

# India-Africa Momentum

## A Purpose-Driven Partnership

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# Executive Summary

Africa is rapidly transforming into a more integrated market, with the AfCFTA unlocking access to 1.7 billion consumers and an estimated USD 6.7 trillion in combined spending power by 2030. Africa's expanding consumer base and growing young workforce are reshaping market dynamics. As demographic trends and technological progress accelerate, businesses have a strategic opportunity to enter new markets, scale operations, and diversify offerings across the continent.

Africa's economy is projected to grow from 3.3% in 2024 to 3.9% in 2025 and reach 4% by 2026, underscoring its resilience amid rising geopolitical and global trade uncertainties.

In 2025, 21 African countries are projected to experience economic growth exceeding 5%, with Ethiopia, Niger, Rwanda, and Senegal potentially reaching a 7% growth rate, according to AfDB. This growth is expected to be a key factor in poverty reduction and promoting inclusive growth across the continent. Africa's economic growth is expected to surpass the global average and outpace most regions, trailing only emerging and developing Asia. This outlook is driven by effective domestic reforms and strengthened macroeconomic management across several African economies.

*Africa's economy is projected to grow from 3.3% in 2024 to 3.9% in 2025 and reach 4% by 2026,*

Africa holds 30% of global mineral reserves and, with the right strategies, could capture over 10% of the projected USD 16 trillion in green mineral revenues by 2030. Its youthful population, with a median age of 19, offers a USD 47 billion GDP boost through greater workforce participation. Financial capital is also strengthening, with USD 1.1 trillion in pension assets and remittances projected to reach USD 500 billion by 2035 if costs fall. Business capital could expand further, with AfCFTA potentially adding USD 560 billion in exports and USD 450 billion in income by 2035.

Indian and African governments have forged a robust and multifaceted partnership encompassing trade, investment, and a wide range of developmental initiatives—spanning agriculture and food processing, energy and infrastructure, healthcare & pharma, IT and telecommunications, manufacturing and education & skill development.

As part of India's strategic outreach to Africa, Prime Minister Shri Narendra Modi outlined 10 principles of engagement, placing strong emphasis on economic cooperation as a cornerstone of bilateral and regional collaboration. Among the economic dimensions for engaging with Africa are commitments to deepen India's long-term engagement, foster local capacity-building and employment generation, promote greater market access and investment flows, leverage digital tools for development, enhance agricultural productivity, and collaborate on addressing climate change.

India-Africa bilateral trade reached USD 103 billion in FY 2025, registering a 17% year-on-year growth. Indian exports to Africa accounted for USD 45 billion, while imports stood at USD 58 billion, resulting in a trade deficit of USD 13 billion. The strong growth reflects deepening commercial engagement and emerging opportunities across sectors.

Major Indian exports include mineral fuels and oils, automobiles, pharmaceuticals, food products, telecom equipment, and various industrial supplies. Major imports from Africa include crude oil, diamonds, copper, precious and semi-precious stones, minerals and some agricultural products like fresh fruit and cereals. The Duty-Free Tariff Preference Scheme for Least Developed Countries (LDC) provides access to the Indian market for exports from 34 African nations.

The paper explores Africa's dynamic growth trajectory and the shifting landscape of its external economic relations, emphasizing the continent's increasing integration into the global economy. Special attention is given to the deepening

partnership between India and Africa, highlighting how economic engagement between the two regions has evolved over time. It examines key trends in trade, investment, and development cooperation, while identifying strategic sectors where collaboration can be further strengthened to support mutual growth and sustainable development.

The Report provides an overview of identified sectors of cooperation as below:

- Agriculture and Food Security
- Manufacturing and Industrialization
- Education, Skill Development and Capacity Building
- Healthcare & Pharmaceuticals
- Green Economy
- Critical Minerals
- Power & Energy
- Digital and Physical Infrastructure Development
- Defence and Space
- MSME

The report highlights key recommendations to strengthen the India-Africa economic partnership.

