat, electrical machinery, cotton, and motor cycles.

**Commodity Composition of Trade**

Africa’s exports to India are concentrated in a few mineral commodities whereas Indian exports are much more diversified and technology intensive. Indian exports have also moved up the value chain in the last decade; but there has been no change in the commodity composition of African exports. The share of Indian high technology exports increased from 10.9 percent in 2001 to 13.8 percent in 2011. This increase was mainly led by exports of pharmaceuticals, electronics, and communication equipment. The major structural shift was observed in the case of exports of medium-low technology products (19.5 percent to 37 percent), including a significant rise in the export
of refined petroleum. There was also a sharp decline in the share of low-technology exports from India to Africa (41.7 percent to 21.5 percent), particularly textiles and apparel. Conversely, the share of total technology exports in Africa’s total exports to India declined because the growth of African exports to India was largely led by crude oil.

**Indian Investments in Africa**

Unlike the 60s and 70s, when only a few large Indian firms made investments in East African countries, Indian investment in recent years have grown in size, and have spread to other regions of Africa. However, there is little agreement on the exact value of Indian investments in Africa, with some putting it at US$ 14.1 billion in 2011, while others at over US$ 35 billion (CII/WTO 2013). According to UNCTAD’s bilateral foreign direct investment (FDI) statistics, the total value of Indian FDI stock in Africa was US$ 13.3 billion in 2012. Mauritius accounts for about 93.2 percent of India’s total FDI stock in Africa. This is mainly due to its favourable tax treaty with India, and much of that investment is ‘round-tripped’ back to India. If we disregard Mauritius, then Nigeria, South Africa, and Morocco are the leading destinations of Indian foreign investment, with a total FDI stock of US$ 185 million, US$ 180 million, and US$ 115 million, respectively, in 2012.

Mozambique has also emerged as an important destination for Indian investors in recent years. Indian companies have ventured into diverse sectors such as telecommunications, energy, computer services, automobiles, and pharmaceuticals. Indian investments in two key sectors, namely energy and agriculture, are discussed below.

**Investment in the Energy Sector**

Both Indian public and private sector companies have made inroads into Africa’s energy sector. ONGC Videsh (OVL) is the most active Indian company in Africa. It has five exploration projects: one in Libya; two in Nigeria; one in Egypt; one in a Joint Development Zone (JDZ) – an area of overlapping maritime boundary claims between Nigeria and Sao Tome located in the Gulf of Guinea; and two projects in Sudan. Other public sector companies active in Africa are Oil India Limited (OIL), Bharat Petroleum, and Hindustan Petroleum. These companies have made investments in Libya, Egypt, Nigeria, and Mozambique. Bharat Petro Resources have also announced a major natural gas discovery in Mozambique in 2010. Since then, many Indian companies
have invested in Mozambique. In 2014, OVL and OIL acquired 20 percent participating stake in Area 1 of the Rovuma gas block for US$ 5.075 billion. International Coal Ventures Private Limited (a consortium of Steel Authority of India Limited), National Thermal Power Corporation Limited, National Minerals Development Corporation, Coal India Limited, and Rashtriya Ispat Nigam Limited acquired 65 percent stake in Benga, Zambeze, and Tete mines in 2014. Indian Oil Corporation has also acquired an offshore block in Côte d’Ivoire. Other Indian oil companies have also bought stakes in oil and gas blocks in Burkina Faso, Guinea-Bissau, and Senegal. Indian private sector players have entered the uranium sector too. Taurian Resources Private Ltd. and Earthstone FZE are currently operating in Niger; and Varun Energy Corporation has been operating in Madagascar.

