

**INDIA-EAST AFRICA RELATION: AN ANALYSIS OF THE ECONOMIC AND
POLITICAL OPPORTUNITIES**

BY

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DECLARATION

This Project is my original work and has never been presented for masters of degree in this university or any other university.

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Date

DEDICATION

I dedicate this work to my entire family and friends for the moral support they offered me during the research which motivated me a lot. Also to my esteemed supervisor for the guidance during my research work and I wish you all God's blessings.

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My gratitude to the Almighty God for enabling me complete this research project, without Him nothing would have been possible.

I would like to thank my family members who played a major role by providing invaluable support and moral support during the study period.

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ABSTRACT

India's East African relations date back many centuries, to the time when Indian traders began to engage with countries along the eastern coast of Africa. By the end of the 20th century, the relations between India and East African countries witnessed a new turn, with many drivers and rallying points of the 20th century such as de-colonization and racial discrimination disappearing. In this paper I have looked at how The East African region is of direct interest to India both politically and economically. India's trade and investment in East African countries have reached significant proportions, with India actively promoting trade with these countries. I have also analyzed the development challenges and the position of politics in the relation between the India-East Africa countries. This study has also brought out the challenges facing these ties, identifying the political relation that lies between the east Africa counties and India. All this was guided by analyzing the East Africa countries individually and how they relate to India. The study was guided by the social constructivist theory with arguments from Alexander Wendt, Martha Finnemore and Peter Katzenstein. The whole project to be successful the study put in much effort on interviews with the Indian ambassador to Kenya who was very instrumental, personnel from the ministry of foreign affairs and also secondary data. At the end of the study it was evident that in recent years, India's economic partnership with East African countries has been vibrant, extending beyond trade and investment to technology transfers, knowledge sharing, and skills development. The influx of Indian aid, capital and personnel also had potentially profound developmental consequences for the numerous East African countries. India is of direct interest to East Africa because of several factors. East Africa has a long Indian Diaspora heritage. The Indian Diaspora in the East African region plays a very significant role in promoting India-Africa relations. With their business ties with India and a good knowledge of Africa, Indians in East Africa have played a significant role in attracting new investments from India to the African continent. This is especially true, given that India is flush with foreign currency reserves, and the Government of India has lifted regulations and controls, to allow firms to invest and set up businesses abroad.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

The lingering effects of the recent global financial and economic crisis took a heavy toll on economic activity across the globe. The crisis also slowed down progress towards achieving the development goals particularly in the developing and emerging economies. With economic growth declining, the numbers of the unemployed persons have risen, particularly among vulnerable groups. In many countries, the crisis has jeopardized progress towards meeting the Millennium Development Goals (MDGs). However, the crisis provides both India and East African countries with an opportunity to reorient their long-term growth and development policy frameworks.¹

According to DR. Manmohan Singh the former honorable prime minister of India highlighted on the issue of India–East Africa ties and said “no one understands better than India and East Africa the imperative need for global institutions to reflect current realities and to build a more equitable economy and polity.”² Working together, the 1.27 billion people of India and 141 million people of East Africa this according to world population statistics can set a shining example of fruitful cooperation in the developing world” FICCI completely agrees with this view of the Prime minister .as they feel that East Africa, in this case Kenya, Uganda, Tanzania, Burundi and Rwanda with its

¹ Africa’s economic brief, volume 2: Indian economic engagement with Africa

² African Economic Outlook, www.africaneconomicoutlook.com

enormous economic potential and India with its experience and expertise in identified sectors have a lot to share and learn from each other.³

It is not just cultural connections that are bringing India-east Africa closer. Business ties go back to centuries and are strengthening by the day. On one hand the leading Indian industrial conglomerates like reliance industries, Bharti, Tata and olive group are already eyeing opportunities in the petroleum, telecom and infrastructure sectors. On the other hand, companies like Karuturi global sets an example that Africa is beyond oil and natural resources and it continues to offer numerous opportunities in the post crisis world.⁴ This proposal will therefore analyze India engagement with east Africa in all its myriad dimensions, but at the same time takes critical look at economic and political challenges and issues that need to be addressed if this relationship is to flower to its full potential. This paper will therefore use social constructivism to explain the relationship between India and other East Africa countries. Social constructivism is an emerging field in international political economy. In general, the constructivist view propounds that material interests, which are central to liberal, realist, and Marxist views, are not sufficient to explain patterns of economic interactions or policies, and that economic and political identities are significant determinants of economic action.⁵ In this paper the researcher will first explain briefly in what consists the constructivist approach, then present some constructivist theories: respectively the ones of Alexander Wendt, Matha

³ CIA (Central Intelligence Agency) <https://www.ciagovprovides> information on the economy and various other issues

⁴ Finnemore, M. (1996). *National Interests in International Society*. Ithaca and London: Cornell University Press.

⁵ Ibid

Finnemore and Peter Katzenstein.⁶ The focus of constructivism is on human awareness or consciousness and its place in world affairs.

Much International Relation theory, and especially neorealism, is materialist; it focuses on how the distribution of material power, such as military forces and economic capabilities defines balances of power between states and explains the behavior of states.⁷ Constructivists reject such a one-sided material focus. They argue that the most important aspect of international relations is social, not material. Furthermore, they argue that this social reality is not objective, or external, to the observer of international affairs. The social and political world, including the world of international relations, is not a physical entity or material object that is outside human consciousness.⁸ Consequently, the study of international relations must focus on the ideas and beliefs that inform the actors on the international scene as well as the shared understandings between them.

1.1 Background of the study

Linkages between India and East Africa existed, as mentioned, prior to written history. These are interesting facts because the whole issue involves the movement of people both ways apart from trade. According to the Greco-Egyptian maritime manual, *Periples of the Erithraen Seas*, written around the first century A.D., a mention export of slaves from East Africa to the northern shores of the Indian Ocean, but provides no figures. The rulers of the Sultanate period brought in persons of African descent. The earliest mention in

⁶ Katzenstein, P. (1996). *Cultural Norms and National Security*. Ithaca and London: Cornell University Press.

⁷ Wendt, A. "Anarchy is what states make of it: the social construction of power politics" in *International Organization*, vol.46, no. 2, 1992.

⁸ Finnemore, M. (1996). *National Interests in International Society*. Ithaca and London: Cornell University Press.

Indian annals of a person of importance who was African was of Jamaluddin Yakut, the stable master of Raziya Begum (1236-40).⁹ There is also mention of African soldiers and mercenaries, some brought in as slaves while others appeared to be freemen. Also, several groups of African traders and sailors migrated to India.¹⁰

Eyewitness accounts by Tom Pires in the early sixteenth century stated that many Africans accompanied Gujaratis (This are an Indian ethnic group that is traditionally Gujarati-speaking) Famous Gujaratis include Mahatma Gandhi, in their ships from East African cities like Kilowa, Malindi, Mombasa and Mogadishu. The Portuguese were also responsible for the import of Africans into India. Reportedly, around 35,000 Siddis settled in Gujarat, Maharashtra, Andhra Pradesh, Kerala, Karnataka, and the Portuguese enclaves of Goa, Daman and Diu. From the above history it is evident that India –east Africa ties is a relationship that has stood the test of time.¹¹

According to (Federation of Indian Chambers of Commerce and Industry) FICCI India relations with east Africa are at two levels, the bilateral with each of the countries concerned and that with EAC, which is made up of Kenya, Uganda, Rwanda, Burundi and Tanzania.¹² The EAC potentially provides a great opportunity to connect up with the Comesa and the SADC and to the African hinterland particularly because Kenya re-exports much of its imports to other African countries thus virtually providing a window to other neighboring countries. India's trade and investment have been growing steadily

⁹ <http://www.ficci.com/countrydesk-resource> accessed on 1st Nov 2014

¹⁰ Mitra, R.K. and Gupta, M.P. (2012), "Towards Validation of Key Success Factors of E-government Initiatives."

¹¹ Katzenstein, P. (1996). Cultural Norms and National Security. Ithaca and London: Cornell University Press.

with all the five countries of the region but their limited resources and capacity to trade have put some confines on the size of trade, and skewed it in India's favor.

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1.2 Statement of the problem

Africa is now considered as a continent poised for economic growth, the reasons of which lies deep rooted in economic, resource and operational factors. Africa today is the 3rd fastest growing economic region in the world. Though the rate of urbanization is higher than India and lower than China. It is the continent which comprises of some of the world fastest growing economies. According to World Bank data, Africa is richer than India on the basis of GNI, and a dozen African countries have a higher GNI per capita than China.

The above factors do not apply to the East Africa countries which comprises of Kenya, Uganda Tanzania and Rwanda this is because barriers to entry in East Africa are high.

¹² <http://www.ficci.com/countryDesk-resource> accessed on 1st June 2014

East Africa is full of opportunities that have not been explored due the challenges that overshadow the opportunities. In this project I looked at the opportunities and challenges affecting bilateral relations between India and the East Africa countries.

From the above analysis of India and East Africa, it is evident that Corruption, poor governance, political instability and lack of economic reforms long made in Africa a continent where natural-resource companies are almost the only multinationals that dared or cared to do business are some of the major challenges affecting the India –East Africa ties, in this paper I analyzed this East Africa countries, the development challenges and the position of politics .this way I brought out the regulatory challenges, which mainly involves barriers to high cost of compliance all of these measures.

1.3 Research questions

- i) What is the overview of the east African countries and India?
- ii) To what extent is the development challenges faced in the India-east Africa ties?
- iii) What is the position of politics in effect to the India-east-Africa relation?

1.4 Research objectives

The general objectives of this study is to analyze the Indian and East Africa relations with emphasis on economic and political ties to enable the researcher achieve the above general objective the researcher will look into the following specific objectives.

- i) To identify the overview of East Africa countries in relation to how they relate to India.

ii) To expound on the economic developments and challenges facing the East-Africa ties.

iii) To identify the political position that lies in between India-East Africa relation.

1.5 Justification of the study

East Africa host some of the strong and also fast emerging economies of Africa and has maintained lead over other sub regions in terms of economic growth management .GDP growth in East Africa. East Africa countries are becoming more and more important to India not only individually but also because of the market offer.¹³

This study looked at business regulations in east Africa countries and tried to find out why some countries are reforming well but still have to go further, as East Africa continues to offer numerous opportunities to investors in the post crisis world, with the options as varied as the countries. some countries such as Ethiopia, Tanzania and Rwanda have already been recognized for their investment potential by corporates however, other countries though performing below their potential offer some highly attractive projects in pharmaceutical, IT, Telecommunication and education sectors.¹⁴

A closer look at the country analysis of the report guided companies to re-define their strategies on East Africa. The study also enabled the East-Africa community know the opportunities that are available in India hence change their mindset from looking to the west and start exploring new opportunities.

¹³ African Economic Outlook, www.africaneconomicoutlook.com

¹⁴ CIA (Central Intelligence Agency) <https://www.cia.gov> provides information on the economy, and various other issues

1.6 Literature review

India's expanding relations with East Africa have received comparatively little scholarly or media attention, in contrast to the burgeoning scholarship and popular writing on China's African diplomacy. Exceptions to this include a small but rich repertoire of analyses of the impact that the 'Asian drivers' and 'emerging donors' are having on East Africa, which usually focuses on China and India.¹⁵

While the extensive network of economic, political, and military ties which the People's Republic of China (PRC) has constructed across Africa has been the subject of increased scrutiny on the part of African policymakers, businesspeople, scholars, and activists as well as their counterparts in the United States, Europe, and elsewhere, However, as East Africa, long marginalized in international relations, is increasingly recognized as strategically, diplomatically and economically vital to both the emerging multipolar global order and the individual national interests of the major powers, India's burgeoning public and private investments in the region as well as its diplomatic strategy vis-à-vis African regional organizations and individual states needs to be better understood.¹⁶

While to a certain extent, New Delhi's approach to east Africa can be viewed as driven by many of the same motivations as Beijing's better-known efforts-including the quests for the resources, business opportunities, diplomatic initiatives, and strategic partnerships.¹⁷ Sanjukta Banerji Bhattacharya researches deep into the history of Persons of Indian Origin (PIOs) in East Africa and examines the impact they can have on

¹⁵ David Smith, *Growling Tiger, Roaring Dragon: India, China and the New World Order* (Vancouver: Douglas & McIntyre, 2007).

¹⁶ *Ibid*

¹⁷ Sumit Ganguly and Manjeet S. Pardesi, "Indian Rising: What is New Delhi to Do?" *World Policy Journal* 24, no. 1 (Spring 2014)

contemporary ties between the two sides. In her article, the author points towards a dramatic expansion of bilateral trade and investment, especially after economic reforms in India in the 1990s. The reforms gave India the economic muscle and added global stature to refigure her terms of engagement with various nations, including African countries. On the other hand, East African countries are becoming more and more important to India and China, two of the world's fastest-growing economies, due to their development curve and the conducive business environment they offer. The potential is huge.