## **i. Agriculture and Food Security**

India and Africa have strong potential to scale collaboration in agriculture, underpinned by complementary sectoral priorities and shared roles in global food markets. Opportunities span advanced farming methods, biotechnology, food processing, agri-tech innovation, joint efforts to enhance food security, and increased trade in agricultural products, positioning both regions as key players in ensuring sustainable and resilient food systems.

## **ii. Manufacturing and Industrialization**

India and Africa possess substantial potential for mutually beneficial collaboration in manufacturing and industrialization. Africa's rich natural resources, growing consumer market, and the AfCFTA present opportunities for Indian investments in manufacturing and industrial sectors. Conversely, India's industrial expertise in sectors like electric vehicles (EVs), capital goods, electronics, pharmaceuticals, and automobiles can significantly contribute to Africa's industrial development. This collaboration can involve technology transfer, joint ventures, and capacity building, leading to mutual economic growth and strengthening India-Africa relations.

## **iii. Education, Skill Development and Capacity Building**

India and Africa share significant potential for collaboration in education and skill development, with India offering expertise and resources to support Africa's evolving workforce requirements. This partnership spans capacity-building initiatives, scholarships, curriculum co-development, and institutional linkages—aimed at strengthening the quality and reach of education and vocational training across the continent.

## **iv. Healthcare and Pharmaceuticals**

India and Africa share strong complementarities in pharmaceuticals and healthcare, with Africa's growing demand for affordable care and India's expertise in cost-effective generics, vaccines, and digital health. Strategic collaboration can promote technology transfer, local manufacturing, regulatory alignment, and capacity building to strengthen African health systems. Expanding the India-Africa Health Fund into a scalable platform can help tackle challenges like underinvestment, workforce gaps, and fragile healthcare infrastructure.

## **v. Green Economy**

India and Africa possess significant potential for collaboration in the green economy sector, particularly in renewable energy and sustainable agriculture. India's expertise in areas like solar and

wind energy, digital public infrastructure, and agricultural technology can be leveraged to support Africa's green transition and achieve shared development goals. Both regions can partner to harness green hydrogen's potential by combining Africa's vast renewable resources with India's cost-efficient technology and policy expertise.

## **vi. Critical Minerals**

India's push to develop a domestic lithium supply chain aligns strategically with Africa's growing emphasis on local beneficiation. A partnership on critical minerals mining will help map India's specific mineral needs such as lithium, cobalt, nickel, and copper which are crucial for its clean energy and EV sectors. India and Africa can collaborate closely on mining technologies to modernize and optimize mineral extraction. Joint innovation programs, including hackathons and accelerator initiatives, can drive technology adoption tailored to mining challenges.

## **vii. Power and Energy**

By sharing technology and policy expertise, India can support Africa's renewable expansion. Joint efforts can accelerate clean energy adoption, enhance energy security, and advance global decarbonization goals. Africa's vast natural resources contribute to India's energy security, while India's investments, technological know-how, and policy experience support Africa's efforts to address energy poverty. This collaboration spans a broad spectrum—including oil and gas, renewable energy, including solar, and emerging areas such as green hydrogen—creating opportunities for sustainable and inclusive energy development across both regions.

## **viii. Digital and Physical Infrastructure Development**

There is huge opportunity for India—Africa collaboration on digital and physical infrastructure development, with a focus on digital transformation, sustainable development, and capacity building. This collaboration includes sharing India's digital public infrastructure (DPI) solutions like Aadhar and UPI, as well as supporting infrastructure projects in sectors like energy, transportation, and agriculture.



Further, India and Africa can strengthen their collaboration in telecommunications by jointly investing in and expanding undersea cable infrastructure and also in expanding 4G and 5G population coverage to bridge the digital divide and promote inclusive growth.

