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India-Africa Trade Relationship in 21st Centuary: A South-South Co-Operation Initiative

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ABSTRACT

The paper has analyzed the trade data in details considering both India's exports and global imports of African countries. It has also identified major barriers to Indian exports in African countries looking into various secondary sources including reports and websites. At the broader perspective it provides an overview of the economic and trade trends between India and African countries, with a comparison of Africa's trade with other emerging economies, namely, Brazil and China. Also it provides an in-depth analysis of Africa's exports of goods and services to and investments in India, by region/country as well as at the product level. Then it turns the spotlight on India's trade and investments with Africa. It also presents the factors that impede Indian exports and investments to Africa. At last, it looks at India's development assistance to Africa and where India could be of further assistance as a development partner.

Keywords: Africa, India, Emerging Economies, Export, Investments

I. INTRODUCTION

India's African engagement has become more organized in the past five years as New Delhi has sought to fashion a rejuvenated role in the continent on the back of expanding business. Following on from a distinctive history of connections, the key drivers of India's more recent relations with Africa feature strategic objectives linked to political goals of Indian foreign policy and wider international politics, coupled with the imperatives of sustaining and expanding economic growth amidst high external resource dependence. While the government has become more involved in organizing India's Africa partnership, Indian business has been more actively pursuing economic gains on the continent. India's development cooperation, including emphasis on training, is deepening at the same time as India seeks to reposition itself and become more involved in African development.India's long history of trade, cultural and demographic links with Africa has been given a major boost in the past decade or so.a India's trade with Africa has expanded rapidly as has its investment of capital, paralleled by a sizeable increase in development aid given by the Indian government to various African states. Equally significant has been the transformation in India's political relations with African countries. Unsurprisingly, India's sudden emergence as a major player on the African stage has sent analysts scrambling for ideas and insights.

Looking Back:

Trade between India and Africa has a long and distinguished history. It goes back thousands of years to the days when Indian traders, using the seasonal monsoon winds, sailed to the East coast of Africa in search of mangrove poles, elephant tusks, and gold and gemstones that made their way up from what is now Zimbabwe. This

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intensified with the establishment of Omani suzerainty in the 17th century over Zanzibar and its hinterland. The island of Pemba produced a copious variety of sought-after spices such as cardamom, cloves, cinnamon and black pepper. A number of Indian merchants, some of whose descendent live in East Africa to this day, trace their presence in East Africa to this period. There was also the large immigration of Indian labour during the colonial period, brought over to work on the railways in East Africa, and on sugar and other plantations in Mauritius, Madagascar and Southern Africa. Many descendent form the bulk of the Indian diaspora in Africa today. As the population of the diaspora grew, so did trade between their original homeland and their new-found habitat. Indians became critical links in the export of African commodities such as tea, coffee and cotton and the import of manufactured goods and grains such as rice, pulses and textiles.

II. OBJECTIVES

The objective of my paper is to,

(01) Examine the nature and perspective of India Africa trade and investment and

(02) Evaluate, to understand the India- Africa trade as south- south co- operation or north south trade relations. (New pecking order).

III. INDIA-AFRICA TRADE RELATIONSHIP

Trade openness has revitalized historical India-Africa trading links. The value of bilateral trade jumped from US$ 5.3 billion in 2001 to US$12 billion in 2005 to US$ 63 billion in 2011 –higher than India's bilateral trade with the US at US$ 56 billion. African exports to India have been growing annually at 32.2% while Indian exports to Africa grew annually at 23.6%.Figure 1 shows that bilateral trade could reach US$176 billion by 2015 if annualized growth rates between 2001 and 2011 continue. African exports could touch upwards of US$ 121 billion, assuming that India's demand for African minerals and fuels remain unabated. India currently faces an energy deficit, and coupled with potential supply insecurity from other regions, Africa's role as a supplier of minerals and fuels may intensify in the short run. Africa now supplies around a fifth of India's total crude oil imports.