The East African Community started an East African Union in 2005. There are ambitious plans for a common market and a monetary union. But according to Sanjuktabanerji she rues that bilateral trade, despite an impressive increase in recent years, does not amount to a critical mass.¹⁸

Rashmi Kapoor underlines the growing importance of cultural relation, what Joseph Nye has called soft power. In today's world where power is increasingly seen not in terms of military might and economic muscle, but in terms of the cultural attractiveness of a nation. Cultural diplomacy for India has become an extended arm to reinforce its economic and political ties with East Africa, Kapoor writes.

The future of India-East Africa ties looks upbeat for now, but if one has to take the relationship to the next level, there has to be serious introspection about the glaring gaps in knowledge and information that continue to exist despite centuries of unbroken

¹⁸ Sanjukta Banerji Bhattacharya (2003), "History of India in East Africa"

interaction between the two sides. Clichés and stereotypes continue to thrive stubbornly, clouding understanding of each other's society, culture and ethos.¹⁹

The Tanzania-born Niranjana Desai, a former high commissioner of India to Uganda, makes a strong case for starting a Track-II dialogue to clear old stereotypes through which East Africa and India continue to view each other. Whatever the sins of omission and commission in the past, it is now time to think about engaging the countries of East Africa in an imaginative way outside the framework of governmental and diplomatic channels, he writes in his book *India ties with Uganda*. The need is to look at each other, so to speak, through our own eyes and that comes through sustained dialogue and engagement.

Besides East Africa, the journal carries two articles on the historic elections in South Africa, which Ethiopian writer Mammo Muchie praises as an inspiration for other African nations. Sanusha Naidu and Hayley Herman analyses how President Jacob Zuma needs to strike a balance between South Africa's interests in Africa itself and the country's Look East policy. They also argue that India's experience in science and technology, IT and SMEs could help address South Africa's developmental challenges and give it a comparative advantage over China in Africa's most powerful country.²⁰

India-East African relations could be described as micro-analysis of growing India influence in Africa, where, of late, India has been actively promoting trade across the East Africa countries. To boost the country's trade with the Sub-Saharan African region, the Government of India launched the 'Focus: Africa' programme a few years ago. To

¹⁹ Rashmi Kapoor (2000), *India-Africa Cultural Diplomacy*

²⁰ Niranjana Desai (2009), *India ties with Uganda*

promote bilateral and regional commercial relations with the COMESA region, India's Exim Bank has extended Lines of Credit (LOCs) to support the export of eligible goods on deferred payment terms. The operative LOCs covering this region include \$5 million each to the Eastern and Southern African Trade and Development Bank, the Industrial Development Bank Ltd., Kenya, and the East African Development Bank. These LOCs seek to expand the export of product groups identified as those with potential to enhance trade between the two regions.²¹

On another front, the southern Indian state of Andhra Pradesh has signed a preliminary deal with Kenya and Uganda to send 500 farmers to cultivate land in the East African nations. The Andhra Pradesh government has signed letters of intent with Kenya for 50,000 acres (20,234 hectares) and with the Uganda Investment Authority for 20,000 acres (8,000 hectares). The Indian farmers would work as entrepreneurs and landowners, not as laborers. With East Africa lacking experienced manpower to till the land, Andhra Pradesh officials spotted a good opportunity to export its skilled manpower. The authorities in East Africa signed the agreements to give land on a 99-year lease

To a farmers co-operative society from Andhra Pradesh. Land in Uganda is being given for \$3.75 per acre, while the government is still negotiating the price for Kenya. If the negotiation with Kenya goes through the economic relation of the two countries will be enhanced a great deal as we are waiting to see the fruits in Uganda.

India is also making strides into East Africa's non-oil resources. The Tata Group has the most extensive presence in the Africa continent with some of its Operation in Tanzania

²¹ East Africa Journal May-April 2014 edition

and Uganda, the Group claims to employ over 700 people in Africa. According to the Group's profile, their activities range from infrastructure development, energy and hospitality services to financial, communication and automotive outputs. They have also brought up Construction of a US12 million instant coffee processing plant in Uganda. Beyond oil and other natural resources, Indian companies have also begun to invest in East Africa's infrastructure as a way of cementing their commercial and commodity presence in the continent.

Rites and Ircon, the two large state-owned infrastructure and engineering companies, have been making inroads in Africa's rail and road development sector through projects and concessions for several years. "Rites has refurbished and leased locomotives in Sudan and Tanzania, whilst supplying technical assistance to rail authorities in Kenya and Mozambique. Rites have also been involved in design and construction of roads in Uganda and Ethiopia. Ircon has constructed railways in Algeria and (currently) in Mozambique, and has also been active in the rail sectors in Sudan, Nigeria and Zambia".

Indian companies are also queuing up to take advantage of East Africa's significant investments in power transmission projects companies like KEC International Ltd. Is a transmission company that has a presence in Algeria, Tunisia, Libya, Kenya, Zambia, Nigeria, Ethiopia and Ghana.²²

In addition, India has also contributed to UN peacekeeping operations in Africa. According to the Ministry of External Affairs, India is the largest contributor of

²² Duncan Bonnett "India in Africa: An Old Partner, A New Competitor' in Traditional Journal, Issue

peacekeepers to the continent with 3,500 troops in the DRC²³ while the 1400 Indian military contingent constitutes the largest contribution to The UN Mission in Ethiopia and Eritrea. Apart from providing peacekeepers India has also supplied its peacekeeping missions with helicopters, medical and communication equipment.

India has also joined the HIPC II initiative and to date has written off debts totaling US\$24 million to Mozambique, Tanzania, Uganda, Ghana and Zambia. In addition, given India's comparative advantage in the pharmaceutical sector, industry stakeholders and companies are looking toward the continent as an important sphere for collaborative exchanges. Considering the continent's battle with the HIV/AIDS pandemic and other infectious diseases (like Malaria) linkages with Indian pharmaceutical companies will be critical in finding a vaccine and other medical breakthroughs in combating such illnesses.

Reflecting on the quotation at the beginning of this article the question that needs to be asked is to what extent Gandhi's belief is being realized in India's contemporary engagements with Africa. Or is it that India's courting of Africa masks a more muted character of political expediency and economic pragmatism that is engineered to satisfy Delhi's self-interests and domestic demands?

Whereas much of the current discourse has been about China's engagements in Africa and the mixed perceptions of China being Africa's new colonialists, while also complementing Africa's development trajectory, not much has been said about India in this context. The answer to this question is more complex than anticipated. While India's Africa policy seems to mirror much of what China's Africa policy is, the nuances of its

²³ Rahul Wadke 'Indian power cos flock to Africa, Middle East,' The Hindu Business Line, 20 February 2007.

political and economic engagements suggest that, like China, there are inherent risks to the relationship.

Chris Alden argues that China's contemporary relations with Africa are driven by four factors. These are: resource security; the need for new markets and investment opportunities; symbolic diplomacy, development assistance and co-operation; and forging strategic partnerships.²⁴ It would appear that India's strategy is not that different. And like the Chinese, India is aware that it needs to acquire key energy and commodity assets if it is to lessen its dependence and limit the risk on the open market. Therefore plying African governments with concessional loans and other economic incentives tied to its development assistance not only provides market traction for Indian exports but also enables India to gain leverage through what has been identified as a critical weakness in the continent- infrastructure investments. And it is rather open about the rationale that underpins its development assistance.

India's new engagement with East Africa shows every sign of not only expanding, but deepening. Over time, the network of relations being forged has every potential to not only affect those immediately involved and transforming East Africa's place in international relations, but, as arguably one of the most significant demonstrations to date that the old vision of South-South cooperation can be realized, also of altering the contours of the emerging 21st century global order.

²⁴ <http://meaindia.nic.in/interview/2006/01/25in01.htm>

1.7 Theoretical framework

This study utilized the Social Constructivism theory which is an emerging field in international political economy. The constructivist view propounds that material interests, which are central to liberal, realist, and Marxist views, are not sufficient to explain patterns of economic interactions or policies, and that economic and political identities are significant determinants of economic action.²⁵ In this paper I will first explain briefly in what consists the constructivist approach, then present some constructivist theories: respectively the ones of Alexander Wendt, Martha Finnemore and Peter Katzenstein. The focus of constructivism is on human awareness or consciousness and its place in world affairs. Much International Relation theory, and especially neorealism, is materialist; it focuses on how the distribution of material power, such as military forces and economic capabilities defines balances of power between states and explains the behavior of states. Constructivists reject such a one-sided material focus. They argue that the most important aspect of international relations is social, not material. Furthermore, they argue that this social reality is not objective, or external, to the observer of international affairs.²⁶ The social and political world, including the world of international relations, is not a physical entity or material object that is outside human consciousness.

According to Alexander Wendt's argument is the rejection of the neorealist position, according to which anarchy must necessarily lead to self-help. Whether it does or not cannot be decided a priori; it depends on the interaction between states. In these processes of interaction the identities and interests of states are created. For neorealist,

²⁵ Chris Alden, 'China in Africa,' *Survival*, 47, 3, Autumn 2005

²⁶ Finnemore, M. (1996). *National Interests in International Society's* Ithaca and London: Cornell University Press.

identities and interests are given; states know who they are and what they want before they begin interaction with other states. According to Wendt, it is the very interaction with others that ‘create and instantiate one structure of identities and interests rather than another;

Structure has no existence or causal powers apart from process’²⁷. States want to survive and be secure according to neorealist and constructivists agree about that Wendt argues that we can only find out by studying identities and interests as they are shaped in the interaction between states.²⁷

In concrete terms, in the case of India-east Africa relation, with their long history and the benefit they have acquired through the relationship, that is what makes it easy for Indians to settle in east Africa do business and the vice-versa is true.” It is collective meanings that constitute the structures which organize our actions. Actors acquire identities-relatively stable, role-specific understanding expectations about self-by participating in such collective meaning.²⁸

Another writer by the name Martha Finnemore has proposed another variant of constructivist, systemic analysis in her 1996 book, *National Interests in International Society*. Her starting point is the definition of states’ identities and interests. But instead of looking at the social interaction between states, focus is on the norms of international society and the way in which they affect state identities and interests.²⁹ State behavior is defined by identity and interest. Identity and interests are defined by international forces,

²⁷ Hopf, Ted, (2002). *Social Construction of International Politics*, Cornell

²⁸ Wendt, A. “*Social Theory of International Politics*” Cambridge: Cambridge University Press, 1999, page 257

²⁹ Ibid

that is, by the norms of behavior embedded in international society. The norms of international society are transmitted to states through international organizations. They shape national policies by ‘teaching’ states what their interests should be. According to the above study which touches on the analysis of the economic and political opportunities a case study of India-east Africa relation the study concerns the acceptance by Third World states of poverty alleviation as a central norm of economic policy. Until the late 1960s the overriding objective of economic policy was to increase production by focusing on economic growth. By the early 1970s welfare improvement through economic redistribution became a principal goal of economic policy. Finnemore argues that this normative shift was pushed by the World Bank and the relation countries have with one another.³⁰ Politics have also played a major role in the quest of trying to raise the living standards of citizens from countries that relate and trade together in the case of politics affecting economy of a country it all depends on the ruling party of that county.

Systemic constructivists such as Finnemore and Wendt stress the importance of the international environment in shaping state identities. Other constructivists put more emphasis on the domestic environment. The book edited by Peter Katzenstein, *The Culture of National Security. Norms and Identity in World Politics* (1996a) aims to drive home the general constructivist claim that culture, norms and identity matters, also in the core area of national security. In the same year he wrote another book, ‘Cultural Norms and National Security’ on Japan, which further develops a constructivist argument about the role of domestic norms in the area of national security.³¹

³⁰ Ibid

³¹ Finnemore, M. (1996). *National Interests in International Society*. Ithaca and London: Cornell University Press.

Concluding I would say that constructivists in general emphasize the importance of culture and identity, as expressed in social norms, rules, and understandings. The social and political world is made up of shared beliefs rather than by physical entities. For constructivists, that must always be the starting-point for analysis.

1.8 Hypotheses

A hypothesis is a prediction about the relationship between variables. It is usually based on theoretical expectations about how things work.

Following a review of the literature, it is predicted that; (i) politics and economics are two independent variables affecting India East Africa relation, (ii) the influence of other significant variables such as history, background and the decision of prominent actors are largely dependent upon the inherently political and economic nature, (iii) East Africa countries tend to be more optimistic while dealing with India. This is because they have so many things in common like the history and good relations between these countries.

