Nigeria - India Economic Relations: Partners in Development

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ABSTRACT
Nigeria’s relations with India which was initially built upon historical and political connections when India established her diplomatic house in Nigeria in 1958 (two years prior to Nigerian independence) have gradually come to be based upon economic links. The question is what benefits is Nigeria getting from her relations with India? What is the nature of Nigeria-India development partnership? In answering these questions among others this paper examines the economic relations between Nigeria and India that crystallized and concretized their cooperative ties regarding economic issues. Using a historical approach, the paper argues that Nigeria and India has grown to the level where India is now currently Nigeria’s largest trading partner. As at April 2014 Nigeria-India volume of trade stood at US $20 billion (about 3.6trillion Nigerian Naira), with increase in the volume of trade and deepening bilateral relations in spite of the security challenges in Nigeria. Nigeria and India collaborated in several sectors to deepen their bilateral ties, the two countries have over time enjoyed peculiar relationship not common with other countries even though such relationship is unequal in the sense that India has an edge over Nigeria as the paper argues that in view of the magnitude of the cordial relationships between the two countries there is common development potentials areas such as power, industries, technology, health where India stand as a model where Nigeria stand a good chance of enriching interaction for a mutual benefits of south-south cooperation as against unequal north-south relationship.

Keywords: Nigeria, India, Economic Relations, Trade, Development

INTRODUCTION
Different histories are constitutive influences in Nigeria’s multifaceted relations with India today. Nigeria and India have a long history of political friendship, economic relations and social interaction. The relationship predates Nigeria’s existence as an independent nation. Indeed, there are recorded cases of Indians trading in Nigeria as early as the 1890s (Kura, 2009). The depth of the relationship owes much to the similarity in colonial experience and some of the policies Britain adopted while overseeing the two countries.

By the 1930s Indians had penetrated the Nigerian market, especially the textile industry, and the following decades witnessed their diversification into many other segments of Nigeria’s economy. This relationship has developed significantly in recent years despite the economic vicissitudes emanating from the global meltdown. Economic connections between the two countries range from oil exploration, telecommunications and transportation, to retailing and banking. Of all these, however, the relationship between the two countries in oil and gas appears to be the most important in recent times. This is due largely to the importance of these resources for the economic development of both countries.

It is interesting to know that Nigeria and India both exhibit what one may refer to as a plethora of commonalities such as multi-religious, multi-ethnicity, similar colonial experiences and are members of the Commonwealth of Nations. They are also all members of the United Nations, Non-aligned Movement, Group of 15 countries and Group 77 countries including South-South Cooperation. Within
these organizations, Nigeria and the India have cooperated and continue to cooperate on issue of development, international peace and security as well as the quest for the restructuring of the United Nations Security Council. These commonalities between the two countries have helped in creating bilateral affinity between them.

Acknowledging the pre- and post-independence influence of India on Nigeria, the then Nigerian President Shagari expounded in a visit to India in 1983 that:

*We come to salute India, the largest democracy in the world. We also come to learn from India, as we have been learning, beginning from the example of your India's great Mahatma Ghandi, the greatest hero of all colonial peoples throughout modern history. The moral force of his Ghandi's passive resistance philosophy ultimately led to victory. This has been the source of inspiration to all of us as colonial appendages and has guided us in our own struggles to achieve our own freedom from colonialism and exploitation. We also watched with interest the achievement of your republican status within the Commonwealth. We followed your example and your model (Shagari, 1983).*

Interestingly, this has been the foundation upon which future formal relations were built between Nigeria and India. Moreover, it has been on this basis that the two countries have maintained mutually cordial interactions from pre-independence until today.

**CONCEPTUAL FRAMEWORK**

Development like every other social science concept has no single and universal accepted definition. It is a concept that is heavily value loaded, and its operational definition is a matter of what the writer cherishes as it goal or objective.

Scholars have defined the concept of development. Walter Rodney (1969) sees development as a many sided process which at the level of individual implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. The United Nations Council on Trade and Development (UNCTAD) and the United Nations Environmental Programme (UNEP) meeting in Cocoyon, in Mexico in 1974 viewed development in terms of the availability of the basic human needs of food, shelter, clothing, health and education. This conception of development is conceived in terms of social well-being. Salaki (2004) sees development as a constant process of transformation and it is a widely participated process intended to bring about social and material advancement, equality, freedom and other valued qualities for the people through their gaining greater control over their resources. Agbakoba (2003) defines development as a derivative of a countries history, endowments, experiences, aspiration, values and vision which underscores the necessity and urgency of improving the well-being of the people through their active participation.