**Investment in Agriculture**

About 80 Indian companies have invested US$2.3 billion in Ethiopia, Kenya, Madagascar, Senegal, and Mozambique. Indian investors have also articulated their plans to spend US$ 2.5 billion on millions of hectares of land in East Africa, to grow products such as maize, palm oil, and rice for export to India. Most African countries have encouraged the growth of the Indian private sector through business-friendly policies. For instance, Burkina Faso allows 100 percent foreign investment, with easy repatriation of profits; and new companies benefit from a tax holiday for the first few years. Indian seed firms are experimenting on the production of hybrid seeds in sorghum, millet, rice, maize, and vegetables in Africa. J.K. Seeds, Namdhari Seeds, Nuziveedu Seeds, Vibha Seeds, and Nath Seeds are some of most the active Indian seed companies in Africa. Companies like KBL are playing a particularly important role in Africa’s irrigation sector. The use of KBL water pumps in Senegal has led to an increase in the total area under cultivation, and Senegal can now meet about 40 percent of its rice demand locally, as compared to 19 percent earlier. Enterprises like Jain Irrigation are promoting drip irrigation technologies in Africa.

Some African countries have also offered land on lease to Indian farmers, and a number of Indian farmers have already migrated to these countries. Some Indian firms – such as Karuturi Global Ltd. and Siva Group – have acquired large tracts of land in Africa. However, not all Indian investments in African agriculture have received a favourable response. Indian companies, particularly Karuturi, have been severely criticised for large scale land acquisition and the disregard of environmental and livelihood issues in
India has a long history of development and technical cooperation with Africa. However, the scale of cooperation has expanded greatly in recent years. India’s development assistance differs markedly from the western model of aid. For instance, unlike western aid, Indian development assistance to Africa is demand driven – that is, based on the request from the recipient country rather than its own development priorities. Moreover, India offers development assistance without political conditions which is an attractive alternative to conditional western aid.

The Indian Development and Economic Assistance Scheme was launched in 2004 with the objective of sharing India’s development experience by extending concessional lines of credit (LoCs) routed through the Export and Import Bank of India. Since the inception of the scheme, concessional LoCs have played an instrumental role in shaping India’s development partnership with Africa. So far, 133 LoCs worth US$ 6.28 billion have been given to 48 African countries. Within Africa, the bulk of the LoCs are directed to East and West Africa. Development cooperation through LoCs is a mutually beneficial instrument of economic diplomacy. On the one hand, they are an effective means of project financing for African countries; and on the other hand, they also create opportunities for India’s public and private sector to enter new markets because the bulk of the goods and services are supposed to be procured from India.

The EXIM Bank also has a quasi-concessional scheme in Africa in the form of buyer’s credit under the National Export Insurance Account. It also has commercial relations with regional development banks, such as the PTA Bank (Eastern and Southern African Trade and Development Bank).

Scientific and technological cooperation has been an important element of India’s development cooperation with Africa since the 1960s when the Indian Technical and Economic Cooperation (ITEC) was launched. The ITEC programme was launched with the intention of providing technical assistance to partner countries, and African countries have traditionally been the largest recipients under the ITEC programme. The scope of scientific cooperation between India and Africa has widened in the last decade.
The Department of Science and Technology is implementing a number of programmes and activities under the India-Africa Science and Technology Initiative. The CV Raman Fellowship for African researchers was started in 2010 with the objective of providing opportunities to African researchers to engage in collaborative research in science and technology in Indian universities and institutions under eminent Indian scientists. So far, about 164 candidates from African countries have been awarded fellowships under this programme. The Department of Science and Technology is also providing technical assistance to African institutions engaged in research and development by training African researchers, sharing technological know-how, and developing academic linkages with African institutions. As mentioned earlier, India announced 50,000 additional scholarships for African students in the third India-Africa Forum Summit in 2015.

India’s contribution in the field of information technology bears a special mention. The Pan-Africa e-Network was launched in 2009 with the aim of narrowing the digital divide in Africa, and harnessing the socio-economic benefits of information and communications technology. Under this project, India has set up a fibre-optic network to provide satellite connectivity, tele-medicine, and tele-education to African countries. The total value of the project is estimated to be Rs 452 crores. 48 African countries are part of the project, and 169 centres have been commissioned and integrated with the network. Moreover, 80 candidates from various Africa countries have participated in training programmes in the IT sector in CDAC Noida and CDAC Pune. Indian LoCs were used to construct the Technology Development and Innovation Centre in Science and Technology Park in Mozambique, the Technology Park in Cape Verde, and the Mahatma Gandhi IT and Biotechnology Park in Cote d’Ivoire.