1.9 Methodology of the Research

This section outlines the methods of collecting, organizing and analyzing data. It is divided into research design, data collection and data analysis.

1.9.1 Research Design

The research adopted the survey design which is a study concerned with finding out what, where, and how of a phenomenon. A cross-sectional descriptive survey design (in this type of research study, either the entire population or a subset thereof was selected,

and from these individuals, data was collected to help answer research questions of interest) in this section I used questionnaires to enable me get a feel of how the Indians and the Africans in a sampled East Africa country feel in relation to economic and political

1.9.2 Study population

The population of the study comprised of personnel in the ministry of foreign affairs, high commission of India in Kenya and the Indians living in Kenya

1.9.3 Sampling and Sample Selection

Purposive sampling was be used in selecting respondents for the survey and was administered using semi-structured questionnaires. The study therefore targeted officials in the above locations.

1.9.4 Data Collection

Data was collected from both primary and secondary sources.

i) Primary Data

The primary data was obtained through semi-structured questionnaires with both open-ended and closed questions. Closed questions were used to gather quantitative data. Closed ended questions were also used as they allowed the researcher the control over the type of data and information that was to be collected. Open-ended questions facilitated the collection of qualitative data thus allowing the respondents to express their views in writing. This type of data collection was allowed for clarification of ambiguous questions through getting feedback from the respondents.

ii) Secondary Data

Secondary sources data entails the analysis and review of published books, journals, papers, periodicals, and unpublished works; government documents including policy documents and Sessional Papers, media sources and the internet. The study also used secondary data in the form of documented information from libraries and other relevant institutions.

1.9.5 Data Analysis

This study used both qualitative and quantitative methods of data analysis. Quantitative data was analyzed using the Statistical Package for the Social Sciences (SPSS) computer software, while the qualitative data was analyzed by content analysis. SPSS helps in organizing and summarizing the data by using descriptive statistics such as measures of central tendency (mean) and measures of dispersion (standard deviation). Data was represented using charts and frequency tables.

1.10 Scope /Delimitation of the study

This study assessed the political, economic and country analysis in relation to India-East Africa ties. It brought the aspect of why east Africa are now focusing on doing business with India as compared to Western countries and also some success stories of organizations that have chosen east Africa as their destination.

The research was conducted in Kenya especially the ministry of foreign affairs and the High Commission of *India in Nairobi as from January 2015 to May 2015*. By using both qualitative and quantitative research.

1.11 Chapter Outline

Chapter Two: This chapter provided the overview of the east Africa countries which include Kenya, Uganda, India, Tanzania, Rwanda and Burundi.

Chapter three: In this chapter I looked at the political context in relation to East Africa and India

Chapter four: This chapter looked at the economic developments opportunities and challenges found in East Africa in relation to their relationship with India

Chapter Five: Provided the summary, conclusions of the study, gave recommendations and provided suggestions on areas for further study.

CHAPTER TWO

INDIA-UGANDA BILATERAL RELATIONS

2.0 Introduction

It has long been recognised that, if trade can contribute to economic development, then trade preferences granted to developing countries' exports can be a potent means of achieving that goal. This was the rationale for the Generalized System of Preferences (GSP) when it was launched in 1971. There has been a constant call since then to improve upon the GSP and to provide more meaningful preferences to the least developed countries (LDCs). Over time, new schemes have emerged. Several of these schemes combine trade preferences with aid and technical assistance to ensure that preferences are effectively utilized. The evidence by and large suggests that those countries that have made optimal use of trade preferences have seen their exports increase significantly; boosting economic growth and reducing poverty.³² Trade and economic interests brought several Indians to the shores of East Africa as early as the 17th century in dhows laden with their wares. Eventually a number of Indians settled in East Africa, and many made Uganda their home. India's freedom struggle inspired the early Ugandan activists to fight colonization and Uganda eventually achieved Independence in 1962.³³ India established its diplomatic presence in Uganda in 1965. Except for the era of Idi Amin's reign in early 70's when nearly 55,000 Persons of Indian

³² Ibid

³³ Katzenstein, P. (1996). *Cultural Norms and National Security*. Ithaca and London: Cornell University Press pp.15-20

Origin (PIOs) and 5000 Indian nationals were expelled and their properties confiscated, relations between the two countries have since been cordial.³⁴

The anti-Indian policies of Amin were reversed when the current President Yoweri Kaguta Museveni came to power in 1986. He called on the Indian community to return to Uganda and promised to restore their properties; a few hundred Indians did return, and the Ugandan Government returned their properties or provided compensation. Such progressive policies ensured that the India-Uganda relations were restored to erstwhile levels.³⁵ While trade preference schemes have become more inclusive over the years, and rules of origin less tedious, the demand for improved preferences has not waned. Partly in response to this demand, World Trade Organizations (WTO) members, at the 2005 Ministerial Conference in Hong Kong, agreed that: “Developed-country members shall, and developing-country Members declaring themselves in a position to do so should, provide duty-free and quota-free (DFQF) market access on a lasting basis, for all products originating from all LDCs by 2008...”³⁶

India was the first among the emerging economies to propose a duty-free market access scheme for LDCs following the Hong Kong Ministerial Declaration of 2005. The duty-free trade preference (DFTP) scheme, launched in August 2008, initially offered preferential tariffs on 94 percent of Indian tariff lines. A revision to the scheme in April 2014 extended duty treatment to 98 percent of tariff lines; yet it continues to exclude

³⁴ Under the GSP scheme, WTO members can offer non-reciprocal preferential tariff treatment (such as zero or lower-than-MFN tariffs on imports) to products originating in developing countries. Preference-giving countries unilaterally determine which countries and which products are included in their schemes. While a violation of the MFN principle, the GSP scheme is allowed by the WTO under the Enabling Clause.

³⁵ Whitworth, A. and Williamson, T. (2009). Overview of Ugandan Economic Reform since 1986. In Kuteesa, F. et al. (Eds). Uganda’s Economic Reforms: Insider Accounts, pp. 1-34. Oxford: Oxford University Press.

³⁶ Ibid

several products of export interest to LDCs. While the revised scheme goes in the direction of ICTSD's recommendations, the remaining exclusions point to some disconnect between the scheme's intent and its actual impact. Little is known about the effectiveness of the recent initiatives by emerging economies, such as India and China, arguably because it is too early to assess their impact. In the case of the Indian scheme, however, more than five years after its launch, it is useful to take stock of how it has affected LDC exports, identify potential impediments and propose remedial measures for enhancing the scheme's effectiveness.

As a least developed country (LDC), Uganda enjoys preferential access to the markets of major world economies under the Generalized System of Preferences (GSP). Although such preferences are, in general, discriminatory and, therefore, illegal under World Trade Organization (WTO) law, they are nevertheless allowed under the Enabling Clause to facilitate and promote developing countries' trade. This imperative to help developing countries and, in particular, LDCs to better integrate with the global economy was re-affirmed at the 2005.

WTO Ministerial Conference in Hong Kong where members agreed that developed countries, and developing countries "in a position to do so", should provide duty-free and quota-free (DFQF) market access for at least 97 percent of products originating from LDCs.³⁷ While developing- country members are not legally obligated to commit themselves to the decision, countries such as Korea and Turkey, which were providing preferential market access to LDCs' exports, expanded their system of preference. Other

³⁷ Ancharaz, V. Ghisu, P. Wan, J. – Uganda: Deepening Engagement with India through better

developing countries such as China and India opened their markets by providing preferential treatment to exports from LDCs.³⁸

Over the last two decades, ties between the two countries have strengthened. Since the late 1990s, there have been several high-level visits to Uganda by Indian officials and visits to India by Ugandan officials. In 1992, President Museveni of Uganda visited India and, in 1997, the Prime Minister of India visited Uganda. Over the last decade, India has engaged with Uganda politically at the African Union, the Regional Economic Communities, as well as bilaterally. Indian Prime Minister Shri. I.K. Gujral, visited Uganda in 1997. Prime Minister Dr. Manmohan Singh visited Kampala in 2007 to attend the Commonwealth Heads of Government Meeting (CHOGM).

Prime Minister Shri. Narendra Modi visited Kampala during CHOGM as the Chief Minister of Gujarat. He was received by Ugandan Foreign Minister Sam Kutesa, and by the Interior and Agriculture Ministers. He also called on President Museveni.³⁹ President Museveni paid another State Visit to India in April 2008 and also participated in the first India-Africa Forum Summit in New Delhi. And many other dignitaries who have had exchange visits among the two countries.

Alongside the growing political ties, India has become an important trade, investment, and aid partner. From 2000 to 2012, bilateral trade grew from USD40.9 million in 2000 to USD466.4 0713 692324 million in 2014. In recent years, India has become one of the

³⁸ EAC (2010). Trade Report (2008) Prepared by the EAC Secretariat, Arusha, Tanzania.

³⁹ WTO Document; WT/MIN(05)/DEC. Adopted 18 December 2005

biggest FDI investors in Uganda. In terms of aid, India is involved in various development projects in energy, education, food processing, and health.⁴⁰

2.1 India-Tanzania relations

The United Republic of Tanzania comprises the territory formerly known as Tanganyika, now mainland Tanzania and Zanzibar which is made up of the islands of Ungula and Pemba. Tanganyika, which gained independence in 1961, united with Zanzibar in 1964 to form the United Republic. With a total area of 945,000 km² Tanzania is geographically well placed for international trade, with deep-water harbors and is a passage to 8 neighboring, land-locked countries.

Tanzania has been among the fastest growing economies in the world in the past decade with an annual average growth of 7.2%. Despite the global recession growth performance in the country remained at a respectable level of 6.7% in 2011. The country features in the list of top five fastest growing economies in the world in 2011-15. The key drivers of growth include private consumption, exports, tourism revenues, and foreign investment. The country's relatively well-educated labor force, coupled with political stability and the Government's sound macroeconomic management of the economy, adds to Tanzania's attractiveness.

Agriculture is the mainstay of the economy contributing over a quarter in the GDP formation and employing a majority of the workforce. Tanzania's industrial sector is also one of the fastest growing in Africa. In the external sector, value of exports increased by

⁴⁰ Ibid

13%. Recent banking reforms have helped increase private-sector growth and investment, and the government has increased its spending.

Tanzania has made efforts to encourage foreign investment. Government steps to improve the business climate include redrawing tax codes, floating the exchange rate, licensing foreign banks, and creating an investment promotion center to cut red tape. Significant improvements have been made in improving the country's infrastructure.⁴¹

Today Tanzania is the 4th largest domestic air transportation market in Sub-Saharan Africa and Dar es Salaam airport is one of the top 15 in the sub-continent. Quality of roads in the country is considered well above the benchmark. Progress in the other sectors like power, ICT and so on cannot be ignored either.⁴²

Tanzania and India have traditionally enjoyed close, friendly and co-operative relations. From the 1960s to the 1980s the political relationship was driven largely by shared ideological commitments to anti-colonialism, anti-racism, socialism in various forms as well as genuine desire for South-South Cooperation. In recent years Indo-Tanzanian ties have evolved into a modern and pragmatic relationship with greater and diversified economic engagement. India is a leading trading partner of Tanzania as well as an important source of essential machinery and pharmaceutical products. Many of the top business establishments of Tanzania are owned by members of the Indian origin. India continues to be the largest source of Tanzania's imports from India for the last three consecutive years.

⁴¹ EAC (2010). Trade Report 2008, Prepared by the EAC Secretariat, Arusha, Tanzania

⁴² Ancharaz, V. Ghistu P. Wan J. – Uganda: Deepening Engagement with India through better

It has been observed that the Tanzanian market has to be sensitized as it has huge potential and Indian exporters should take advantage of the country, particularly when Tanzania being a member of the East African Community (EAC) enjoys custom tariff and trade preferential agreements.⁴³ The vibrant commercial relationship between India and Tanzania is also reflected in the 40,000 strong Indian community present in the country. It is concentrated in the major urban centers of Dar es Salaam, Arusha, Dodoma, Morogoro, Zanzibar, Mwanza and Mbeya.