Africa's trade surplus with India is rising rapidly, albeit driven in large part by a narrow range of suppliers and commodities. The top six African exporters, viz., Nigeria, South Africa, Angola, Egypt, Algeria and Morocco account for 89% of total African exports by value to India thanks mainly to exports of oil and gas, ores and gold. In 2011, the top six had a trade surplus of over US$ 24.5 billion. If current rates of growth are sustained, Africa's trade surplus could reach US$ 67 billion by 2015.Outside these top 6 African exporters, though a different picture emerges. India runs a trade surplus with 40 out of the 54 African countries. Trade is significantly more diversified at a product level and almost all exports from India have some degree of technological input.

The regional picture of trade has changed considerably over the past decade. In 2001 Southern Africa accounted for nearly 60% of exports to India while West Africa accounted for just above 16%. Fast forward to 2011, and West Africa is the largest supplier with a share of 40%, while the share of Southern Africa was 24%. A reinvigorated historical trading relationship with East Africa means that it is again the largest regional market

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for Indian goods with a share of 34% in 2011 - although its exports to India are only 2% by value of Africa's exports.

India's imports from Africa are predominantly crude petroleum, gold, and inorganic chemical products, reflecting India's high demand for energy resources. India is the world's fifth largest consumer of energy, and this is expected to double over the next 20 years in the face of the country's expanding economy and growing population. However, India's petroleum reserves have been stagnant at less than 0.5 percent of the world total, which helps to explain in large part the country's high dependence on foreign oil. To diversify its sources of energy and become less reliant less on one global region (currently 75 percent of India's oil is imported from the Middle East), India is increasingly engaging with African oil producing countries, namely Nigeria, Sudan, Côte d'Ivoire, Equatorial Guinea, Ghana, and Angola. Consequently, Africa accounts for about 20 percent of India's total import of mineral fuels. Other key African partners include South Africa, Egypt, Morocco, Tanzania, and Tunisia. Apart from oil, gold and other metals dominate India's imports from Africa. As the world's largest jewelry producer and lead exporter of cut and polished diamonds, India recognizes the opportunities that exist in Africa to expand its production and export of finished gold and diamonds. For instance, South Africa is an important source of India's imports of gold and diamonds, and is its fourth-largest trading partner. By contrast, exports from India are increasingly diverse and include manufactured goods, machinery, transportation equipment, food, and pharmaceutical products. The top destinations of India's exports are Nigeria, South Africa, Egypt, Kenya, and Tanzania, which together account for more than 50 percent of its total exports to Africa.Given the relatively bright outlook for India (GDP is expected to grow by over 8 percent in 2010/11). Indian entrepreneurs are increasingly seeking to expand their business activities and diversify their sources of natural resources, as well as their markets.

IV. DIFFERENCES BETWEEN INDIA, BRAZIL & CHINA

Brazil, China and India now account for a quarter of Africa's total exports, up from a little over 10% in 2005.China has overtaken the United States as the second largest export market for Africa after the EU, with India now in fourth place and Brazil in sixth place. Similarly, the three emerging economies now account for nearly 22% of Africa's imports of US$ 501 billion, up from 13% in 2005. For Africa, China is the most important export partner with an annualised export growth rate of 28% between 2005 and 2011. Africa's export growth during the same period to Brazil was 14.9%. In comparison, exports to India have seen the highest annualised growth rate of 41.8% growing from a relatively low base in 2005. Exports to all three economies have outshone total African export growth which grew 11.5% from US$ 310 billion to US$ 595billion during the same period. Similarly, African imports from India have grown at an annualised rate of 23.1% between 2005 and 2011, comparable to 25.6% from China and 12.6% from Brazil. During the same period, total African imports have grown at 13.1%. India-Africa overall trade grew at 32.4% during the period, which is higher than China- Africa trade growth at 27%.