### ix. Defence and Space

India and Africa can collaborate on setting up regional satellite assembly facilities in Africa, leveraging Indian space technology and private sector expertise. ISRO and the African Space Agency (AfSA) can partner on joint Earth observation initiatives. Cybersecurity ties can be strengthened through knowledge sharing on cybercrime and digital infrastructure protection. In defence, collaboration can include joint R&D, capacity building, and manufacturing, drawing on

India's expertise in affordable, high-quality military equipment.

### x. MSME

India and Africa hold significant potential for collaboration in the MSME sector. By fostering strategic partnerships, joint ventures, and technology transfers, both regions can achieve mutual growth. India can assist Africa in formalizing its informal MSMEs and share expertise in manufacturing, technology adoption, and management practices. Indian participation in infrastructure projects can also create new opportunities for local MSMEs. India's digital infrastructure expertise can boost financial inclusion, support social development, and create business platforms to drive MSME growth in both markets.





# Introduction

Rooted in historical trade networks and cultural ties, the India-Africa relationship has evolved into a multifaceted partnership with growing strategic and economic relevance. This historical foundation has evolved into a strategic engagement marked by political goodwill, economic collaboration, and shared development priorities. In recent years, the two sides have significantly strengthened ties across sectors such as agriculture, healthcare, education, digital transformation, and capacity building. With a vibrant cultural connection and strong people-to-people linkages, the India-Africa relationship continues to grow, underpinned by mutual respect and a common vision for inclusive and sustainable development.

*Six of the world's 10 fastest-growing economies, the African continent is witnessing steady household consumption growth at 3.9% annually, expected to reach USD 2.5 trillion by 2030.*

Africa's rapid economic transformation presents significant opportunities for deepening India-Africa collaboration. With six of the world's 10 fastest-growing economies, the African continent is witnessing steady household consumption growth at 3.9% annually, expected to reach USD 2.5 trillion by 2030.

According to a report by the Economic Commission for Africa the continent is expected to grow from 2.8% in 2023 to 3.5% in 2024 and reaching 4.1% in 2025, supported by net exports, private consumption and gross fixed investment.



This momentum is fuelled by demographic growth, urbanization, and rising incomes. Africa boasts a significant number of large companies, with at least 345 businesses generating annual revenues of USD 1 billion or more and a combined business revenue of more than USD 1 trillion. Africa's large companies could unlock an additional USD 550 billion in revenue by 2030.

India-Africa trade relations are a cornerstone of their respective economies. India currently ranks as Africa's third-largest trading partner, following the European Union (EU) and China. Indian companies have invested substantially in Africa, totalling approximately USD 75 billion across various sectors, including pharmaceuticals, IT, automobiles, banking, and mining. India is also a key player in fostering Africa's economic integration with global value chains through initiatives like the African Continental Free Trade Area (AfCFTA).

This includes the establishment of transparent regulatory environments, predictable and investor-friendly policy frameworks, and mechanisms for regular performance monitoring and outcome measurement.

Such efforts will be critical in building investor confidence and attracting long-term Indian investment. Moreover, catalyzing business growth across Africa is not only key to bilateral economic ties but also central to fostering inclusive, sustainable development and creating quality employment for millions across the continent.

Furthermore, India was the first developing country to offer non-reciprocal duty-free access to Least Developed Countries (LDCs) through its Duty-Free Tariff Preference (DFTP) scheme. This initiative, announced in 2008 at the first India-Africa Forum Summit in New Delhi, aligns with India's commitment to supporting the integration of LDCs into the global trading system. The DFTP scheme exemplifies India's

commitment to South-South cooperation and its desire to contribute to the economic development of LDCs. It has played a crucial role in boosting trade between India and these countries, particularly those in Africa.

Over the years, trade relations between India and Africa have undergone a remarkable transformation. India's top export products in Africa are machinery and transport equipment, pharmaceuticals, textiles, automobiles, mineral fuels, oils, and wooden products.