In this paper, development is conceptualized as the quantitative and qualitative changes in the society especially as it concerns the well-being of the people in terms of improved standards of living. The basic objective of development deriving from this conceptualization is well-being of the people in terms of improved standard of living of both countries.

**HISTORIC BACKGROUND OF NIGERIA - INDIA RELATIONS**

Nigeria and India relations predate Nigeria’s own Independence in 1960 as India established her Diplomatic Mission in Nigeria in November 1958. Nigeria reciprocated the gesture two years after independence in 1962. There had been exchange of several visits at the highest level, notably, the landmark visit to Nigeria by the then Indian Prime Minister, Pandit Jawaharlal Nehru in September 1962. Since then, there had been an increased in exchange of visits by High Government Officials of both countries.

From 2000 to 2013, in what appear to be warm and friendly relations between India and Nigeria, a series of visits occurred between leaders and officials of the two countries. For example, the then Nigeria President Obasanjo paid a state visit to India in 2000 in which he served as the Chief Guest at India's 50th Republic Day celebrations, and in the same year, the then External Affairs Minister of India Setya Mey
Vijayte visited Nigeria to co-chair the third Session of India-Nigeria Joint Commission. In May 2003, the then Minister of State for Commerce and Industry visited Nigeria to chair the Conference of Commercial Representatives of Western Sub-Saharan Africa. And in October 2003, the then Nigerian Minister of External Affairs visited India to co-chair the Fourth Session of the two countries' Joint Commission. In December 2003 the then India Prime Minister Shri Atal Behari Vajpayee participated in the commonwealth Heads of Government meeting in Abuja. In October 2007, the then Indian Prime Minister Manmohan Singh visited Nigeria, during which the Nigeria-India Joint Commission (NIJC) was reactivated and the Abuja Declaration on Strategic Partnership was signed thereby giving a new fillip to their bilateral ties. There has also been a series of visits at various governmental and commercial levels between the two countries. These visits are indications of the extent of warm, friendliness, mutual understanding and interactions between Nigeria and India ever since which has been without any contentious issues even as the Table 1 and 2 below indicates the various visits and purposes of such visit by officials of the two countries.