There are similarities in terms of value and growth of exports and imports between Africa and the emerging economies. However, the structural composition of Africa's export basket is significantly different from its import basket. For all the three emerging economies, Africa is a major supplier of natural resources. Mineral fuels account for 70% of Africa's exports to China, 80% of exports to India and 85% of exports to Brazil. This is

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comparable to African exports of mineral fuels to the US that account for over 83% of the total export basket.Africa's imports from the emerging economies are more diversified. While China meets a large demand for industrial machinery, electrical and electronic equipment from African markets, Brazil predominantly supplies agricultural products like sugar, meat and cereals to the continent. India's export basket to Africa have also undergone significant changes over the past decade as exports of cereals, food products and other low value-added exports have been replaced by refined petroleum, automobiles and pharmaceuticals that require substantial value addition.

V. SOUTH-SOUTH CO-OPERATION IN TRADE RELATIONSHIP:

India's Africa partnership looks well calibrated, expressed as it is in a noble and fluent language of South-South cooperation and all the impeccable credentials of mutuality and partnership that flow from this. However, even a cursory genealogy of its recent genesis and development reveals a different story in which growing links with Africa started and developed in a much more organic, ad hoc manner led by corporate and corporate-related bodies that first championed greater connections and the cause of investing in Africa. These were later institutionalized by government entities into red carpet summits.

South-South Co-Operation

South-South Cooperation is a broader concept covering a very wide range of collaboration among developing countries, and is generally regarded as having three dimensions: political, economic and technical.South-South Cooperation aims to promote self-sufficiency among southern nations and to strengthen economic ties among states whose market power is more equally matched.South-South Cooperation is about developing countries working together to find solutions to common development challenges. Linked by commonalities of history, geography, and challenges, the countries of the South have important lessons to share, including many success stories from which other developing countries can learn.The United Nations Development Program (UNDP), which is actively promoting South- South Cooperation, defines the term as "a means of promoting effective development by learning and sharing best practices and technology among developing countries."In the Nairobi Outcome (2009), participants in the UN's high-level conference on South- South Cooperation reaffirmed that South-South Cooperation differed from official development assistance (ODA) as "a partnership among equals, based on solidarity", and must be guided by the principles of respect for national sovereignty and ownership, free of any conditionality.

VI. INDIA & AFRICA SOUTH-SOUTH PARTNERSHIP: MAJOR KEY DRIVERS-

A. Historical Legacy

Contacts between India and Africa date back to ancient times. Indian merchants were engaged in trade along the eastern coast of Africa more than 2000 years ago. During the period of European colonial expansion, this trading system was brought an end. At the same time, the incorporation of both India and large parts of Africa into the British Empire facilitated the establishment of substantial communities of people of Indian origin in Africa. When India became independent, the government headed by the first Prime Minister Jawaharlal Nehru pursued a policy of supporting African national struggles against colonialism and against apartheid in South Africa. India supported Africa's liberation movement both financially and politically. Thus, during the 1970s

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and 1980s, India provided both material and technical support to liberation movements. Nehru also played a leading role in convening the first Asian- African Conference, which brought together representatives of African and Asian countries in the Indonesian city of Bandung in 1955, giving rise to the Non-Aligned Movement (NAM). The NAM-inspired set of ideas were meant to help post-colonial Third World states like India and African countries to establish a pattern of cooperation different from that of the colonial period.

B. Similarities between Both of Them:

- World Bank estimates put the percentage of the population in India living on less than US$1.25 per day at 32.7% in 2011. In Africa this percentage is estimated at around 47.5%. Together, nearly 900 million people in India and Africa live in extreme poverty – almost 70% of the worldwide.
- India and the African continent are also home to growing middle classes. Rapid urbanization, rising disposable income and connectivity are recasting economic systems. Trade growth has outstripped economic growth as both India and Africa leverage domestic growth from integration into the global economy – with South-South trade an ever more visible element of the growth equation. The World Bank has reported that per capita real income grew more than three times faster for developing countries that lowered trade barriers (5.0% per year) than other developing countries (1.4% per year) in the 1990s. India and many African countries have lowered trade barriers, unilaterally as well as multilaterally, throughout the last two decades with a positive impetus to economic growth.