Further, the decade from 2010 to 2020 has marked a period of significant growth and deepening economic ties between India and African nations, building on the foundations established in the preceding decade. This period is marked by a diversification of trade, increased investment, and a strengthening of development partnerships. India also broadened its engagement across the African continent, moving beyond traditional trade partners to establish ties with a wider range of countries. This diversification was not only geographic but also sectoral, reflecting a more balanced and resilient trade basket. Alongside these developments, there was a noticeable increase in technology transfer and knowledge sharing, laying the groundwork for deeper economic cooperation in subsequent years.

India and Africa are forging a strong partnership focused on energy security, leveraging Africa's vast energy resources to fuel India's economic growth while simultaneously supporting Africa's efforts to overcome energy poverty and transition to clean energy sources.

Africa boasts substantial oil and gas reserves, including 7.6% of global oil reserves and 7.5% of natural gas reserves. It is also home to significant uranium deposits in countries like Namibia, South Africa, and Nigeria, which could be vital for India's nuclear energy expansion.

India and Africa have prioritised key sectors to strengthen bilateral trade and address shared challenges. Over the next two decades or so, driven by rising incomes and demographic trends, both regions are poised to become significant markets in digital technologies, green energy, sustainable agriculture, healthcare, and urban infrastructure. These developments align well with India's strengths in digital innovation, healthcare, agriculture, and capacity building—opening avenues for strategic partnerships that support inclusive growth and shared prosperity.

This report aims to provide strategic insights into the evolving India-Africa partnership, focusing on shared priorities and emerging opportunities for collaboration. It highlights innovative policy approaches and sectoral synergies that can be

leveraged to address common challenges such as sustainable development, energy transition, digital inclusion, and resilient healthcare systems. By identifying actionable areas for cooperation, the report seeks to inform and support policymakers in designing frameworks that are responsive to both regional aspirations and global imperatives.

Further, it underscores the importance of fostering institutional linkages and enabling platforms that facilitate knowledge exchange, technology transfer, and capacity building. It calls for joint efforts by governments, businesses, development agencies, and civil society to boost economic cooperation and build strong, lasting partnerships. The aim is to contribute to a more structured, outcome-oriented India-Africa engagement that advances inclusive growth and mutual prosperity.



# India's Initiatives with Africa

India has played a significant role in the economic, political, and social development of the African continent. Since India's independence in 1947, India has invested significantly into fostering enhanced South-South diplomatic, military, and economic cooperation between the Indian subcontinent and key regions and countries on the African continent, especially since the 1990s.

India's engagement with the African continent was elevated during Indian Prime Minister Narendra Modi's visit to Uganda in 2018, where he announced 10 guiding points, now known as the "Kampala Principles", in future India-Africa bilateral relations<sup>1</sup>, which are:

- To prioritise, intensify and deepen India's engagement with Africa
- Develop local capacity and opportunities on the African continent
- Improve free market access for African companies in India and promote Indian commercial investments in Africa
- Leverage India's strength in digital technologies to support Africa's development trajectory
- Improve Africa's agricultural productivity and share of the global agricultural market
- Address the shared challenge of climate change
- Strengthen cooperation on addressing and combatting terrorism, extremism, and cyber threats

*Since India's independence in 1947, India has invested significantly into fostering enhanced South-South diplomatic, military, and economic cooperation between the Indian subcontinent and key regions and countries on the African continent, especially since the 1990s.*

- Preserve open access and enhance cooperation in oceans, particularly the Indian Ocean
- Nurture and support the development of youth on the African continent
- Elevate the voice and role of both the Indian Subcontinent and African continent in global discourse and dialogue

Building upon these principles, India has expanded its diplomatic engagement with the African continent in recent years with approximately 16 new diplomatic missions opened on the continent since 2018, bringing the total number of missions on the African continent to 45<sup>2</sup>. Moreover, during India's G20 Presidency in 2023, the African Union (AU) was included as a permanent member of the G20, which enhanced India's partnership with the AU in line with its Development Framework Agenda 2063<sup>3</sup>. Finally, key regular interactions facilitated by events such as the CII India-Africa Business Conclave between key African stakeholders in the private and public sector further promote and cultivate the strong partnership between the Indian subcontinent and African continent.