Table 1: Major visits by Nigerian officials to India from 2000 to 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>High Government Official</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2000</td>
<td>President Olusegun Obasanjo</td>
<td>Chief Guest at the 50th Republic Day Celebration</td>
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<tr>
<td>November 2004</td>
<td>President Olusegun Obasanjo</td>
<td>Working Visit</td>
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<tr>
<td>November 2007</td>
<td>Vice-President Goodluck Jonathan</td>
<td>To attend the Federalism Conference</td>
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<tr>
<td>November 2007</td>
<td>High-Level Diplomatic delegation</td>
<td>To attend the Africa Hydrocarbon conference</td>
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<tr>
<td>April 2008</td>
<td>Vice-President Goodluck Jonathan</td>
<td>To attend the India Africa Forum Summit</td>
</tr>
<tr>
<td>August 2009</td>
<td>Commerce and Industry Minister Chief Udenwa</td>
<td>To participate in the Doha Round Informal conference</td>
</tr>
<tr>
<td>January 2010</td>
<td>Labour and Employment Minister Prince A. Kayode</td>
<td>Bilateral Visit</td>
</tr>
<tr>
<td>February 2010</td>
<td>Defense Minister Major General (Retired) Godwin Abe</td>
<td>Led Nigeria delegate to Defexpo</td>
</tr>
<tr>
<td>August 2010</td>
<td>Science/Technology Minister Prof. M. K. Abubakar</td>
<td>Led Nigerian Delegation to participate in the Bangaluru space Expo25</td>
</tr>
<tr>
<td>March 2011</td>
<td>Foreign Affairs Minister Odein Ajumogobia</td>
<td>To attend the 5th session of the Joint Commission and sign Bilateral agreement</td>
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<tr>
<td>February 2012</td>
<td>Minister of Works</td>
<td>To study the business model of National Highways Authority of India</td>
</tr>
<tr>
<td>March 2012</td>
<td>President Olusegun Obasanjo</td>
<td>Economic ties</td>
</tr>
<tr>
<td>March 2012</td>
<td>Finance Minister Ngozi Okonjo-Iweala</td>
<td>To lobby for her candidature for the President of World Bank with the leaders of BRICS</td>
</tr>
<tr>
<td>September 2012</td>
<td>Minister of Agriculture</td>
<td>To attend 40th Year Celebration of ICRISAT</td>
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<tr>
<td>September 2012</td>
<td>Governor of Borno State</td>
<td>Renewable energy</td>
</tr>
<tr>
<td>February 2013</td>
<td>Governor of Kano State</td>
<td>To attend Garment Fair</td>
</tr>
<tr>
<td>March 2013</td>
<td>Governor of Lagos State</td>
<td>To attend India-Africa Conclave in New Delhi</td>
</tr>
<tr>
<td>March 2013</td>
<td>Minister of Communication Mrs. Omabola Johnson</td>
<td>To attend India Soft-2013</td>
</tr>
<tr>
<td>March 2013</td>
<td>Governor of Benue State</td>
<td>State Visit</td>
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<tr>
<td>May 2013</td>
<td>Permanent Secretary in the Ministry of Local Government</td>
<td>Study tour on measures taken by India to eradicate poverty &amp; steps to bring in economic reforms</td>
</tr>
<tr>
<td>September 2013</td>
<td>Minister of Justice and Attorney General Mr. Mohammed Bello Adoke</td>
<td>To participate in AALCO Annual Conference in New Delhi</td>
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<tr>
<td>October 2013</td>
<td>Minister of Land and Housing Ms Ama Peppele</td>
<td>To attend Commonwealth Conference</td>
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<td>October 2013</td>
<td>Minister of State for Trade Dr. Samuel Ortem</td>
<td>Attend India-Africa Trade Ministers Conference</td>
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<tr>
<td>December 2013</td>
<td>Chief of Naval Staff Vice Admiral Dele Joseph Ezeoba</td>
<td>Led a 6-member delegate on official visit</td>
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<tr>
<td>March 2014</td>
<td>20-member delegate comprising 5-House of Representatives members and Chairman House</td>
<td>Attended 10th CII-Exim Bank Conclave on India-Africa Project Partnership held in New Delhi</td>
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Since the early 2000s there have been visible demonstrations of friendship between the two countries. The Indian High Commission in Nigeria estimated that 35,000 Indians were living in Nigeria as of October 2010 and also about 15,000 Nigerians living in India. With the historic State visit to Nigeria by the then India Prime Minister Dr Manmohan Singh in October 2007 and the signing of the Abuja Declaration, which gave a new fillip to their bilateral tie signaled an important new phase in diplomatic links between Nigeria and India. Before this both countries had lacked an institutional framework to support investments and commerce. Following the declaration there have been progress in the state of relations between the two countries.

NIGERIA - INDIA BILATERAL ECONOMIC RELATIONS
There exists a viable Joint Commission known as Indo-Nigeria Joint Commission (INJC) under which both sides signed an economic cooperation agreements as a legal framework regulating areas of economic cooperation. The INJC was established in 1977 with the objective of facilitating transfer of technology to Nigeria and enhance technical training of Nigerians by India in the fields of engineering and industrial joint ventures. This Joint Commission initiative has remain an important vehicle that encouraged the expansion of the two countries relationship to other areas that are significant and beneficial for their economic growth and development particularly trade and investment in medical, banking,
telecommunications, retail business and sales of vehicles as well as crude oil aspects. On the same note the visitation of the then Indian Prime Minister Dr. Manmohan Singh to Nigeria in 2007 as part of a high-level meeting also re-emphasize strengthening both countries relationship and there have been substantial evidence of collaboration between Nigeria and India governments.

According to the Nigerian Foreign Affairs Ministry:

*Indo-Nigeria trade reached a peak of $10.2 billion during 2008-09, although the global recession reduced this to $8.7 billion in 2009-10. Bilateral trade grew by over 50% during the first half of 2010-11, compared with the corresponding period for the previous year. Trade reached $17 billion for 2011-12, and Indian investments in Nigeria are estimated at $5 billion. As at April 2014 Nigeria-India volume of trade stood at US $20 billion. India’s exports to Nigeria are dominated by manufactured items such as machinery and instruments, pharmaceuticals, electronics and transport equipment. Main items in the non-oil import basket of India from Nigeria include metal scraps, non-ferrous metals, wood and wood products, and cashew nuts. It is believed that Nigeria is currently India’s largest trade partner in Africa. On the industrial front, prominent Indian companies in Nigeria, which provides employment for Nigerians include Bajaj Auto, Olam International, Tata, Birla Group, Bharti Airtel, Indorama, Ashok Leyland, NITT, Kirloskar, KEC, Dabur, Skipper Nigeria, Godrej, Bhushan, ApTech New India Assurance. Nigeria is also the largest market in Africa for India’s exports.*