C. Importance of INDIA for AFRICAN Nations:

- India is interested **in** a multi-polar international system without the dominance of one or two powers or a coming together of the United States and China. Shyam Saran advocates that India is "engaging with all major powers, but aligning with none." India can only play a larger role in Asia and in the world if it can improve its neighborhood in South Asia, according to Saran. On the other hand, after the global financial crisis, "China saw its trillion dollar surplus as a potent weapon to change the geopolitical pecking order permanently in its favor".
- India favors a reform of international institutions, especially the UN and aims at the support of African states for its ambition to gain a seat in the Security Council.
- Besides India's strong bilateral relationship with South Africa as an example of a successful South- South cooperation, the informal trans-continental formations of India, Brazil and South Africa (IBSA) as well as Brazil, Russia, India and China (BRIC) demonstrate the intention of New Delhi's foreign policy, to forge globally new groups based on common interests. "India's role in BASIC, as also in IBSA and the BRIC, offers opportunities to increase its global leverage and relevance."
- On June 6, 2003 India and South Africa signed an agreement with Brazil, known as the Brasilia Declaration. It established "South-South" cooperation on the premise, that the three nations are major regional powers of South Asia, Southern Africa and South America. The declaration called for extensive tripartite cooperation on strategic, commercial and cultural affairs, development of a tripartite free trade agreement and a united front in negotiating with Western nations in the World Trade Organization (WTO), calling for reform of the U.N. Security Council and supporting each other's bid for permanent membership with veto rights.

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D. India's Africa policy

According to INDIA, 'the model of our cooperation with Africa is clearly one seeking mutual benefit through a consultative process. We do not wish to go and demand certain rights or projects or impose our ideas in Africa. But we do want to contribute to the achievement of Africa's development objectives as they have been set by our African partners'-

- Africa has emerged as an important market for Indian goods and services. In this regard, the Indian private sector, with government support, has been active in expanding trade and investment in Africa to capture Africa's untapped market potential. Africa also presents an opportunity to access third markets like Europe and the US because of preferential access for LDCs to those markets, especially in the case of textiles and apparels.
- India considers the Indian Ocean region to be within its sphere of influence, and in response to the existence of extremist organisations and criminal syndicates that traffic drugs, arms and people, as well as pirates, India has dramatically expanded its military presence in the Horn of Africa and the Indian Ocean.
- India's engagement with Africa has been formulated through a number of recent meetings and agreements. The Banjul Formula was adopted by the African Union (AU) in 2006 at its Summit in Banjul, Gambia. In April 2008, the India-Africa Forum Summit (IAFS) were held in New Delhi. Following the Banjul Formula, participants from the African side at IAFS include the Chairperson of the AU, the Chairperson of the AU in the preceding year, the Chairperson of the AU Commission, the five initiating countries of NEPAD, the Chair of the Heads of State and Government Orientation Committee HSGOC and the Chairs of the 8 Regional Economic Communities (RECs). The AU chooses 15 participants for the Summit. At the IAFS in 2008, two agreements were adopted. These were the Joint Declaration of the Africa-India Partnership and the Africa-India Framework for Cooperation, which give a direction to Indo-African relations in the coming years. A meeting held in New Delhi in March 2010 entitled 'Developing Synergies: Creating a Vision', which gathered delegates from 34 African countries was aimed at expanding the India-Africa Project Partnership. The meeting was hosted as a precursor and intended roadmap to the second India-Africa Forum Summit (IAFS), held in Addis Ababa in 2011.
- The private sector has also increased its interest in exploring African markets. From the mid-1990s, organizations like the Confederation of Indian Industries (CII), the Associated Chambers of Commerce and Industry (ASSOCHAM), the Federation of Indian Chambers of Commerce and Industry (FICCI), and the Federation of Indian Exporters' Organization (FIEO) identified Africa as a thrust area and launched programmes to promote economic and business cooperation. FICCI has identified 8 countries in Africa as top priority for Indian exports: Nigeria, South Africa, Kenya, Mauritius, Ghana, Tanzania, Algeria and Sudan.