The vast majority is from Gujarat mainly from Kutch and Kathiawad; their ancestors came to this region [Zanzibar and Tanganyika] more than 100 years ago as merchants, sailors and labour employed in railroad building. Indian community continues to play an important role in trade and industry. Some of the major sectors which the Indian exporters may like to explore are India Tanzania Trade Banking and financial services. The banking and insurance sector has registered significant growth since its liberalization during 1990s. There are over 34 commercial banks, 18 insurance companies, 1 reinsurance company and 37 insurance brokers in Tanzania. Foreign banks are becoming increasingly active in the economy. Of the total 41 banking institutions in the country, 19 are foreign-owned.⁴⁴

The community has been slowly dwindling in size [from its peak of about 100,000 in the early sixties]. Politically India has enjoyed close relations as it was evident In the 4th Multi-Party General Elections held in October, 2010, six MPs of Indian Origin were elected for the first time. They were: Mohammed Gulam Dewji, MP, Singida Urban

⁴³ High Commission of India in Dar es Salaam, Tanzania. Government of India. Retrieved 5th May 2015

⁴⁴ Government of Tanzania, Retrieved 4th May 2015

Constituency, Mr. Shaffin Mamlo Sumar, MP, Tabora Rural Constituency. Hon. Mansoor Sharif Hirani, MP, Kwimba Rural Constituency. Hon. Jitu Vrajlal Soni, MP, Babati Rural Constituency. Hon. Mr. Ibrahim Mohamed Sanya, MP, Stone Town Constituency, Zanzibar .Mr. Ismail H. Abdulkari, MP, Mafia Constituency.⁴⁵

Apart from the above the two countries enjoyed a tradition of high level exchanges between India and Tanzania. In the post-Nyerere period.

2.2 India-Rwanda bilateral relations

Since its independence from Belgium in July, 1962, Rwanda was plagued by a protracted and internecine conflict between the three dominant groups viz. Hutu, Tutsi and Twa. After several failed efforts, the Rwandan Patriotic Front (RPF) and the Government of Rwanda signed the Arusha Peace Accord in 1993. But with the assassination of the Hutu President of Rwanda in April 1994, Rwanda once again plunged into violence in which an estimated 1 million people died. Since then, the civil war has ended and Rwanda is moving steadily on the path of recovery and national reconciliation.⁴⁶

Bilateral relations between India and Rwanda have been cordial and have grown steadily over the years. In 1999, Rwanda officially opened its Mission in New Delhi and posted a Charge d' Affaires. Rwanda appointed its first resident Ambassador in New Delhi in 2001. The country became a full member of the COMESA FTA in 2004 and subsequently, in 2007, it was admitted to the EAC. India's bilateral relations with

⁴⁵ Ibid

⁴⁶ Government of India. Retrieved 26 May 2015. Tanzania and India have traditionally enjoyed close, friendly and co-operative.

Rwanda got a fillip with Rwanda becoming member of these African Regional Economic Communities (RECs). Rwanda has also been a Commonwealth member since 2009.

Due to this relation India and Rwanda have enjoyed high level dignitaries from both countries. A high-level delegation led by Hon. Minister of State for External Affairs, Smt. Preneet Kaur visited Rwanda in February, 2012. The Minister was accompanied by a multi-sectorial CII business delegation.⁴⁷

Hon. Shri Arun Yadav, Minister of State for Agriculture and Food Processing Industries visited Rwanda in May 2011 to advance and strengthen sectorial cooperation. From Rwanda His Excellency President Paul Kagame visited New Delhi in January 2009 to attend, as the Chief Guest, the India-Africa Business Forum organized by FICCI. Rwandan Prime Minister Bernard Makuza participated in the vibrant Gujarat Summit in January, 2011. Former Rwandan Prime Minister and presently Senator, Bernard Makuza led a 25-member business delegation to India in October, 2011 to explore new investment opportunities. In April 2012, Gen. James Kaberebe, Minister of Defence led a three-member delegation to India to attend DefExpo India 2012. During the visit, he met Hon. Defence Minister of India and discussed possible future cooperation between the two countries in the field of defense. Hon. Speaker of Parliament of Rwanda Ms. Rose Mukantabana attended the 7th Meeting of Women Speakers of Parliament held in New Delhi in October 2012. Dr. Agnes Matilda Kalibata, Minister of Agriculture and Animal Resources visited India in January, 2013 at the invitation of Honorable Minister of Water

⁴⁷ Apoliniari Tairo (26 June 2014). "Tanzania set to strengthen tourism ties with India." Eturbo News. Retrieved 21 Jan 2014.

Resources. Honorable Minister of Trade and Industry, Francis Kanimba, led a business delegation to the 9th CII- EXIM Bank conclave to New Delhi from 17-19 March, 2013.

India's engagement with Rwanda is at three levels viz. at the African Union (AU) level, at level of the Regional Economic Communities (RECs) and at the bilateral level. Moreover, India's engagement with Rwanda has been consultative, response-based and focused on developing Rwandan capacities and human capital. Indian assistance to Rwanda has been guided mainly by the announcements made by India at the India-Africa Forum Summits in 2008 and 2011. Following the first India Africa Forum Summit (IAFS-I), Rwanda was nominated by the AU as one of the recipients to host the India-Africa Vocational Training Centre (VTC). An agreement between the National Small Industries Corporation Ltd. (NSIC) and Government of Rwanda is likely to be signed soon.

During IAFS-II, India announced establishment of several institutions in Africa. As a part of its initiatives under IAFS-II, India is establishing the India-Africa Entrepreneurship Development Centre (IAEDC) in Rwanda. While recognizing that entrepreneurship is one of the most important factors in the development of a country's economy and an antidote to unemployment, the center will be committed to nurture the spirit of entrepreneurship in the country through education, training and business advisory services. The center aims to foster business culture among the youth, both educated and not-so-educated, by orienting them to think in terms of entrepreneurship as a viable career option. The modalities of the project are being processed.

Following the visit of Hon. Shri Arun Yadav, Minister of State for Agriculture and Food Processing Industries to Rwanda in May 2014, WAPCOS Limited, a Government of India undertaking, signed an MoU with the Rwandan Ministry of Agriculture and Animal Resources for identification, planning, implementation and management of irrigation projects in Rwanda. The project report was submitted to the Rwandan Government in January, 2015.

Under the Pan Africa e-Network project, tele-medicine and tele-education centres were established in Rwanda in 2009 with an aim to enable Rwandan doctors consult their Indian counterparts, and ensure world-class medical consultation and treatment for patients and education for students. The initiative will help Rwandan access medical care and education from India at a fraction of cost. The project is operating successfully.

The Government of India offers scholarships and fellowships to Rwandans from the Government and private sector to enable them to pursue under-graduate, graduate, post-graduate and research courses in India. India offers 53 scholarships every year to Rwanda under different schemes.

Training courses in highly specialized areas are also conducted for officers of public institutions. During 2011, Rwandan officials participated in training programmes in the fields of Operation & Maintenance of Hydroelectric Power stations, ICT, Disaster Management, Agriculture and Drug Law Enforcement. India's effort to contribute in process of Rwanda's Capacity Building and Human Resource Development is well appreciated by Rwanda.

Currently there are approximately 1500 Indian nationals and PIOs in Rwanda. Rwanda's only sugar refinery, its only modern textile mill as well as a soap and cosmetic factory are PIO-owned. The Government of Rwanda has a positive attitude towards the Indian community. During the genocide of 1994, no Indian national was killed or injured. The evacuation of Indian nationals by the Indian Government from Rwanda to Bujumbura and Nairobi was also not interfered with by RPF or the Government forces. The positive role that the Indian community plays in the Rwandan economy is well appreciated by the Rwandan Government.

2.3 India-Kenya Relations

Kenya is an East African nation with Uganda (to its west), South Sudan (to its northwest), Ethiopia (to its north), Somalia (to its northeast), and Tanzania (to its south) as its neighbours. Kenya gained independence from Britain in 1963. It has been governed by Presidents Jomo Kenyatta (1963-78), Daniel Arap Moi (1978-2002) and Mwai Kibaki (2002-2013). H.E. Uhuru Kenyatta took over as President on 9 April 2013. H.E. William Ruto is the Deputy President. Kenyans approved a new constitution in a referendum on August 4TH 2010 which came into force on August 27TH 2010. With a population of nearly 40 million (42% below 14 years), Kenya has great ethnic diversity.

The East African coast and the west coast of India have long been linked by merchants. The Indian Diaspora in Kenya has contributed actively to Kenya's progress. Many Kenyans have studied in India. In recent times, there is a growing trade (US\$ 3.87 billion in 2013-14) and investment partnership. Indian firms have invested in

telecommunications, petrochemicals and chemicals, floriculture, etc. and have executed engineering contracts in the power and other sectors.⁴⁸

Before Independence, India had taken interest in the welfare of Indians in East Africa and several fact-finding missions visited East Africa such as the one led by Shri K.P.S. Menon in September 1934. In 1924, Sarojini Naidu was invited to chair the Mombasa session of the East African Indian Congress. H.N. Kunzru was another such invitee.

India established the office of Commissioner (later Commissioner General) for British East Africa resident in Nairobi in 1948. Following Kenyan independence in December 1963, a High Commission was established.

Vice President Dr. S Radhakrishnan visited Kenya in July 1956. Smt. Indira Gandhi attended the Kenyan Independence celebrations in 1963. President Daniel Arap Moi visited India in February 1981. President Neelam Sanjeeva Reddy and Prime Minister Indira Gandhi also visited Kenya in that year.

There have been a series of high level exchanges between India and Kenya in recent years. Honorable MoS for Human Resource Development Dr. Shashi Tharoor attended the inauguration ceremony of President Uhuru Kenyatta in Nairobi on 9TH April 2013 as Special Envoy of the Prime Minister. Minister of Foreign Affairs Hon. Prof. Samson Ogeri led the Kenyan delegation at the 12th Meeting of Council of Ministers of IOR-ARC held in Gurgaon on November 2 2012. He met Hon'ble Minister for External Affairs Shri Salman Khurshid during the visit. The then Minister of Energy Hon. Kiraitu Murungi visited India to attend the Petrotech 2012 Conference organised by Ministry of

⁴⁸ Ministry of External Affairs. Retrieved 20 Jan 2015

Petroleum & Natural Gas on October 14-15 2012. With the bilateral ties between the two countries, An India-Kenya Trade Agreement was signed in 1981, under which both countries accorded Most Favored Nation status to each other. The India-Kenya Joint Trade Committee (JTC) was set up at ministerial level in 1983 as a follow-up to the agreement. The JTC has met six times since, the last in October 2010 in Nairobi.⁴⁹

A Joint Business Council was set up in 1985 by the Federation of Indian Chambers of Commerce & Industry and the Kenya National Chamber of Commerce & Industry (KNCCI). The KNCCI signed a Memorandum of Understanding with the Confederation of Indian Industry (CII) in 1996.

Recent business promotion events organized in Kenya include : 2nd India Sugar Expo (May 2013) organised by The Sugar Technologists Association of India (50 Indian companies participated); 10th International Crop Science Conference & Exhibition (January 2014) organised by Pesticides Manufacturers & Formulators Association of India (25 Indian companies participated); Kenya Plast 2014 organised by the All India Plastics Manufacturers Association (AIPMA in September 2014 in Nairobi; around 35 Indian companies participated at the Printing and Packaging Exhibition organised by an Indian group in Nairobi in September 2014; India Medical Tourism Destination Event in August 2012; Visit of a business delegation from Gujarat (July 2012), ASSOCHAM, FIEO and EPC for EOUs/EPZs delegation of 50 Indian companies in 5th Africa Export & Import Fair 2012 (June 2012); visit of All India Plastics Manufacturers Association delegation (June 2012); participation of 15 Indian companies through CII in 15th Build Expo Africa (May 2014); participation of 25 Indian companies in Buyers Sellers Meet

⁴⁹ Ministry of Foreign Affairs and Cooperation, Rwanda. Retrieved 20 May 2015

organized by CHEMEXCIL (March 2014) and many more exhibitions just to mention but a few.

India offers development assistance to Kenya in the form of loans and credit. This includes a loan of Rs. 50 million to Government of Kenya in 1982 and Lines of Credit by EXIM Bank to Industrial Development Bank Capital Ltd.

An Agreement on extension of a Line of Credit of US\$ 61.6 million by EXIM Bank of India to the Government of Kenya for utilization in the power transmission sector was signed during the visit of the then Prime Minister Raila Odinga to India in November 2010.

Kenya is among countries planned to be covered by the Pan African e-Network Project that was launched in 2007. An Agreement was signed in July 2009 between TCIL and the Kenyan Ministry of Information and Communication regarding the project. Equipment was delivered by TCIL in 2010. VSAT terminals have been installed at Kenyatta National Hospital in Nairobi (August 2014) and at Maseno University Varsity Plaza for Learning Centre in Kisumu (September 2014).

Bilateral trade has been growing and was nearly US\$ 3.9 billion during 2012-13 registering an increase of more than 60% over the figure of US\$ 2.4 billion for 2011-12 according to Indian trade statistics. India's exports were worth nearly US\$ 3.77 billion. According to Kenyan statistics, India-Kenya trade was US\$ 2.4 billion during 2012, US\$ 1.8 billion during 2011, US\$ 1.4 billion in 2010 and US\$ 1.1 billion in 2009. Indian exports to Kenya have reached a figure of US\$ 670 million (first three months of 2013).