## Development Partnership

India has developed a robust, multifaceted development partnership with the African continent that encompasses a variety of sectors including capacity building, technology transfer, agriculture and food processing, renewable energy and sustainable development, education and upskilling, and healthcare and humanitarian assistance.

### Capacity Building Initiatives

India has supported the development of the African continent through concessional loans and grants. This outlay has supported 206 completed

projects in 43 African countries, with an additional 65 projects currently being implemented to the tune of USD 12.37 billion<sup>4</sup>. Furthermore, an additional 81 development projects are currently in the preparatory stage to build upon previous Indian initiatives on the African continent related to sectors such as sugar and textile plants, technology parks and railway infrastructure.

### Technology Transfer

As digitalisation transforms the global monetary system and nature of productivity, India has leveraged its strength in digital public infrastructure (DPI) to enhance the African continent's digital capacity. India's strength in digital payments through its Unified Payments Interface (UPI) could improve transaction efficiency on the African continent and increase penetration and accessibility of e-commerce to rural populations that may face structural obstacles in participating in the African economy.

Most recently, Namibia has agreed to implement UPI nationally through a Memorandum of Understanding (MoU) signed between the Bank of Namibia and National Payments Corporation of India (NPCI)<sup>5</sup>. Namibia is the first country, outside of India, to formally adopt UPI in conjunction with a central bank, which opens the door for further implementation of UPI and other technologies built on the India stack across the African continent.

### Agriculture and Food Processing

Both India and Africa have robust agricultural sectors that employ millions of people. Therefore, both geographies enjoy a robust economic relationship in the agricultural sector that has the potential to grow further. India has supported the development of Africa's agricultural sector through Lines of Credit (LoCs) such as the USD 23 million extended to Angola for the purchase of tractors and farm machinery, USD 5 million extended to Lesotho for agricultural equipment, and USD 1 million extended to Malawi for the

development of a Business Incubation Centre (BIC) offering short term training on crop processing<sup>6</sup>.

## Renewable Energy and Sustainable Development

India has engaged significantly with the African continent on sustainable development and energy diversification to decrease emission and mitigate the negative effects of global climate change. Most notably, the International Solar Alliance (ISA), based in India, has played a significant role in promoting the energy transition on the African continent with 46 African countries as members, with 38 countries as active, full members and 8 signatory members<sup>7</sup>.

The ISA has recently opened a Global Solar Facility in GIFT City, Gujarat to carry out the Africa Solar Facility that aims to unlock distributed solar investments through blended finance and development tools<sup>8</sup>. Moreover, the ISA has supported development of innovative solar technologies on the African continent through the SolarX Startup Challenge, which aims to promote entrepreneurship and advance clean energy in ISA African member countries<sup>9</sup>.

## Education and Upskilling

India has also invested into developing capacity in Africa's educational system. For example, India has extended several scholarships to students in African countries to study in India through the Indian Technical and Economic Cooperation Programme (ITEC). Moreover, India is also expanding its educational footprint on the African continent to improve accessibility for African students to Indian universities<sup>10</sup>. The recently opened overseas campus of the Indian Institute of

Technology (IIT) Madras and the National Forensic Sciences University is a key example of India's growing presence in the African higher education sector<sup>11</sup>.

## Healthcare and Humanitarian Assistance

India has played an important role in providing aid and medical interventions to support the African population. Most recently, India and the African Union held a high-level interaction centred on deepening bilateral cooperation on Health and Humanitarian affairs, where both sides encouraged the development of public-private partnerships to promote resilient healthcare infrastructure on the African continent anchored on the ideas of innovation, solidarity and a strategic partnership<sup>12</sup>.