Key Dimensions of Contemporary Relations

This section discusses three critical dimensions of India’s relations with Africa viz. Energy security, food security, and Diasporic links.

Energy Security

As stated earlier, energy forms a substantial part of the ongoing cooperation between India and Africa. The first section of this essay highlighted India’s huge imports of crude oil, coal, and natural gas from several African countries. Similarly, India is also a major exporter of refined crude oil to many African countries. However, when we discuss energy security in the context of India-Africa relations, it is important to note that energy security is a much wider
concept than just trade in energy resources. In the case of developing countries, the issue of energy security goes beyond macro concerns to the ability to put in place distribution networks, ensure supplies, and provide adequately priced energy to the large sections of the population which live outside the clean energy consumption network. According to the International Energy Agency, the number of persons living without access to electricity in India and Africa was 237 million and 635 million respectively in 2013. The situation is grimmer in the case of access to clean cooking technologies, with about 1,595 million people in India and Africa who rely on the traditional use of biomass for cooking. Together, India and Africa account for about 59 percent of the world population which depends on the traditional use of biomass for cooking.

The International Energy Agency defines energy security as ‘the uninterrupted availability of energy sources at an affordable price’. However, the definition of energy security provided in the Integrated Energy Policy is more appropriate for developing countries.

We are energy secure when we can supply lifeline energy to all our citizens irrespective of their ability to pay for it as well as meet their effective demand for safe and convenient energy to satisfy their various needs at competitive prices, at all times and with a prescribed confidence level considering shocks and disruptions that can be reasonably expected.

Therefore, the India-Africa energy partnership must be located within the context of India’s growing profile as a global clean energy champion. In the Conference of Parties 21, India announced the formation of the International Solar Alliance, with the aim of making clean power affordable and universally accessible by 2030. Moreover, India is playing an important role in Africa’s energy security by supporting energy access programmes through renewable energy technologies. India has extended credit lines to facilitate the construction of power transmission lines in Kenya, rural electrification projects, and solar photovoltaic module manufacturing plants in Mozambique. The Prime Minister’s interaction with ‘Solar mamas’ of Africa in Tanzania highlights the development dimension of energy cooperation between India and Africa. So far, more than 160,000 people have received solar electrification through the ‘Barefoot Approach’. Training illiterate and semi-literate African women to become solar engineers also makes a tremendous impact on the lives of the poorest communities in Africa. Many countries in Africa – such as Sierra Leone, Mozambique, Kenya, and Uganda – have also benefited from TERI’s ‘Lighting a Billion Lives’ Campaign. TERI is also promoting the use of clean cook stoves in Kenya and Ethiopia by sharing lessons and best practices.
from India. Therefore, technology and knowledge transfer are a critical art of India-Africa collaboration in energy security.

**Food Security**

Food security has been a key theme in India’s engagement with Africa since the first India-Africa Summit in 2008. Again, India-Africa cooperation in food security extends beyond trade in food articles which currently accounts for about 85 percent of the total agricultural trade with Africa. Chakrabarty (2016) argues that there is a strong rationale for India-Africa collaboration on food security, given their common challenges of hunger, under nutrition, and low productivity. India is playing an important role in augmenting Africa’s food output by providing low-cost technology solutions, building capacity, and providing improved seeds and agricultural machinery. Two institutions – the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT) and International Livestock Research Institute – are playing an important role in helping African countries adopt modern technology. ICRISAT has established agribusiness incubators and value-chain incubators in five African countries – Angola, Cameroon, Ghana, Mali, and Uganda – by partnering with local bodies. On the other hand, ILRI focuses on reducing poverty and improving food security in African countries through the sustainable use of livestock. It has ongoing programmes in Mozambique, Tanzania, Ethiopia, and Kenya in the field of animal biotechnology. The EXIM Bank has also extended concessional credit lines worth US$ 1,106.2 million towards agricultural development and food security in Africa.

