



India and Asia Africa Growth Corridor

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Asia in the Twenty First Century: Challenges for people and Movement

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The Context and the Purpose

From WTO to mega-regional cooperation

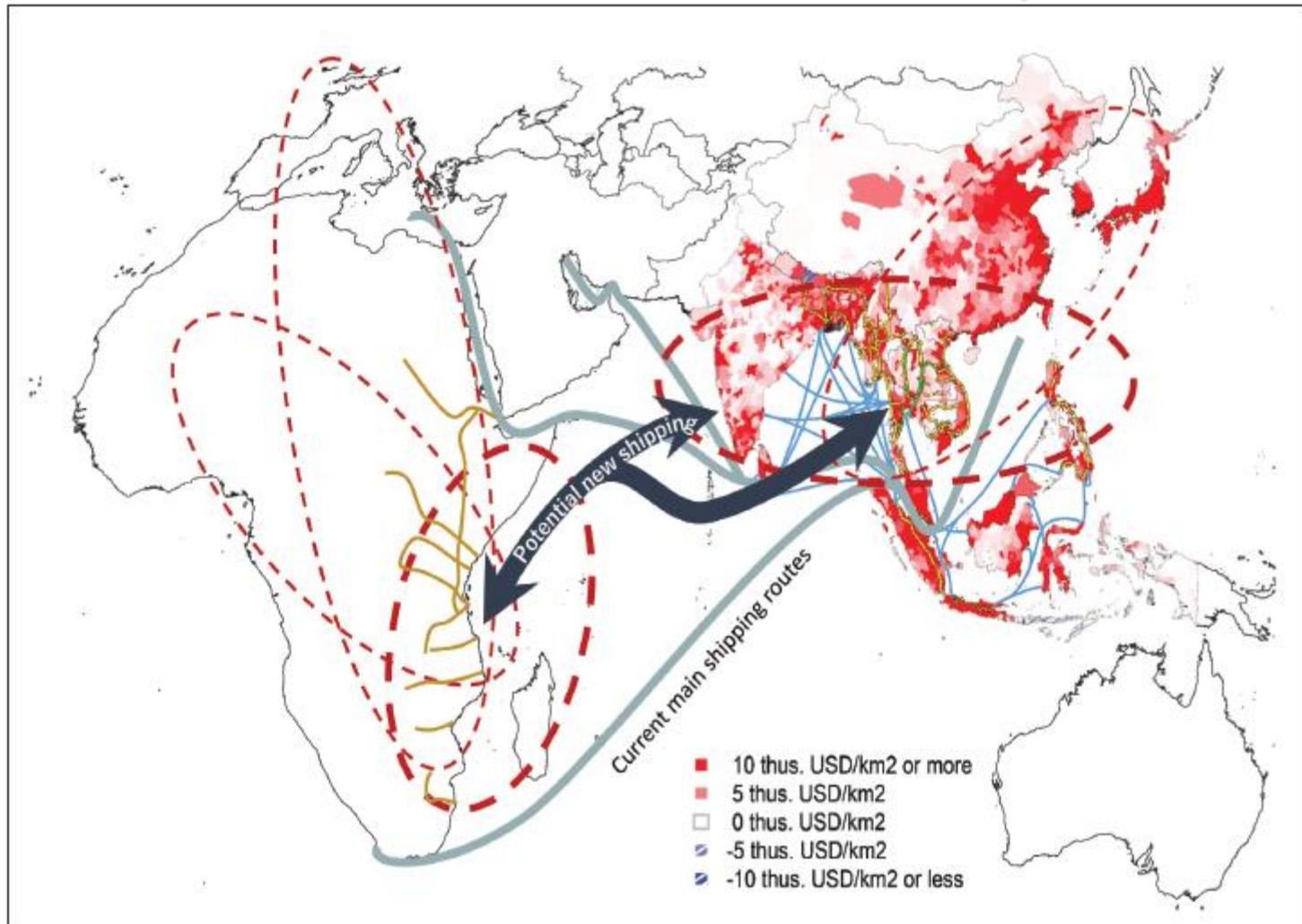
- dissolution of TPP

Alternative Regional Cooperation to China-led OBOR?

Consolidating Economic ties with Africa?

New positioning by India in World Geo-politics?

Asia Africa Growth Corridor (AAGC): New Trade Routes and Potential benefits



Source: IDE-JETRO.