This dialogue builds upon previous initiatives between India and Africa with respect to the health sector, such as India-Africa public health collaborations between scientists based in Bangalore, India and Nairobi, Kenya on developing DNA vaccines against dengue<sup>13</sup> as well as the 2019 MoU signed between India and the African Union on strengthening health cooperation and developing a dedicated India-Africa health sciences collaborative platform<sup>14</sup>.







# India-Africa Trade Relations

India's trade with the African region comprising 54 countries was USD 81.90 billion in 2024-25. During the period 2018-19 to 2024-25, trade increased at a CAGR of 2.74%, reflecting a stable and growing engagement between the two regions. In 2024-25, India's exports to Africa amounted to USD 42.70 billion, representing a decline of 5.83% compared to the previous fiscal year. India's imports from the African region were USD 39.20 billion and registered a growth of 3.32% during the same period. This diverging trend led to a contraction in India's trade surplus with the region from USD 7.40 billion in FY 2023-24 to USD 3.50 billion in FY 2024-25. Overall, the total trade volume fell by 1.66% over the previous year.

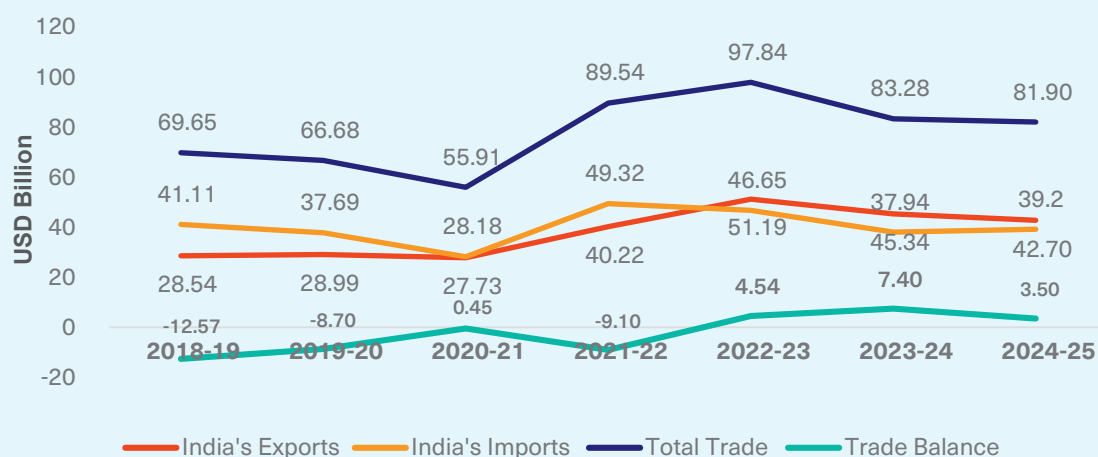
India and Africa share a longstanding and multifaceted economic relationship characterized by robust trade, investment, and development cooperation. As emerging economies with complementary strengths, India and African nations have engaged in various sectors, including agriculture, pharmaceuticals, technology, and infrastructure.

Africa ranks as India's 4th largest regional trading partner with USD 75 billion in investments further underlining the strategic importance of the region. Bilateral trade had witnessed robust growth of 9.27% in FY 2022-23, reaching a peak close to USD 100 billion.

*Bilateral trade had witnessed robust growth of 9.27% in FY 2022-23, reaching a peak close to USD 100 billion.*

Beyond trade, India also plays a key role as an employer in many African countries and actively supports youth capacity building through targeted skill development programmes, reinforcing people-to-people connections and long-term development goals.