India-Kenya Trade
(US\$ billion)

Year	Indian Exports	Indian Imports	Total Trade
2008-09	1.362	0.082	1.444
2009-10	1.452	0.079	1.531
2010-11	2.182	0.124	2.306
2011-12	2.277	0.119	2.396
2012-13	3.77	0.105	3.875

Source: Department of Commerce, India

Main Indian exports to Kenya include pharmaceuticals, steel products, machinery, yarn, vehicles and power transmission equipment. Main Kenyan exports to India include soda ash, vegetables, tea, leather and metal scrap.

Tata Chemicals Ltd. acquired Magadi Soda Company Limited in 2005. Several leading Indian public sector insurance companies participate in KenIndia Assurance Co. Ltd. More recent investments by Indian corporates in businesses in Kenya include Essar Energy (petroleum refining), Bharti Airtel, Reliance Industries Ltd. (petroleum retail); Tata (Africa) (automobiles, IT, pharmaceuticals, etc.). Several Indian firms including KEC, Karuturi Ltd., Kalpataru Power Transmission Ltd., Power Grid Corporation of India Ltd., Kirloskar Brothers Ltd., Mahindra & Mahindra, Thermax, WIPRO, Jain Irrigation System Ltd., Punj Lloyd, VIL Ltd., Emcure, Dr. Reddy, Cipla, Cadila, TVS and Mahindra Satyams, etc., have a business presence in Kenya as do the Bank of India and the Bank of Baroda. HDFC and the Central Bank of India have representative offices in Kenya.

Apart from the companies the Indian community has established in Kenya, the Government of India offers over 100 scholarships annually to Kenyan nationals. These include scholarships for professional training in various fields under the Indian Technical & Economic Cooperation (ITEC) Programme and related schemes and Indian Council of Cultural Relations scholarships.

The late Kenyan Nobel Peace laureate and environmentalist Prof. Wangari Maathai was conferred the 2005 Jawaharlal Nehru Award for International Understanding in March 2007 by the President, Shri APJ Abdul Kalam. She was also conferred the 2006 Indira Gandhi Award for Peace, Disarmament and Development by the President, Smt. Pratibha Patil in November 2007.

CHAPTER THREE

INDIA-EAST AFRICA POLITICAL AND ECONOMICAL ENGAGEMENT

3.0 Introduction

India's East 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 East 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 East 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 is now more widely seen as important in East Africa, even if it remains upstaged by China. However, East Africa is not the priority for India that many assume, or might appear to be, if New Delhi's rhetoric is taken at face value. India has more important foreign policy priorities, grounded in its regional neighborhood and the considerable domestic challenges facing the world's most populous democracy. Nonetheless, East Africa has become a more important engagement for the Indian government and especially Indian business, which has led the way in actively engaging different parts of the continent. This chapter offers the India's East African engagement

in terms of politics and economical. It begins by arguing that India's historical connections and unique identity credentials remain important today. Second, it outlines the economic drivers of India's engagement with East Africa. Third, it discusses how, in a somewhat ad hoc process, the government of India's has sought to develop its African partnership. The fourth section suggests that Indian business has been at the forefront of recent relations as part of growing economic relations with important state backing. The final section, demonstrating the mixed nature of economic interests, development assistance and political objectives, it discusses how India's efforts to contribute developmentally to East Africa have lately come to the forefront of its policy engagement and promise to become more central in the years to come.

3.1 History

History matters in numerous ways to India's relations with East Africa. Different histories are constitutive influences in India's multifaceted relations with the continent today. The past is active in the present, and it goes back a long way. Notions of civilizational connections between India and East Africa - such as ancient links between the Nile Valley and the Indus Valley - remain popular. Before East Africa's decolonization, India had a much more involved role in the continent, which featured human movement from India to the East Africa region. This role initially stemmed from India's distinctive position within the British Empire and increased after 1947 because of its shared experience of colonial rule. A distinctive aspect of Indian engagement takes the form of large Diasporas in Africa. Whereas Chinese migration to Africa is historically quite new in its current form, the deeper Indian presence means a different historical relation. Overall, the shared experience of colonialism has been most formative. India has

served as an example for colonial Africa. The Indian National Congress, for instance, was a model for certain African political parties like the Sudanese Graduate Congress and the Transvaal Indian Congress during the movement for independence. Such colonial connections and the post-colonial legacy continue to inform relations today. The core principles informing India's relations with East Africa demonstrate a strong sense of continuity with the 1954 *Panchsheel* principles of peaceful coexistence, based on mutual respect, non-aggression, non-interference, equality and mutual benefit.

Adopted by the original 1955 Bandung Conference, these were again reaffirmed in 2005 as the basis of the New Asian-East African Strategic Partnership. India continues to uphold a sovereignty-based doctrine emphasizing reciprocal non-interference, equality and mutual benefit. Framed within the language of South-South cooperation, this also translates into an Indian form of South-South development cooperation, based not on a narrow form of aid 'but rather as economic, technical, and cultural cooperation for mutual benefit'.⁵⁰ While not without some basis in experience, the official language of India's East Africa relations is an officially sanctioned history, edited at the expense of nuanced and sometimes more controversial histories. However, with this history and the Indian identity it carries used positively, this is important for attempting to enhance ties or, more reactively, to offset criticism. An essential dimension is the performative nature of this rhetoric, which is deployed in ritual performances that embody otherwise abstract notions of friendship or partnership.

In other words, 'the performance of egalitarian solidarity' underscores India's difference from the West and its status as an alternative partner with different ideas, modalities and

⁵⁰“India-Kenya” (PDF) relations ministry of external affairs, India retrieved 29 March 2015

objectives. Such an approach, emphasizing partnership, demonstrates the strong continuity of the post-colonial language of political and moral solidarity. In the new circumstances of a more open and globalizing India, it is not always easily reconciled with recent forms of more material, pragmatic and economically-driven business. At the same time, it could be argued that as much as India's democratic status is important, including to its externally presented identity, it is the solidarity founded in its colonial past that acts as a more powerful underlying source of connection, attraction and advantage.⁵¹

3.2 Key drivers of India's East Africa engagement

3.2.1 Political factors

The main drivers of India's relations with East Africa feature an assorted mixture of inter-related political, strategic and economic factors related to its national and international ambitions. While such drivers can be ascribed to the government of India and its foreign policy, the term 'India' clearly encompasses a much more complex set of internally diverse actors. Despite efforts to enhance the coherence of India's engagement, these do not always cohere in the pursuit of common goals. This is indicative of how Indian relations with East Africa now mix government engagement with various other actors, to which Indian business is central.

A defining overarching driver is India's pursuit of strategic autonomy in new, global circumstances characterized by economic interdependence and the pursuit of status and influence in the international system. The ideal of strategic autonomy, which reprises the

⁵¹ Ibid

old doctrine of non-alignment, has recently been the subject of much debate but continues to be promoted as the core of a renewed Indian global engagement seeking to ‘enhance India’s strategic space and capacity for independent agency’.⁵² Such an aim is couched within efforts to forge a new India’s historic promotion of its own form of alternative universalism based on the moral and democratic political credentials pioneered by modern India’s founding fathers, like Gandhi, Nehru or Ambedkar.

India has sought to develop and pursue a long-term strategic partnership, while at the same time following other bilateral foreign policy objectives. One area where this is seen, if not always publicly acknowledged, is in India’s relations with China. Made more competitive and compelling due to neighborhood proximity, these have developed into an unstated form of rivalry projected onto East Africa. This motivation for India’s East Africa policy has been especially important in the process whereby a formerly distant continent has come to be more noticed within India by a slightly wider, though still restricted domestic audience. Only in the last decade, especially since 2008, have more people within India started to take an interest in East Africa, a process significantly catalyzed by China’s visible irruption into the continent after the globally visible third Forum on China-Africa Cooperation (FOCAC) in Beijing in November 2006.⁵³

3.2.2 International objectives

India pursues wider international objectives via its East African relations. East Africa features in India’s efforts to position itself as an aspiring smart power with global reach,

⁵² Renu Modi, ed., *South-South Cooperation: Africa on the Centre Stage* (Houndmills: Palgrave Macmillan, 2011), 9.

⁵³ Emma Mawdsley, ‘The Non-DAC Donors and the Changing Landscape of Foreign Aid: The (In)significance of India’s Development Cooperation with Kenya,’ *Journal of Eastern African Studies* 4/2 (2010), 361-79

trying to reconcile global aspirations with its domestic developmental imperatives and the need to balance development assistance with the promotion and expansion of its own interests in East Africa. New Delhi's commitment to reforming and democratizing international relations dovetails with its aspiration to become a permanent member of the UN Security Council. East Africa is seen as a support base for this ambition, mirrored by India's support for the Security Council's ambitions for key regional African states. Collaboration with East Africa is bound up in India's wider international roles in other senses. This is seen in India's contribution to international peace and security via its active UN peacekeeping role in East Africa, from which India can claim and receive credit. This is also evident in India's role in different forms of regionalism, of which the BRICS framework is today perhaps the most prominent (India hosted the BRICS Summit in March 2012 in New Delhi).

3.2.3 Economic interests

Economic interests are a further and important driver in India's relations with East Africa. Energy security clearly demonstrates this point. Holding 0.3 percent of the world's total oil reserves and a fifth of its population, India has been importing on average more than half of its crude oil needs since 1965. The 'India Hydrocarbon Vision 2025' of February 2000 called on India 'to assure energy security by achieving self-reliance through increased indigenous production and investment in equity oil abroad'.⁵⁴

While outlining a greener, cleaner India using renewable energy, oil was at the core of this vision, galvanizing efforts to find new overseas sources. India's dependency on

⁵⁴ Sunil Khilnani et al., 'Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century,' (2012), 8.

foreign oil stood at around 75 percent in 2010 and was projected to rise to 90 percent by 2025.⁵⁵ As a result; it is compelled to engage resource endowed East African states to continue its economic growth. This is then a vital domestic driver: India's outstanding challenge continues to be lifting millions of impoverished Indians out of poverty. This is an immense challenge, especially in the face of India's recent economic slowdown to five percent growth in 2014.⁵⁵

Finally, a related factor concerns the geostrategic propulsion behind India's mounting interest in and engagement with the strategically important African Indian Ocean Rim. India's maritime doctrine, published in 2004 and revised in 2007, spelled out the immense importance of the Indian Ocean to India's security and economic development, manifest in the high dependence upon seaborne supplies of natural resources (for instance, nearly 90 percent of its oil supplies are seaborne). New Delhi's quest for natural resources - especially oil and natural gas - to power continued economic growth renders its interdependence with overseas supply sources a strategic matter.

3.3 India's Africa partnership: incremental engagement

From the outside, India's East 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 East Africa started and developed in a much more organic, ad hoc manner led by corporate and corporate-related bodies that first

⁵⁵ New efforts to publicize Africa within India are being made in order to redress the limited awareness. In 2012, for example, the ISDA launched a new bimonthly newsletter Africa Trends

championed greater connections and the cause of investing in East Africa. These were later institutionalized by government entities into red carpet summits.

Indian business, albeit with some support from government departments, mobilized before the Indian government in pursuing a more organized, ambitious and active outreach to East Africa. In other words, the government of India did not lead, but was led to East Africa, and remains beset by a policy-making capacity deficit. The first high-level India-East Africa business conclave, following earlier business efforts, was organized by the Confederation of Indian Industry and India's Export Import (Exim) Bank (in association with other government ministries and the African Development Bank) in March 2005. This has become a vibrant, popular and busy annual event.

The first 'India East Africa Forum Summit', was held in New Delhi in April 2008. It concluded by declaring an 'East Africa-India Framework for Cooperation' - an ambitious set of commitments to advance the breadth and depth of an Indian-East African partnership formally predicated upon mutual benefit.

Whereas once the far-sighted internal champions of enhanced East African economic relations had to work hard to get government attention, now the government is more focused on East Africa.⁵⁶

For India, its politics is held up as a comparative advantage. A notable self-articulation by Indian leaders, intellectuals and corporate CEOs is the notion that India has a benign positive image and is not regarded as a threatening power. Linked to its domestic democratic record, and other achievements such as in agriculture, this is expressed as the

⁵⁶ Planning Commission of the Government of Indian, India Hydrocarbon Vision 2025 (New Delhi: Government of India, 2000).

power of India's example and, with the ideological capital it is perceived as holding, is seen as 'India's great advantage'.⁵⁷

3.4 Economic ties

Following the period of neoliberal reforms of the 1990s, and in the context of pressing concern about strategic questions like energy security, Indian foreign policy became more oriented toward economic concerns, even though it has never jettisoned the more normative principles of its foreign relations. It has allowed the expansion of new economic ties at the same time as the continuation and evolution of more established forms of economic and developmental interaction. Overall trade between India and Africa more than doubled from \$28 billion in 2012-13 to \$57 billion in 2014 - the official target for 2015 is \$90 billion. This meant that India accounted for a comparatively small proportion of Africa's trade (some 5.8 percent of in 2012), but the rate of growth in India's trade and investment has been such as to be comparable to China's. India's economic profile in East Africa is characterized by a number of aspects that conform to wider patterns. First, trade geography is concentrated: the composition of trade rests on a commodity base. Oil dominates overall trade. Africa supplies some 20 percent of India's fuel imports. African imports from India are dominated by manufactured goods.