Indian Interests in Africa

Land resources for agriculture and innovations

-Karuturi Global in Ethiopia

Oil and Minerals

- Oil imports from Nigeria; Arcelor Mittal (iron-ore extraction in Liberia); ONGC stakes in Greater Nile Petroleum Operating Company, Sudan

Automobiles

-Mahindra (tractor assembly in Ghana);Tata in Senegal

Telecommunications

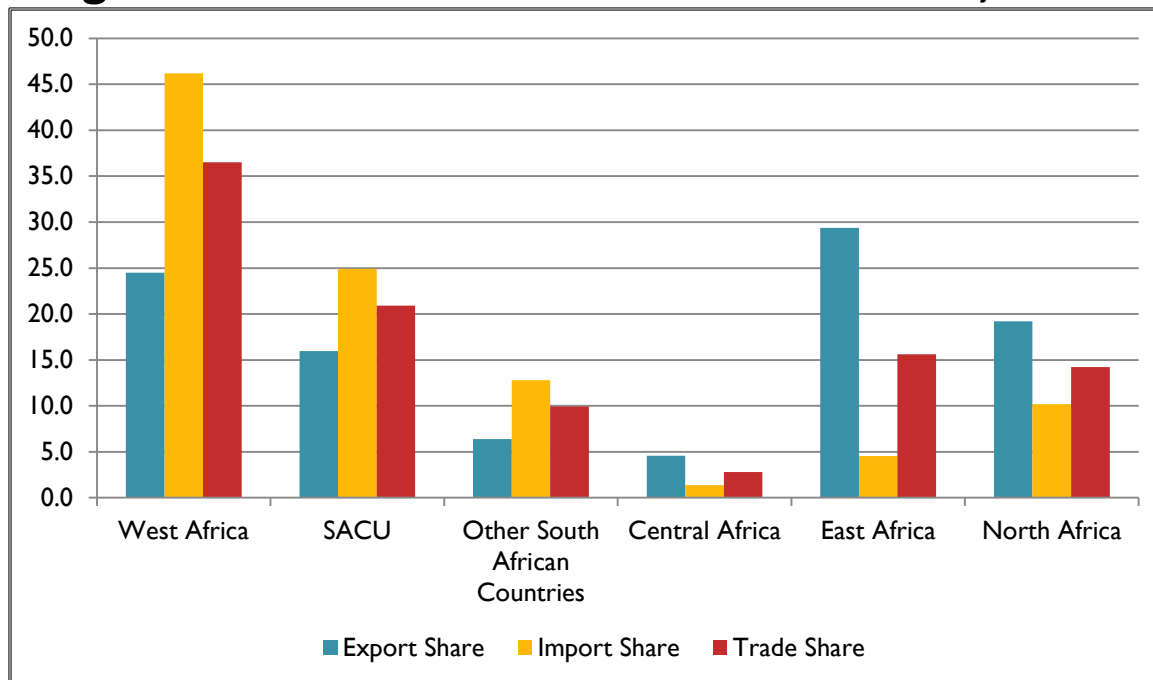
-Tata, Essar, Bharti Airtel in Kenya, S.Africa; RITES (railway management/revamp in Malawi, Sudan, Mozambique)

Other Service Exports

- Education and Health services exports, e-learning, e-medicine

India-Africa Trade

Regional distribution of India's Africa Trade, 2016-7



Source: DGCIS, GOI

Traditional Trade: East Asia, SACU based on historical ties through Indian diaspora and capital flows;

New Engagements: West Africa (oil imports from Nigeria and mineral extractions), North Africa (markets for Indian exports)

| India Africa Total Trade (USD bn) | | | | |
|-----------------------------------|--------|--------|--------|---------|
| 2000-1 | 2007-8 | 2014-5 | 2015-6 | 2016-7* |
| 3.4 | 30 | 71.4 | 56.7 | 50 |

* Projected

Source: Annual Report, Ministry of Commerce and DGCIS, GOI

Indian Growth and its Discontents

How high is the Indian 'High growth'?

- Old Issues of measuring Value Added in Services
- New growth data with year 2011-12 as base using new MCA-21 data source overestimating manufacturing growth
- GDP growth for 2013-14 revised upwards from 4.7 to 6.6 percent by new methodology. The revision has been questioned by scholars and policymakers (GDP Wars)

Over-leveraging and burgeoning NPAs in Public Banks

- NPAs in public banks rose from USD 38.8 bn in 2014 to USD 91.6 bn in 2016

Demonetization in Nov, 16 and setback to banking system and the informal economy

Understanding the AAGC

The AAGC Vision Document primarily outlines India's economic interests, but not backed up by financial commitments.

Japan's role envisaged in provision of development finance and building infrastructure

Minimal role for Africa in consultations. No two-way exchange of ideas and interests

India looking for new impetus (extraction and markets) for a struggling economy.

More of a new strategic positioning by India in geo-politics, partnerships with developed world.

New Core-periphery relationship?