**Medical aspects**

As a result of cost of medical treatment in India which is far lower when compared with Europe and the standard far more advanced when compared with Nigeria, there has been a significant increase in Nigerians travelling to India for medical treatment since many Nigerians consider India as the best location to undergo medical treatment. In 2012, 40,000 Nigerians were issued visa to India, out of which 80% are medical followed by students, officials and business travelers. India is one of Nigeria’s biggest suppliers of pharmaceuticals. Indian pharmaceutical companies based in Nigeria have imported medical drugs at relatively cheap prices. Pharmexcil, the Indian Pharmaceutical Exports Promotion Council, opened its first office outside India in Nigeria in March 2011. There was a two-day exhibition featuring over 40 Indian pharmaceutical companies in Nigeria and the two governments signed an MOU on pharmaceutical co-operation in March 2011 in New Delhi. The Indian High Commissioner in Nigeria used the opportunity to assure Nigerians that India would co-operate with the National Agency for Food and Drug Administration and Control (NAFDAC) to combat fake drugs. As of the time of the visit, it was established by the Nigeria government that most of the fake medicines entering the country originated from India. The MOU stipulates that Indians caught importing fake drugs into Nigeria will be jailed for life and will have their property confiscated. It also confirms India’s agreement to pay for the prosecution of anyone suspected of counterfeiting drugs. Compensation of $2,000 will be paid to any informant who provides NAFDAC with information to uncover the source and producer of counterfeited products. Furthermore, India will collaborate with NAFDAC in capacity building, training programmes and assist in providing funding to train medical engineers.

**Banking aspects**

India first became involved in Nigeria’s banking sector in 1962, when the Bank of India opened a branch in Nigeria. The bank changed its name to Allied Bank but later went out of business. Following this, India showed little interest in the banking sector until the last decade. A noticeable exception, however, was the Mahtani family from India. They held considerable stakes in Chartered Bank, established in 1988, and later Regent Bank, established in 2005. In November 2005 both banks merged with others to form the Investment Banking and Trust Company (IBTC), in which the Mahtani family have retained a significant stake. Another landmark Indian involvement in banking came in June 2011, when India’s largest cellular service company, Bharti Airtel, formed a partnership with ECOBANK to launch mobile banking. The two agreed to launch a wide range of mobile financial services, including Person to Person, Business to Business and mobile-saving products. These marketed under brand names Ecobank Mobile and Airtel Money (Chima, 2011). This partnership demonstrates the increasing importance of the activities of Indian
companies in banking and telecommunications. Also the Exim Bank of India has been financing power projects in three states in Nigeria at a cost of $100 million, according to the India high commission, the amount was marked for three power projects in the states of Enugu at a cost of $40 million, Cross Rivers $30 million, and Kaduna $30 million.

**Telecommunications aspects**

Telecommunications is a major enterprise in Nigeria and the country provides the largest market in Africa. Indians have entered Nigeria’s business quite forcefully, with Bharti Airtel investing $600 million in Nigeria’s mobile market when it purchased Zain Telecom’s African business for $10.7 billion. The country’s involvement in Zain Telecom has made it possible for India to infiltrate other aspects of business in the information technology (IT) sector. For example, the National Institute of Information Technology, an Indian company, trains about 15,000 Nigerians annually in IT, which enables them to get jobs without much difficulty. In March 2011 Zen Mobile, one of India’s fast-growing handset manufacturing companies, made its debut in Nigeria, promising to provide best quality mobile phones at affordable prices. In total six Zen mobile phones were launched, namely the X381, X410, X430, M20, Z66 and X82 (Osuagwu, 2011).

**Retail business and sales of vehicles aspects**

Indians are involved deeply in Nigeria’s retail business and own a number of big shops in Nigeria. These include Park and Shop, one of Nigeria’s biggest retail shops, as well as Sumal Foods, Dana Juice (whose products include juice and pharmaceutics), United Foods (makers of Indomie noodles), and 'OK Foods'. Two Indian companies are at the forefront of India’s involvement in vehicle importation into Nigeria. These are the Dana Group and the Stallion Group. The Dana Group has been responsible for the importation of Kia vehicles into Nigeria, while the Stallion Group has been responsible for the importation of vehicles such as Hyundai, Honda and Audi. The Dana Group is also involved in airlines operating flights across key cities in Nigeria, especially profitable routes linking Lagos, the commercial capital, with the capital Abuja and the oil rich city of Port Harcourt (Osagie, 2011). Indian tricycles are common in different cities in Nigeria and are helping in poverty reduction.