E. Trade and Investment Footprint

India's economic activity in Africa has been mutually beneficial. The balance of trade is in favour of Africa, as it exports more to India than it imports. India's trade with Africa is well behind that of China, yet it is moving in an upward direction.Unlike Chinese companies, which are mostly state-owned or state-controlled, Indian firms operating in Africa are largely privately owned or are under private-public partnership. They are less vertically

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integrated than Chinese firms and prefer to procure both materials and labour from local governments. Hence, the operation of Indian firms in African countries appears to be less 'neo-colonialist' than those of China. India has undertaken a series of important initiatives as also institutional framework to create an enabling trade and business environment to facilitate and enhance bilateral trade and commercial with the Africa countries. The key programmers guiding these initiatives include the Focus Africa programme, IBSA Initiative, TEAN-9 Initiative, and CII-EXIM India- Africa Project Partnership Conclaves etc.

(A) Focus Africa Programme-The Government of India launched an integrated 'Focus Africa' programme in 2002-03 to significantly enhance India's trade with Africa. The main objective of the programme was to increase the interaction between the two regions by identifying the potential areas of bilateral trade and investment. The 'Focus Africa' programme initially focused on Sub-Saharan Africa with emphasis on seven major trading partners in the region: Nigeria, South Africa, Mauritius, Kenya, Ethiopia, Tanzania and Ghana, which together account for around 69% of India's total bilateral trade with the Sub-Saharan Africa region. The scope of the programme was broadened on April 1, 2003 to Cover 17 more countries in Africa (Angola, Botswana, Mozambique, Zambia, Zimbabwe, Namibia, Senegal, Ivory Coast, Uganda, Madagascar, Seychelles, Egypt, Tunisia, Sudan, Algeria, Libya and Morocco).

Specific focus products for export to these countries were identified, which in turn were broadly classified into the textile items; drugs and pharmaceuticals; machinery and instrument; transport equipment; and telecom and information technologic. The Focus Africaprogramme envisaged enhancing India's export to the region through integrated efforts of the Government of India, India trade Promotion Organization, Export Promotion Councils, Apex Chamber of Commerce and Industries like CII, India Mission and institution such as the Export-Import Bank of India, ECGC, etc. The programme also supplemented the Lines of Credit which the Government of India was extending to Africa countries including Tanzania, and Mozambique, Zambia, Uganda, Kenya, Seychelles, Mauritius, Zimbabwe and Ghana.

(B) Team-9 Initiative: Focus On West Africa-With a view to enhance commercial relations with countries in the West Africa region, the Government of India put in place the Techno-Economic Approach for Africa India Movement (TEAM9 Initiative). TEAM 9 Initiative countries (Burkina Faso, Chad, Cote d'Ivoire, Equatorial Guinea, Ghana, Guinea-Bissau, Mali, and Senegal) and India. Under the Initiative, a Cooperation mechanism was envisaged which will operate at governmental, institutional and private sector levels, sharing various types of expertise, intellectual and physical resource as well as economic opportunities for promoting welfare, growth and prosperity in these countries. It would thus involve, among others:

- Providing opportunity for education and training in crucial sectors;
- Transfer of critical technologies from India; employment and growth, such as agriculture, small – scale industries, pharmaceuticals and health care information.
- Undertaking specific projects TEAM-9 countries which would have region wide beneficial impact in the sectors critical forin individual TEAM-9 countries which would have region wide beneficial impact in the sectors critical for employment and growth, such as agriculture, small - scale industries, pharmaceuticals and healthcare, information technology, telecommunications, transports, energy, etc.
- Putting in place US$500 million Lines of Credit (LOC) and identifying priority sectors in the eight countries which would be financed out of the LOC. The project thus financed should be of a nature which will give a

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fillip to further award of project to Indian companies, as well as to increase bilateral trade between India and select West Africa.