Africa had a trade surplus with India of some \$14.8 billion in 2011, mostly due to primary commodity exports (making up 91 percent of Africa's exports to India in 2010). Third, Indian investment has increased markedly in recent years, especially in agriculture, infrastructure, telecoms and mining. The majority has been concentrated in India's top

⁵⁷ Planning Commission of the Government of Indian, Integrated Energy Policy: Report of the Expert Committee (New Delhi: Government of India, 2006).

ten trading partners. Finally, financial credit mechanisms are the center of India's economic engagement, underwriting business expansion and funding a plethora of projects. The leading mechanism is Exim Bank credit lines. In May 2011, Indian Prime Minister announced a further credit of \$5 billion for Africa. Africa is the largest regional recipient of Exim Bank's total line of credits.⁵⁸

There have been efforts to promote economic links and enhance business connections. In 2008, for example, India launched a Duty Free Tariff Preference scheme. Indian corporations have stepped up operations, with the likes of Tata Motors, Dabur, Marico, Essar Group, Godrej, Bharti Airtel or Kirloskar Brothers increasingly active in targeting East Africa as a market or center of resource extraction. Overall, India has been most active in the areas regarded as its comparative advantages such as agriculture, information and communication technology, communications infrastructure and petroleum refining. As the 2011 Summit emphasized, agriculture was one area designated for the expansion of ties, including through the Comprehensive Africa Agriculture Development Programme. When it comes to the operations of certain Indian companies in this sector, however, it has not all been plain sailing. Notably, in Ethiopia, the likes of Karuturi Agro Products, a subsidiary of Karuturi Global Ltd., along with other Indian companies have attracted criticism for the nature of their work in the Gambella region from without India.

There has been a small debate about 'agro-imperialism' within India as well, indicative of emerging questions about the conduct of Indian corporations in East Africa. Energy security has influenced India's moves into the East African oil sector.

⁵⁸ Interview with corporate executive, New Delhi, India, 10 March, 2012

Partly facilitated by the Indian government and its leaders, the strategic importance of this predictably meant that hard commercial considerations have trumped the normative thrust of Indian foreign policy.

The Indian business engagement in East Africa extends significantly beyond energy. More than oil, India imports a range of other commodities such as coal from Uganda. Tea, Cut Flowers, Coffee, Legumes, and Passenger and Cargo Ships from Kenya. In terms of Indian exports to East Africa, there are strong links in such sectors as automobiles, with Tata buses, Maruti cars, or Bajaj motorbikes and auto-rickshaws leading operators, and the active pharmaceutical business, as a range of Indian companies look to East Africa to increase overseas sales and the government plans to further 'Pharma India' promotion.⁵⁹

3.5 Diaspora outreach

The Indian Diaspora in East Africa, rooted in colonial and post-colonial history, is connected with but not reducible to India. The Indian government has made efforts since the 1990s to re-engage the global Indian Diaspora, including in East Africa. The Hindu nationalist party, the *Bharatiya Janata Party* (BJP), which won power in 1996, took steps to enhance connections with overseas Indians.

⁵⁹ Sunil Khilnani et al, 10

In 2004, India's Ministry of Overseas Indian Affairs was established. One of its activities is the Overseas Indian Award (*Pravasi Bharatiya Samman*), which is open to Indians in overseas countries, including those in Africa.⁶⁰

Since 2003, an annual *Pravasi Bharatiya Divas* convention geared toward enhancing diaspora ties has been held on 9 January, the anniversary of Gandhi's return to India from South Africa in 1915. At one such event in 2010, Prime Minister Manmohan Singh initiated an 'Overseas Indian Facilitation Centre' geared toward promoting economic ties, in which East Africa and other developing regions now feature more prominently. In October 2010 a mini *Pravasi Bharatiya Divas-Africa* was held in Durban, along with other celebrations of the 150th anniversary of the arrival of the first indentured Indian labourers.

State-sponsored efforts to harness overseas Indians to wider national Indian objectives and the 'global India' vision have been complicated by the uneven nature of relations with overseas Indians and the accompanying tensions. This is notable in East Africa, where many Indians felt abandoned following a troubled post-colonial history (notably in Uganda under Idi Amin). Today, for example, the Kenyan Indian population has an established place, multifaceted role and primarily 'African' identity that render official Indian efforts to promote Diaspora diplomacy more complex and less straightforward than New Delhi might wish. New Delhi might want to advance synergies between Indian

⁶⁰ Export-Import Bank of India, 30th Annual Report 2011, 47. Of a total of \$8,160 million, operative LOCs as of 31 March 2012, Africa accounted for \$ 4,313 million (and Asia for \$3,458 million). Ethiopia was the top African recipient with \$705 million.

communities in Africa and India's own interests, but this is a negotiated relation with no such automatic synergies.⁶¹

3.6 India's development cooperation

India's development assistance has become more intertwined with commercial considerations. This is partly seen in how either the Ministry of Commerce or Exim Bank has assumed more important roles in overseeing concessional finance agreements with African states. The Ministry of External Affairs had previously been the principal coordinator of Indian development assistance. Development cooperation policy is based on the twin foundations of economic and technical cooperation, with the former focusing on trade, investment and other linkages together with efforts to promote business regulation and opportunity. The latter engages with capacity building and human resource development.

A notable area where India styles itself as different in East Africa is human resource development and capacity building support. This has deep roots, notably in generations of East Africans educated in India, and in the Indian Technical and Economic Cooperation (ITEC) programme dating to 1964 (its corollary is the Special Commonwealth Assistance for Africa Programme). India's role here is held to be different on account of its approach, including emphasis on local skills development and emphasis on 'a people centric development approach in Africa'.⁶⁷ Human resource development is seen by India as a distinctive aspect of its engagement, which is competitive also through the advantages it has of a good quality affordable higher education sector and advanced IT.

⁶¹ The Oakland Institute, *Unheard Voices: The Human Rights Impact of Land Investments on Indigenous Communities in Gambella* (Oakland: Oakland Institute, 2013).

The 2008 India-Africa Summit launched a plethora of new training initiatives. Particularly, India committed to establishing 19 new institutions for capacity building.⁶⁸ How far this agenda advances will rest partly on the extent and manner by which this programme is realized and carried out in future years. Indian business has also been involved in technology transfer, pursuing approaches held to be applicable like the ‘Triple A’ strategy championed by the Confederation of Indian Industry for affordable, adaptable and appropriate technology. On the 9-11th July 2014 a three-day meeting, was opened by the Cabinet Secretary for East African Affairs, Commerce and Tourism, Phyllis Kandie, which brought together public and private-sector representatives from India, Ethiopia, Kenya, Rwanda, Uganda and the United Republic of Tanzania. Senior officials who attended the event included the Resident Coordinator of the United Nations system in Kenya, Nardos Bekele-Thomas; Head of the United Kingdom of Great Britain and Northern Ireland’s Department for International Development (DFID) in Kenya, Lisa Phillips; and ITC Director of the Division of Business and Institutional Support, Rajesh Aggarwal. In the meeting it was noted that increased trade between India and East Africa had been driven by private sector-led development, supported by investment from Indian businesses, according to the participants Supporting India’s Trade Preferences for India (SITA), implemented by the International Trade Centre (ITC).

Business leaders who joined policymakers and representatives of international organizations for the 4-5 December meeting of SITA’s third Partnership Platform in the Ethiopian capital of Addis Ababa finalized the project design and are now looking ahead towards implementation.

Investment has become an integral part of this project,' said Rajesh Aggarwal, Chief of ITC's Trade Facilitation and Policy for Business section. 'As SITA moves forward, the value-chain analysis will take into account the investments that will be needed.

SITA targets export growth in Ethiopia, Kenya, Rwanda, Uganda and the United Republic of Tanzania in a variety of sectors: pulses; edible and essential oils; spices; business process outsourcing and information technology-enabled services; coffee; cotton, textiles and apparel; and leather. With the exception of Kenya, the rest of the countries receive special access to the Indian market under the preferential tariff treatment New Delhi accords to all United Nations-defined least developed countries.

Participants at two earlier meetings in Nairobi (July 2014) and Kigali (September 2014) selected the priority sectors through a series of consultative meetings, with inputs from the business community and government representatives on growth potential and overseas demand. Increasing exports in these sectors requires investments in technology and knowledge transfer, as well as skills development

India's new development cooperation phase is proceeding amidst the on-going reality of domestic poverty and on the back of moves to reposition India in international development. India ranked 134 (out of 187 countries) in the 2011 UN Human Development Index. This places it in a medium category, but it is still beset by severe poverty. Following government insistence that all donors apart from the main six stop official flows to India in 2003, New Delhi moved to announce debt relief for some East Africa African states which include Tanzania. An excess of development initiatives followed. India has also been engaged in efforts to mobilize support at international

bodies like the UN for its development cooperation. India's development cooperation with East Africa follows on from and contributes to New Delhi's efforts to move from a former aid recipient to a more active development actor with a wider international voice. While such ambition may for now exceed the present capability of an already overstretched government machinery, persistent debate about establishing a ministry for international development is indicative of how being more active in developing others, albeit through the mutualism of South-South means, is bound up with India's changing international stature.

India's development cooperation is far more significant than its narrowly defined aid per se.⁶² In January 2012, the government of India created a new Development Partnerships Administration to harmonize the work of Indian agencies involved in development assistance under the Ministry of External Affairs and streamline aid spending. While partly indicative of the growing scale of development assistance and future aspirations, this also underlined 'the intent to manage them more effectively and strategically, including in terms of public diplomacy - building India's image around the world'.⁶³

3.7 India's peace and security engagement

India's peacekeeping role in Africa is framed within its support for 'African initiatives for peace and security', thus combining multilateral UN participation with efforts to enhance African-led initiatives. Much of this is officially predicated upon the necessity of peace for wider socio-economic and political developmental aims. As affirmed by

⁶² Ajoy Ashirward Mahaprashasta, 'Recolonising Africa,' *Frontline*, 23 March, 2012.

⁶³ Luke Patey, *The New Kings of Crude: China, India and the Global Struggle for Oil in Sudan* (London: Hurst, forthcoming).

Manmohan Singh at the March 2013 BRICS summit in Durban: ‘Sustainable economic development requires an environment of social and political stability’.⁶⁴

India’s UN peacekeeping, however, upstages this form of engagement. One aspect of India’s peace and security engagement has been support for African regional bodies. It has thus, for example, contributed financial support to the African Union Mission in Somalia and, following the January 2013 French military intervention, to the African-led International Support Mission to Mali.

Currently ranking as the third largest contributor of UN peacekeepers in the world, India deploys some 7,840 military and police personnel.⁷² India has a long history of UN peacekeeping in Africa, dating to India’s military contribution to the UN Operation in the Congo in 1960. This translates into considerable experience across the years, much channeled by the Centre for United Nations Peacekeeping in New Delhi. The current UN Indian deployments include the United Nations Operation in Côte d’Ivoire and large contingents in the UN Mission in South Sudan and the UN Organization Stabilization Mission in the Democratic Republic of Congo. UN peacekeeping is widely cited as evidence to support India’s Security Council ambition.

It plays a role for India as a global actor, and is also a subject that is not only supported within India but can also secondarily promote Indian national interests. Beyond its multilateral participation and support for African organizations on security matters, India pursues its own strategic interests. Most notably, its resource supply imperative is complicated by competition, principally from China. New Delhi moved to counter

⁶⁴ Renu Modi, ‘The Role of India’s Private Sector in the Health and Agricultural Sectors of Africa’ in Fantu Cheru and Cyril Obi eds., *The Rise of China and India in Africa* (London: Zed, 2010), 120-131

mounting Chinese activity after former Chinese president Hu Jintao ended his Africa tour of 2007 in the Seychelles. India has been increasing its military ties with African states on the Indian Ocean, including Madagascar and Tanzania. The Indian navy has also contributed to anti-piracy operations in the Gulf of Aden since 2008. It has attack-record in robust policing actions, notably the sinking of a hijacked Thai trawler in 2008 and the recent capture of a Somali pirate ship off south-western Indian early in 2013.