**Table 3: India–Nigeria bilateral trade statistics 2003-2014 (in $ million).**

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</tr>
</thead>
<tbody>
<tr>
<td>India Exports to Nigeria</td>
<td>565.49</td>
<td>644.68</td>
<td>874.03</td>
<td>903.48</td>
<td>1,085.41</td>
<td>1,529.26</td>
<td>1,408.25</td>
<td>2,259.09</td>
<td>2,700.23</td>
<td>2,738</td>
<td>2,666.19</td>
</tr>
<tr>
<td>India Imports from Nigeria</td>
<td>75.64a</td>
<td>48.40a</td>
<td>72.46a</td>
<td>7,026.93</td>
<td>7,616.09</td>
<td>8,900.35</td>
<td>7,287.91</td>
<td>10,787.72</td>
<td>14,622.57</td>
<td>13,826</td>
<td>14,315.08</td>
</tr>
</tbody>
</table>

a - Excludes oil import figures.

*Source: Figures provided by the Indian High Commission, Abuja, Nigeria 2015.*

**Crude Oil aspects**

Bilateral trade between India and Nigeria between 2013 and 2014 increased by 2.5 per cent to $16.98 billion, mainly due to large crude oil import by India, according to Indian high commission in Nigeria. "India's exports to Nigeria had grown gradually during the last few years from $1.08 billion in 2007-2008 to $2.66 billion in 2013-2014". "During 2013-2014, our imports, mainly consisting of petroleum and crude products, stood at $14.31 billion as against $13.82 billion registered in 2012-2013," he said. Nigeria's foreign economic relations revolve around its role in supplying the world economy with oil and natural gas. As with most emerging powers, India requires a considerable energy supply. So Nigeria has become one of the main sources of crude for India importing around 8 per cent to 12 per cent of its crude requirements.

India has also made a decisive entry into the Nigerian upstream and refining sectors. Indeed, a number of Indian companies are participating in Nigeria’s Upstream Sector of Oil and Gas, for example, ONGC Mittal Energy Limited (OMEL), Sterling and Essar won six oil blocks during the 2005 – 2007 Nigeria Oil
block bids, which not only boosts existing trade and investment relations between the two countries but to a large measure, strengthen the efforts of the two Governments to make economies, trade and investment the central focus of their long-term relations.

India’s positive performance in the oil business prompted the then Nigeria’s Minister for Foreign Affairs, who was then the Minister for Petroleum Affairs, Odein Ajumogobia, to commend an Indian company, Sterling Global, that was operating in the shallow waters of the Niger Delta. Despite the general instability in the Niger Delta that prevented other companies like Total and Shell from operating, Sterling Global was able to continue operating because it had developed cordial relations with the local community. Oil has also played a part in India’s infrastructural development activities in Nigeria.

India and Nigeria have come a long way in their relationship, which is certain to continue to progress. India will continue to be active in most aspects of Nigeria’s social and economic life. However, the oil and gas sector is likely to remain the centre of interest and attention. This is because India’s interest continues to increase in line with Nigeria’s reserves and its desire to seek external partners. Although Nigeria intends on exploring further its relationship with India in the oil and gas sector, it is determined to do so on a platform that is fair and will not exploit it. Nigeria desires a partnership that is open and mutually beneficial. As a country Nigeria has suffered significantly at the hands of oil multinational corporations, even from Europe and the US. Consequently, there is a natural tendency for Nigerians to be suspicious of all forms of external involvement in the politics of their country’s oil. India will have to show that it is not just another country interested in exploiting Nigeria’s oil without providing any form of assistance in return.

CONCLUSION
From a very small beginning in 1958, Indo-Nigerian relations have grown. Today, Indian companies have sizeable investments in textiles, chemicals, electrical equipment, pharmaceuticals, and plastics in Nigeria. The structure of trade between Nigeria and India reflects the difference in the level of development of the two partners. While Nigeria’s exports to India consist mainly of primary commodities, its imports from that country are made up of largely of industrial goods and according to Ngara et al (2014) it is a natural fact of life that those who benefit from a system would always strive to hold back change and perpetuates the order that guarantee their interest. So for Nigeria to benefit from the objectives of South-South co-operation India companies in Nigeria need to change by diversifying their economic activities. Rather than restricting themselves to merely importing finished goods from India for sale in Nigeria, they should invest in the productive sectors of the Nigerian economy and thereby gain from the export of such Nigerian made goods. In this regard, India will bring into Nigeria the kind of technology that Nigerians can easily adapt to because Indians technology is really down-to-earth and Nigeria needs this type of technology in her search for self-reliance.

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