(C) C-Tap Initiative-Under the aegis of the 2nd India-Africa Forum Summit in 2011, the Cotton Technical Assistance Programme (C-TAP) for Africa was initiated. The initiative aims at strengthening the value chain of the cotton sector in Africa through a series of interventions such as transfer of technology, post-harvest practices, enhancing downstream competence and capacity building of various stakeholders. The C-TAP is being implemented in Benin, Burkina Faso, Chad and Mali (the Cotton-4), plus Malawi, Nigeria and Uganda. The collaboration is expected to spawn a vibrant textiles industry in the cotton-producing African countries. India has also committed to establish an India- Africa Textiles cluster that would mobilise Indian investments of US$ 350 million with an employment generation of 25000 workers.

F. Indian Aid Assistance

India does not see itself as "a regular aid donor" (Price, 2011: 2). The fundamental difference that separates India's approaches from those by the DAC members is that India regards itself as a peer in mutually beneficial relationships with its partner countries. For India, South-South co-operation is seen as a means to promote partnerships "based on its firm belief that we live in an interconnected world where the global community shares a common destiny" (GOI, 2012). India also takes the view that development cooperation should not interfere in the internal affairs of partner countries, thus does not attach policy conditions to its co-operation. Therefore, the role of India's aid is to help these countries build up their capacity to strengthen their institutions and human resources for self-development.India's aid programme is often talked about in the context of "emerging donors." However, India is neither an emerging nor a new provider of aid. The country has been promoting South-South cooperation since the 1950s, first targeting countries in its neighbourhood, expanding into countries in Africa in the 1960s, assisting – within its limited means – and sharing its expertise, experience and technology with those countries.

***(A) The Indian Technical and Economic Co-operation (ITEC)* -**It has been the Indian government's flagship programme in pursuing technical co-operation since 1964. India spends US$ 12 million on ITEC activities annually. Since, 1964, the cumulative figure on this account has been US$ 2.8 billion, with US$ 1 billion going to Africa. It does so through a set of interconnected activities including project assistance, capacity building, institution building and scholarships. For capacity building, the ITEC programme is collaborating with 48 Indian institutions that offer as many as 220 courses in a wide variety of areas. For instance, in 2011-2012 nearly 8000 African civilians benefited from training courses under ITEC and other bilateral schemes. Another 250 civilians received training under the programme through regional schemes conducted with Afro-Asian Rural Development Organization (AARDO), African Union (AU), Pan African Parliament and EAC among others.

- *The Ghana-India Kofi Annan Centre of Excellence in ICT (AITI-KACE)* - The Centre is Ghana's first Advanced Information Technology Institute that works to stimulate the growth of the ICT Sector in ECOWAS. Established in 2003, through a partnership between the Government of Ghana and the Government of India, the Centre houses West Africa's first supercomputer. The objective of the facility is to provide a dynamic

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environment for innovation, teaching and learning as well as practical research on the application of ICT for development in Africa.

The Indian government lays great emphasis on institution building, drawing from its own development experience. So, while training of foreign personnel and expert-level workshops have merit, the long-term solution lies in the building of appropriate institutions in partner countries. Therefore, in the 2nd India-Africa Forum Summit held in 2011, the Indian government committed US$ 700 million to establish new institutions and training programmes in consultation with the AU and its institutions. Some of the key institutions in the process of implementation are;

- India-Africa Institute of Information Technology, Ghana
- India-Africa Institute of Foreign Trade, Ghana and Uganda
- India-Africa Institute of Education Planning and Administration, Burundi
- India-Africa Diamond Institute, Botswana
- India-Africa Civil Aviation Academy
- India-Africa Institute of Agriculture and Rural Development
- India-Africa University for Life and Earth Sciences – Ibadan University, Nigeria.

Most of these institutions are envisaged under a PPP model, where top Indian public and private institutions will partner with African counterparts in their establishment. Perhaps the most innovative PPP model in technical institution building has been the establishment of the Pan Africa e-Network Project inaugurated in 2009 with a project cost of US$ 125 million.