In conclusion India is neither a new actor in East 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'. The language of India as a 'rising power' or 'emerging actor', folded as these are into the wider meta-narrative of a 'rising East Africa' and Asian global economic ascendancy, is convenient. However, this is also unhelpful in conveying a simplistic uni-linear trajectory, eschewing complexity and taking official rhetoric at face value. It is revealing that some in New Delhi oppose such terms, arguing that it creates a psychology of its own for leaders out of touch with gravity.

At a more basic level, this entry point neglects the much more deep rooted, interesting and problematic histories beyond a multifaceted and diverse Indian role in the African continent and, alongside, the new histories in the making.

While India has avoided direct competition with China in East 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. Established development agencies from the US, the UK or Japan are increasingly seeking to engage

and work with India on African development cooperation, even while adjusting their own development relations with India. Following the Fourth High Level Forum on Aid Effectiveness in late 2011 in South Korea, India endorsed the Busan Partnership for Effective Development Cooperation and appeared set on a more prominent international role should it choose to pursue such a path and participate more actively. For now, in its Africa relations, it appears to prioritise its own approach and prefer the South-South partnership track.

In previous decades, India's economic relations with East Africa never went 'beyond a verbal repetition of [the] South-South cause'. The recent phase of enhanced business relations, expanding investment and more involved government engagement has marked a departure that if continued and sustained looks set to have an increasingly consequential significance. Whereas India's relations with the continent were previously stronger on ideology than on substance, this new underlying change has pointed to the opposite: an increasingly substantive, business-led engagement over which official rhetoric of South-South partnership is overlaid and subject to increasing strain by virtue of the nature of emerging Indian relations with East Africa.

India's East Africa relations in their current form remain a comparatively recent rejuvenation as an area of deliberate government attention and activity. Having moved to a more important position within India's foreign policy, yet still not a clear priority, Africa has been elevated as a policy concern sometime after Indian business mobilized into more active forms of engaging various opportunities. The government of India was widely being urged to move 'from agreement to action' in its Africa relations. This begged the question of how, in the context of the Indian government's capacity

constraints and practical limitations on its Africa endeavor, India can not only articulate but also pursue an engagement with Africa that delivers and more effectively realizes the substantive principles and commitments upon which it is based.

CHAPTER FOUR

CHALLENGES AND OPPORTUNITIES FACING INDIA–EAST AFRICA RELATION

4.0 Introduction

Africa has been part of India's foreign policy since 1950s. However, since the beginning of the new millennia, India has again acknowledged the importance of African countries in global governance, trade, and cooperation. India's cooperation with East African countries has recently been scaled-up and publicized. In line with the above statement, technology transfer has been a great issue of concern for researchers, companies and policy makers. The transfer of Knowledge is a key tool of technology transfer; technology cannot be transferred if there is no knowledge involved. Therefore, knowledge and technology transfer have to work together at the same rate of development to achieve transfer.⁷³ one of the essential benefits that arise from technological transfer is the globalization of industries; through it, the world comes together as one large market place. In recent years, India's economic partnership with the East African countries has been lively, extending beyond trade and investment to technology transfers, knowledge sharing, and skills development. Persistent efforts are being put in at the government level as well as the private sector level, for a comprehensive engagement, to march together as partners in progress.⁶⁵

⁶⁵ In 2013, awards were made to Isamil E. Ebrahim from South Africa (for business) and Ashok S. Vaswani from Guinea (for community service). Previous awards been granted to people from countries including Kenya, Zimbabwe, Mauritius and Tanzania.

4.1 Direct Technology Transfers

East African countries have collaborated with India to build key development and governance institutions in areas such as agriculture, foreign trade, micro finance, entrepreneurship development, infrastructure building and health care, to mention a few. All these can be seen as the efforts to transfer technology directly to the countries in East Africa.

4.1.1 Education

Education is one of the areas India has managed to invest considerably as part of technology transfer to the African continent. A good example is the Pan African e-Network Project, which comprises twelve African among them three East African countries: Rwanda, Tanzania and Uganda. It is the biggest project of distance education and tele-medicine undertaken in Africa, with more countries set to join later. The basic objective of the Pan-African e-Network project is to assist Africa in capacity building through imparting quality education to 10,000 students in Africa over a 5-year period in various disciplines from some of the best Indian Universities and Educational Institutions.

In addition to the Pan-African e-Network, India has also extended assistance to East African nations by way of training of experts and implementation of projects. About 7,000 students from Kenya, Uganda Tanzania and Rwanda this is according to Mr. Yogeshwar Varma are currently enrolled in India, pursuing different academic programs at different levels. There are also plans to establish a series of India-East Africa institutes,

each specializing in different areas such as foreign trade, education, administration technology and human settlements as part of future capacity building.⁶⁶

There are some private-sector led initiatives in learning such as St. Joseph University of Tanzania and the International Medical and Technical University, also in Tanzania, with their staff comprising of Indians, Tanzanians and other African nationals, who offer different courses. However there appears to be relatively more government to government initiatives between the government of India and the East African governments on technology transfer. This can be evidenced by the more than 1,500 people from East Africa including parliamentarians, civil servants and technocrats who visit India for various training and capacity building programs each year .The support offered by India to transform the Dar-es Salaam Institute of Technology (DIT) in Tanzania as a center of excellence in ICT in East Africa is also a notable initiative. The main focus of Indian Technical and Economic Cooperation Programme is on capacity building and skills transfer to hundreds of thousands of students, professionals, and mid-career diplomats in more than 160 countries across continents, including Africa.

Moreover, India is expecting to extend about 12,000 scholarships for the next 3 years to East African students and professionals to help them become change agents to lead their respective societies to a better future. One good example is the empowering of the local African crafts communities through design intervention. The project envisaged to reach more than 150 women from different parts of East Africa, such as Kenya, Tanzania, Uganda and Rwanda⁵. In 2010 the Indian government initiated a process of adopting a

⁶⁶ Gerard McCann, 'Ties that Bind or Binds that Tie? India's African Engagements and the Political Economy of Kenya,' Review of African Political Economy.

policy that will permit foreign universities to enter the higher education system in India by establishing their own campus or joint venture with existing universities and institutes, through which in turn the policy will result into transfer of technology this is according to UNESCO Science report, 2010.⁶⁷

4.1.2 Health sector

India has emerged as a global healthcare provider because of its ability to offer world-class expertise at relatively low cost. There has been a proliferation of new healthcare facilities at private centers of medical excellence in Mumbai specifically high class medical infrastructure facilities, coupled with improved and cheaper air connections and easy access to visa facilities, are some of the factors that have contributed to the emerging scenario.⁶⁸

On the other side, the health sector in East Africa has also been among the beneficiaries of technological transfers from India. The sector has experienced exchange of expertise like doctors, patients, facilities such as medicine, and also through establishment of local hospitals and health related institutions. A good example is in Tanzania, where there are programs for exchange of patients with heart problems through the Lions Club/Apollo hospital in New Delhi and International Medical and Technical University (IMTU) and Lugalo Military Referral Hospital in Dar-es Salaam.

⁶⁷ Ajay K. Dubey, 'India-Africa Relations: Historical Connections and Recent Trends' in Ajay Dubey, ed., Trends in Indo-African Relations (New Delhi: Manas Publications, 2010), 37.

⁶⁸ These included the India-Africa Institute for Information Technology, the India-Africa Diamond Institute, the India-Africa Institute of Planning and Administration, the India-Africa Institute of Foreign Trade, 10 Vocational Training Centers and five Human Settlement Centers.

Through the Pan African E-Network, the African continent has seen great achievements in the health sector, coupled with regular tele-medicine consultations from the best hospitals in India. In addition to that, Continued Medical Education (CME) sessions were established in 2009 from more than 10 super specialty hospitals in India from which more than 1,500 CME sessions had been conducted by mid-2011.⁶⁹

Over the past three decades, about 2,000 heart surgeries have been facilitated in Indian hospitals, offering medical services of international quality standards and near to 100 per cent success rate (about 99 per cent), at one-third the cost of similar surgery in developed nations. This implies such exchanges have saved the African continent huge amounts of funds, which can be allocated to other development activities.

In Tanzania, every year 50 children are sent to Mumbai through the sponsorship of the Lions Club, Dar es Salaam and the Ministry of Health in Tanzania. Over the past few years about 1,000 Tanzanian patients have sought treatment at the Apollo Hospital in Hyderabad, the Madras Medical Mission in Chennai, and the Narayan Hrudalaya Heart Institute in Bangalore, under the guidance of the internationally reputed heart surgeons, such as Dr Devi Shetty and Dr K.M. Cherian. Additionally, the former president of India, Dr Abdul Kalam, in his capacity as patron of the Care Hospital in Hyderabad, donated ten free heart surgeries for Tanzanian patients.

He also offered cardiac surgery training to government doctors, who were identified through the Tanzania Ministry of Health at the same hospital. Further technology transfers can be seen through the success by some Indian companies which have recently

⁶⁹ Some \$22.38 million of India's aid and loan programmes totaling \$617.85 million (excluding lines of credit) in 2011-2012 went to African countries; Government of India, Ministry of External Affairs Annual Report 2011-2012.

introduced new drugs to the East African market. For example, in the spring of 2012, Ranbaxy introduced a new anti-malarial drug, Synriam. It is claimed to have a 95% cure rate and relieve symptoms of the illness. In September 2014, Cipla's new proposed drug to combat malaria was approved by the World Health Organization as well.⁷⁰

This is an important intervention because in most of the East African countries, Tanzania and Kenya in particular, malaria claims more lives than HIV-AIDS and TB combined. There is also a plan to set up a 500-bed hospital in Kampala Uganda to serve patients from East and West Africa, which will require an investment of US \$70 million. This will reduce the cost further because so far Apollo Hospitals report that around 35,000 from East and West African patients have already travelled to India to get treatment in their hospitals over the past few years. As part of technology transfer, several Apollo Hospitals in India were the first in East African countries, including Tanzania and Uganda, to receive international healthcare accreditation, being approved by the prestigious US-based Joint Commission International (JCI) whereby it will boost the African technology transfer.⁸⁰ For further investment, and of course technology transfer in the health sector, India has planned an East African expansion Programme, aiming to build hospitals in Tanzania, Botswana and Nigeria. This move will certainly boost competition as well as quality of the services, which should most probably lead to technology adoption and adaptation.

⁷⁰ Emma Mawdsley, *From Recipients to Donors: Emerging Powers and the Changing Development Landscape* (London: Zed Books, 2012), 97

4.1.3 Telecommunication

Some technology transfer has certainly happened through the Indian investors in the telecommunication industry, which has taken place in 13 countries including Uganda, Kenya, Congo and Tanzania. Among the most visible examples in East Africa are Bharti Airtel which took over the Zain assets and also the launch of YU brand by the Essar telecommunication company of India. The Indian companies have provided employment in the host countries and also trained workers. Through Corporate Social Responsibility to different levels of the society, they have facilitated provision of basic services in education, health and water for the poor.

In 2009, TATA Communications, a leading provider of internet communications services, signed a landmark deal with local ISP Access Kenya to establish a Tier-1 Internet Point of Presence (PoP), a project which was intended to ease access to the internet for Kenyan firms (Telecom Africa).

According to Mr. Verma this project has enhanced Kenya's capacity in internet service technology marking an evident transfer of technology from India to East Africa, of course taking advantage of the fiber- optic connectivity between the two continents. Besides mobile telephony, India has also helped to fund the development of various projects across East Africa, such as its ambitious Pan-African e-Network Project, which was developed jointly by the Indian government and the African Union to promote online education and telemedicine programs across the continent. For this purpose, a memorandum of understanding (MoU) was signed in October 2005 between the AU and India. Furthermore, India's IT firms (e.g. Aes Technologies; IC India, Karro

Technologies, Eastern Software Systems, and Covina and Newgen Software) had explored acquisition opportunities in the East African telecommunications market, which was forecast to reach a value of around US\$ 10.5 billion by 2013. As far back as in 1977, the Government of Tanzania and India agreed to promote small-scale industrial development in Tanzania, under the Indo-Tanzania Programme, whereby a loan of US\$ 4 million was granted to buy machines (from India) and train staff in India.⁷¹

4.1.4 Pharmaceutical industry

India's pharmaceutical industries have built a credible track record using technology transfer to help improve African countries' ability to use new medicines, by strengthening the expertise of the local scientific and medical communities. It is expected that at the end of 2015 the pharmaceutical industry in East Africa will be worth US\$10 billion. The main pharmaceutical industry players with the biggest presence in East Africa are Ranbaxy, Cipla and Dr.Reddys. Where possible they participate in improving the health infrastructure. However, the success of technology transfer depends on certain critical factors such as political stability, good economic governance, clear development priorities and effective regulation. So far, pharmaceutical companies such as Ranbaxy Laboratories Limited have established a strong presence in many Kenya and Rwanda where they aim to provide a wide range of quality and affordable generic drugs to the people.