**The Indian Diaspora**

Out of 25 million people comprising the Indian Diaspora, about 3 million are located in Africa. Although they are mainly concentrated in the Eastern coast of the African continent and the Indian Ocean countries, they are present in Central, Western, and Northern Africa as well. Dubey (2015) asserts that the Indian Diaspora will act as an ‘important resource and facilitator’ in furthering India’s ties with Africa. According to him, the Indian Diaspora is an important consideration for both India and Africa. However, some experts argue that the relevance of the Diaspora in defining India’s ties with Africa will be very limited in the future. According to Carmody (2011), East African countries, where the Indian Diaspora is concentrated, are in the process of being eclipsed in India’s strategy of engagement with the continent in favour of West and Central African oil producers. He goes on to say that even in East African countries such as Kenya, Indian engagement is largely private-sector driven
and market seeking. Carmody’s view may be criticised for two reasons. Firstly, East Africa continues to retain its importance in India’s engagement with Africa despite India’s growing economic footprint in West and Central Africa. Prime Minister Modi’s high profile visit to Mozambique, Kenya, Tanzania and South Africa in July 2016 underscores the importance of East and South Africa in India’s relations with Africa. Moreover, engagement with the Diaspora was a critical aspect of the Prime Minister’s visit to East and South Africa. Secondly, Carmody’s underlying argument is that India’s sole interest in Africa is limited to oil extraction which, again, can be contested.

In Alex Vines words, ‘Indians investing in Africa are not associating themselves with Indian Africans so much. Indian businesses are not necessarily looking for partners of Asian descent on the continent. They are just looking for good business partners’.32 While it is true that Indian companies, particularly big companies, are looking for good business partners and not partners of Indian descent, there is little reason to completely eliminate the role of Diaspora. For instance, China’s experience shows that Diaspora can play an important role in furthering business linkages. Brautigam (2003) highlights the role of the Chinese Diaspora in creating strong connections with local capital and forming joint-ventures which, in turn, played an important role in the success of export-oriented industrialisation in Mauritius as opposed to Nigeria where there were no resident overseas Chinese.33 Diaspora communities are important communication links and bridges between India and African countries, and their role in furthering economic relations between India and Africa cannot be neglected. However, India needs to design specific policies and appropriate instruments to utilise the Indian Diaspora in Africa.

Conclusion

There has been a dramatic increase in India’s trade, investment, and development cooperation relations with Africa in the last decade. Minerals, particularly oil, account for the bulk of the increase in India’s imports from Africa. However, Indian exports to Africa are much more diversified and technology intensive. Indian investments in Africa have also grown rapidly in recent years in a number of sectors. Moreover, India’s development cooperation is mainly directed towards building infrastructure, technology transfer, and African capacity building.

A few scholars may argue that India is part of the ‘new scramble for resources’ in Africa, and have described India as a ‘new coloniser’ whose interests are limited to countering China and extracting resources. There is
little evidence to support this view. Firstly, the scale of India’s economic engagement with Africa is much smaller than that of China. Secondly, India’s interests in Africa are not limited to resources, although the pattern of trade may seem to support the view that India’s main interest lies in resources. The Indian private sector has interests in a wide range of sectors, such as pharmaceuticals, telecommunications, and agribusiness. Thirdly, India’s development cooperation focuses on building African capacity by providing access to low cost technology, scholarships to African students, and supporting institutions in Africa. Indian lines of credit are also playing an important role in African development. India has been contributing towards African energy security by providing access to clean energy to the poor, and is a major source of refined petroleum for many African nations. Moreover, India is helping Africa become more food secure by providing access to low cost technology, improved seeds, and building African capacity.

Notes :

3 Ibid.
5 Ibid.
8 Ibid.
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11 Ibid. 7


19 Ibid.


22 Solar mamas are African women who are trained to fabricate, install, use, repair, and maintain solar lanterns in Barefoot College, Tilonia Village, Rajasthan


24 Goswami and Gregoire-Wright, ‘South-South Cooperation and Knowledge Exchanges’, TERI, New Delhi

25 Efficient cook stoves which reduce indoor air pollution and save cooking time

26 Ibid.


29 Author’s estimates from EXIM bank database, www.eximbankindia.in/sites/...files/Operative%20LOCs-05.02.2016.xlsx


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