- **Pan-Africa e-Network Project-** The Pan-Africa e-Network, an ambitious projects for distance education and tele-medicine, is an example of the growing partnership between India and Africa. In addition, the network is also equipped to support e-governance, e-commerce, infotainment, resource mapping, meteorological and other services in African countries. A total of 47 African countries have joined the project. In the first phase, inaugurated in February 2009, 11 African countries joined. The expanded second phase was launched in August 2010.In tele-education, the objective is to impart quality education to 10,000 students in Africa over a 5-year period in various disciplines. Some of the best Indian educational institutions are participating in this project. In tele-medicine, on-line medical consultation with Indian medical specialists is now available to African medical practitioners. The Pan Africa e-Network Project may be followed up with the establishment of an India-Africa Virtual University.

India is also looking to provide technical co-operation through innovative measures such as triangular co-operation arrangements under which Indian institutions provide training to candidates from developing countries with funds being made available by donor countries or multilateral institutions. India considers triangular co-operation to be an effective means of fostering development by leveraging India's competences – like institutional and human resource capacities at competitive rates – for providing technical assistance to partner countries with developed country assistance.

- **U.S.-India-Africa Triangular Partnership to Improve Agricultural Productivity andInnovation in African Countries-** As part of the India-U.S. Strategic Partnership, Prime Minister Manmohan Singh and U.S. President Barack Obama agreed during President Obama‟ s visit to India in November 2010 to use the expertise of both countries in agricultural capacity-building to extend food security to interested third countries. Pursuant

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to this, India and the United States inaugurated the first triangular India-U.S.-Africa partnership in agricultural training.The three-year triangular partnership program aims to improve agricultural productivity, strengthen agricultural value chains, and support market institutions in Kenya, Liberia, and Malawi. The program will train 180 mid-level African Government and private sector agriculture professionals from Kenya, Malawi, and Liberia in agricultural extension practices, agri-business, and agricultural marketing.

(B) The LOCs (line of credit) - In the case of highly indebted poor countries, the interest rate charged under an Indian LOC is 1.75% at the fixed rate, with twenty years' repayment period and a five year grace period. The grant element constitutes 41.25% of the loan. On the basis of concessionality of loans, Indian LOCs targeted towards heavily indebted African countries could conceivably qualify as ODA because they carry a grant element of at least 25%. In 2011-12, 16 LOCs amounting to US$ 614.2 million were approved to 14 countries under the India Development and Economic Assistance Scheme (IDEAS).

VII. CONCLUSION

India is neither a new actor in Africa, nor is it merely 'emerging'. In 2010, the US President Obama drew applause from the Indian parliament not only by declaring that 'India is not simply emerging; India has already emerged' but also by calling it 'a rising global power'.22 The language of India as a 'rising power' or 'emerging actor', folded as these are into the wider meta-narrative of a 'rising Africa' and Asian global economic ascendancy, is convenient. While India has avoided direct competition with China in Africa, instead positioning itself to exploit its niche areas, it has been looked to more as a collaborator in African development, not only from within but also from outside the continent. In previous decades, India's economic relations with Africa never went 'beyond a verbal repetition of [the] South-South cause.However, the donors' community has welcomed South-South cooperation as a useful and complementary way to support the development endeavour of Southern countries. This is even more as emerging players are taking on a heavier burden on financing development at a time where donors' budgets are under tight constraints due to the economic and financial crisis.37 As the role of emerging players increases in the global economy, so should their involvement and responsibilities in global affairs, including in supporting development efforts.

Nevertheless, countries of the North and South would find a number of areas where they could join hands together in delivering much more meaningful and effective support to the development of developing countries, particularly in Africa. For example, some of the aid agencies of OECD countries and multilateral institutions such as the World Bank and UNDP, utilise the capacity building infrastructure available in India, to train a large number of personnel from African countries through joint programmes. This practice could be extended in consultation with the recipient countries. In this context, exchange of experiences and best practices among development partners both from the North and the South including multilateral institutions would be both timely and rewarding.

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