In 2008 a joint venture between CIPLA, the government of Uganda, and Ugandan pharmaceutical manufacturer Quality Chemicals Industries (QCI) Ltd, established a US\$

⁷¹ Interview with Mr. Yogeshwar Varma high commissioner of India to Kenya on 4th July 2015

32 billion new plant in Kampala to produce anti-retroviral and anti-malaria drugs. In this way QCI was able to leverage Indian technology and expertise to ensure that the manufactured drugs meet the highest international standards.⁷²

India has also played a commendable role in transferring technology to African countries in the transport sector. A good example can be reflected in the establishment of a car plant in Kenya by TATA Company of India. According to Mr. Raman Dhawan in an interview conducted in the East Africa TV on 5th July 2015, the Managing Director of Tata Africa stated that: “Tata Motors Africa is committed to ensuring that skill levels of individuals employed in various industrial trades, such as auto mechanic, welder, painter etc., are further enhanced.”

Bajaj Auto has lately increased its presence in Nigeria, Uganda, Kenya and Angola. A news report on allAfrica.com indicates that the company has now started simple assembly of some parts at its plant in Mikocheni Industrial area, Dar es Salaam, Tanzania. The plant is expected to create 500 direct jobs in the country. Moreover, Bajaj Auto plans to invest \$20 million in the Tanzania assembly plant, and the head of international Business at Bajaj Auto Mr. Rakesh Sharma insisted that ‘Bajaj Auto will give technical support and export equipment to our distribution partner in various countries’ According to that report, Bajaj has been doing well in Africa. Assembling vehicles in Tanzania will help to expand technology and its operations.

⁷² African Studies Association (ASA) of India, 2010, ASA News, Volume III, No. 1

4.2 Indirect Technology Transfers

4.2.1 Agriculture

Agriculture is Africa's most important economic sector. It employs more than half the labor force; yet it remains one-fourth as productive as in the rest of the world. One of the recent surveys of this huge sector concluded that part of that productivity gap can be explained by the fact that nearly two-thirds of East Africa's agricultural land has been degraded by erosion and other factors such as misused agro-chemicals. In this circumstance, India expertise in agro-processing and small farm mechanization is of relevance to East Africa's farming industry: it can help East African countries address both food security crisis and unemployment problems. Indian investments are not only useful in improving farm technologies and productivity in East Africa; they are also promoting agro-business through technical assistance and skills transfers in order to improve the quality of infrastructure, increase access to microfinance, and scale up local entrepreneurship (small scale and gender based).

In East Africa, the Tata group has been given a land lease in Uganda to run a pilot agricultural project, while the Jaipurias of RJ Corp have a lease of a 50-acre model dairy farm. The latter for example manufacturing and export of agriculture tractors, seed cum fertilizers drills is already active in dairy products in Uganda and Kenya. Among the company's interests is to acquire Uganda's Ruwenzori Tea Investments, one of the biggest tea plantations in Uganda having up to six estates with a capacity to produce 15 million kilograms of tea annually. Further interest is being shown by a group of Punjab-

based farmers from India who intends to acquire on lease around 50,000 hectares of farm land in Kenya.⁷³

In the quest to improve the agriculture sector in Kenya, the Indian government has approved us\$100 million line of credit to Government of Kenya for agricultural mechanization project. It is expected that this line of credit would help government of Kenya in achieving economic growth rate enabling Kenyans to enjoy high standard of living in accordance with vision 2030. this project is expected to enhance mechanization of farming in Kenya by supply of tractors and setting up of farm machinery service centers at 3 locations in Kenya. The government of Kenya would engage a consultant to implement the project.

The government of India is aware that agriculture sector in Kenya is of high importance which supports 2/3rd of the population and this line of credit is expected to improve efficiency and productivity in agriculture production operations. It will therefore go a long way in achieving the objective of the government of Kenya to implement strategies of poverty reduction by providing food security through sustainable agriculture this is according to the high commissioner of India to Kenya my Verma.⁷⁴

4.2.2 Trade

India has been exporting to East Africa a wide range of products. These inter alia include High Speed Diesel (HSD), Aviation Turbine Fuel (ATF), medicines and pharmaceutical products, vehicles including motor cars such as (Tata) and motor cycles e.g. (Bajaj), electrical machinery & equipment, mineral/ chemical fertilizers, other motor spirits, tyres

⁷³ 'India Committed to Support Africa, says Manmohan Singh,' ANI, 28 March, 2013

⁷⁴ <http://www.un.org/en/peacekeeping/resources/statistics/contributors.shtml>

used on buses/lorries, printed books, polypropylene (a polymer used in a wide variety of applications including packaging, textiles etc.), garments, fabrics, household articles of stainless steel and so on.

On the other hand, India generally has been importing petroleum oils and its byproducts minerals, unwrought forms of gold, coal, copper ores & concentrates, manganese ore, cobalt ores & concentrates, natural calcium phosphates, ground and other different ores, slag and ash, nuts - fresh/dried-in a shell, phosphoric acid, diamonds, unwrought silver, woods and articles thereof.

Other imports include coffee, tea, and spices from countries, to mention a few. An Economic Report from the African Development Bank reveals that bilateral trade with India has flourished rapidly during the past two decades. It grew steadily from US\$ 1 billion in 1990 to US\$ 3 billion in 2000, and then escalated to US\$ 36 billion in 2007-08. Since the global financial crisis, the level has dropped to its current level of around US\$ 32 billion (2010/11). The soaring trade volumes reflect a positive trade balance for Africa, as it exports more goods to India than it imports. India's imports from East Africa grew from US\$ 287.5 million to US\$ 9.8 billion between 1990 and 2009, whilst its exports to the continent increased from US\$ 436.8 million to US\$ 13.2 billion during the same period this is according to AFDB 2014. This trend has been encouraged in part by India's duty-free tariff preferential scheme for 49 least developed countries (LDCs).A good example of trade between East Africa and India is Indian car maker TATA, which

trades in 11 countries on the continent and has the monopoly of public transportation in Uganda.⁷⁵

4.3 Barriers to Technology Transfers for East African Countries

Technology transfer is a process, consisting of acquisition, learning, adaptation and diffusion. Despite the effort made by India to transfer technology in East Africa as described in the previous sections, there are some barriers to technology transfer in East Africa. Some forms of market failure have been particularly important barriers to technology transfers to the East African countries. The process of technology transfer to East African countries has encountered major obstacles in the phases of learning and adaptation this is according to the World Trade Organization. There are two types of problems: firm-level problems that derive from the specific characteristics of a firm, and systemic problems that derive from the environment in which firms operate.

4.3.1 Firm level

Barriers to technology transfers can be categorized into three clusters: Knowledge, Financial Capital and Organizational. Knowledge: inadequate knowledge about all ranges of technological alternatives; and inability to identify the technology that best suits particular needs; and inadequate workforce skills and mechanisms for their upgrading. With Financial capital there is limited access to finances whilst with Organizational

⁷⁵ Chand, M., (2011), "Skill Development: the ITEC Way," IANS Publishing, Delhi, India.

slower pace of technological development in downstream or upstream firms that inhibits the upgrading of technology and organizational rigidities within firms.⁷⁶

4.3.2 Systemic level

Barriers to technology transfers may also be divided into three clusters under the systematic level, each requiring some special interventions, these clusters include education system, research and development systems and institutionalized rigidities with Education system there is lack of education and skills; and lack of resources, knowledge and capabilities within policy institutions. The other cluster is that of Research and Development (R&D) whereby lack of access to information on new technologies and innovations is the ineffective institutions for carrying out R&D; and universities and research institutions disconnected from needs of the industry. Last in the cluster is Institutional this is where market distortions, including barriers to trade; inadequate development of the financial and insurance markets; and regulatory constraints.⁷⁷

When it comes to pharmaceuticals products there are a number of barriers faced by the Indian companies while exporting pharmaceutical products to African countries, according to the high commissioner of India to Kenya Mr. Yogeshwar Varma African countries require huge generic drugs but port delay and custom valuation takes long time another reason is the Testing and certification requirements which leads to reduction in exports as products can be rejected at ports and consequent costs of returning such consignments to country are huge. There is also time taken for registering generic

⁷⁶ Chung W. (2001). Identifying technology transfer in foreign direct investment: influence of industry conditions and investing firm motives, JSTOR: 211-229.

⁷⁷ Interview with Mr. Yogeshwar Varma high commissioner of India to Kenya on 4th July 2015

Pharmaceutical products in many African countries, Mr. Varma says this time is very long.⁷⁸

Regulatory approvals for a new generic product registration could take as long as 3–6 years. Reach of Indian pharmaceutical companies to doctors, hospitals and distributors is limited towards cooperation with African countries in Pharmaceutical sector:

While developing a model of win-win situation between African nations and India, companies from India require access to the market and information about the right requirement from the government and private sector.

⁷⁸ Interview with Mr. Yogeshwar Varma high commissioner of India to Kenya on 4th July 2015

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

The Indo-East Africa relationship owes its origins to a common past that India and East Africa share, particularly with respect to the struggle against colonialism, poverty and illiteracy .Yet in spite of these challenges, India has made remarkable strides since its independence (in 1948). Backed by this strength, it has increased its trade with East Africa. Trade has risen from \$467 million in 1991 to more than \$5.5 billion in 2014. India's official FDI in Africa in 2008 was \$2 billion. At the same time, with the marked lag of development of African countries, especially East Africa, India has set its goal to assist them accelerate their development.

A central mechanism in this relationship has been through technology transfer; with India's model of engagement revolving around ODA supported capacity building and training as well as private sector investment. India's technology transfer is imbued with vast experience in organizing small-to medium-scale activities, which are generally, labor- intensive with a high potential for backward and forward linkages. The above attributes are considered more appropriate for the needs of East African countries.

The others are the huge number of Kenya, Uganda, Tanzania and Rwanda students sent to study in Indian colleges and universities and a series of India-East Africa collaborating institutions in different areas such as foreign trade, education, health, transport, administration, technology and human settlements as part of future capacity building for Africans. Dar es Salaam Institute of Technology (DIT) and IMTU in Tanzania as well as the Apollo hospitals in India are good examples of inter-institution collaboration.

While India imports more from East Africa than it exports, the exports are dominated by industrial products (consumer goods, plants, medicines and pharmaceuticals, electrical goods, mineral/ chemical fertilizers, etc). Its imports are dominated by minerals and agricultural raw materials. It is evident that India's progress can be tapped effectively for advancing Africa's development. Only that, this requires East African countries to discern useful lessons for adaption and application in Africa. These include: Sufficient emphasis put in public research and development (R&D), particularly in certain high-tech areas, that is market-driven. State leadership in improving the quantity and quality of scientific personnel by investing in tertiary education institutions, in collaboration with Indian institutions and Selectivity in hosting Indian FDIs, including those that have high content of technology transfer.

East Africa badly needs a specific strategy to tap more effectively on this emerging opportunity of its relationship with India for the benefit of future generations. Yet the underlying factor for successful collaboration with India will be in East Africa establishing hospitable investment and business climate, installing transparency and ensuring political stability and the rule of law.

Some of the lessons that can be learned by East Africa countries with respect to the potential for technology transfer from India is that India has put much emphasize on the importance of public research and development (R&D) in certain high-tech areas, such as transport, agriculture, information technology (IT) and pharmaceuticals. Moreover, public R&D itself has become more commercial and market-driven, responding to the needs of the private sector and the market/consumers.

The state has recognized the need to improve both the quantity and quality of scientific personnel by investing in new tertiary institutions, focusing on science and engineering education that has been a catalyst for science and technology improvement. Some of these tertiary institutions have set up branches in East African countries. India has encouraged collaboration with foreign R&D institutions, which, had a major impact to India where there has been a tremendous increase in the number of foreign R&D centers, which have grown from 100 in 2003 to about 750 by the end of 2013. The majority of these R&D centers relate to information and communication technologies (ICTs) and the automotive and pharmaceutical industries. (UNESCO, 2013).

Investing in foreign markets as a way of acquiring technology is concern. This has been a major tool for Indians success. For example Tata Steel's takeover of the British industrial giant Corus, Bharat Forge's takeover of forging companies in Germany, the UK and the USA, and Suzlon's takeover of wind turbine companies in Germany. Systematic support by Government offered to private and government owned companies to expand their business interest in overseas markets; both established and emerging.

There is also Consistency in commercial and foreign trade policies over a longer timeframe in these connection African countries do not appear to have any systematic policies or strategies to engage and take advantage of the economic and technological advances by India. This is an area which deserves further analysis so as to advise African Policy Makers on the best options available.

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