Figure 1: India Africa bilateral trade in USD billion



Source: Ministry of Commerce & Industry, Government of India

West Africa region continues to be the highest recipient of Indian exports to Africa with 30.7% share for the year 2024-25. However, India's total exports to Africa from 2023-24 to 2024-25 have decreased by USD 2.68 billion. Despite this, Africa's share in India's total exports to the World has increased from 8.64% in 2018-19 to 9.75% in 2024-25. There is an increase of USD 0.27 billion

in exports to West Africa. West Africa, East Africa and Southern African Customs Union (SACU) account for more than 75% share of India's total export to Africa in the year 2024-25. The data represents a need to diversify the exports to other African regions. Upgradation of trade facilitation mechanisms and regional FTA's can be seen as the next step forward.

Table 1: Region Wise Indian Exports to Africa, USD billion

| Region                                | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| West Africa                           | 7.70    | 8.18    | 9.45    | 13.57   | 17.73   | 12.88   | 13.15   |
| East Africa                           | 7.38    | 6.64    | 5.79    | 8.26    | 11.07   | 11.40   | 11.07   |
| Southern African Customs Union (SACU) | 4.38    | 4.41    | 4.22    | 6.61    | 8.92    | 9.30    | 7.99    |
| North Africa                          | 5.89    | 5.44    | 4.81    | 7.13    | 8.35    | 7.21    | 6.94    |
| Other South African Countries         | 1.86    | 2.87    | 1.94    | 2.97    | 3.57    | 3.09    | 2.21    |
| Central Africa                        | 1.34    | 1.46    | 1.53    | 1.68    | 1.57    | 1.49    | 1.33    |
| India's Total Export to Africa        | 28.54   | 28.99   | 27.73   | 40.22   | 51.20   | 45.38   | 42.70   |
| India's Total Exports to World        | 330.08  | 313.36  | 291.81  | 422.00  | 450.96  | 437.11  | 437.51  |

Source: Ministry of Commerce & Industry, Government of India

India's imports from Africa peaked in 2021-22 to USD 49.32 billion which suggests strong India-Africa trade ties though there have been sectoral realignments. South African Customs Union comprises 28.5% of import share in African region in the year 2024-25 and almost 5.4% of India's total imports came from Africa in the current year 2024-25.

The largest year-on-year increase from 2023-24 to 2024-25 can be seen in the case of East Africa with a value of USD 0.96 billion, followed by other South African countries by USD 0.66 billion and North Africa showcasing an increase of USD 0.15 billion. East Africa has shown consistent increase over the years, almost 3.15 times growth in imports over the period from 2018-19 to 2024-25.

South Africa remains India's largest export destination in Africa region for the year 2024-25. India's other key export destinations in Africa include Tanzania, Egypt, Kenya, Nigeria, Togo, Ghana, Mozambique, Benin and Senegal. Collectively, export to these top 10 destinations for the year 2024-25 constitute 68.22 % of India's total exports to the continent. There is a decrease in exports to South Africa by almost 14.5% from the previous year 2023-24. Egypt has replaced Nigeria

and secured 3rd position in the current year 2024-25. Furthermore, there is an increase in exports to Ghana by 22.7% indicating increased trade engagement. Benin and Senegal have newly entered the list of India's top 10 export destinations in Africa this year showcasing strengthening of trade relations between India and these two West African countries.

Table 3: Top 10 export destinations for goods exported by India to Africa, USD billion

| COUNTRY                     | 2024-25 |
|-----------------------------|---------|
| South Africa                | 7.46    |
| United Republic of Tanzania | 4.79    |
| Egypt                       | 3.41    |
| Kenya                       | 3.13    |
| Nigeria                     | 2.95    |
| Togo                        | 2.52    |
| Ghana                       | 1.35    |
| Mozambique                  | 1.32    |
| Benin                       | 1.19    |
| Senegal                     | 1.00    |

Source: Ministry of Commerce & Industry, Government of India

Table 2: Region Wise Indian Imports from Africa, USD billion

| Region                                | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Southern African Customs Union (SACU) | 7.55    | 7.75    | 8.11    | 11.77   | 10.90   | 11.25   | 11.16   |
| West Africa                           | 20.08   | 17.24   | 11.73   | 22.16   | 18.20   | 11.22   | 10.97   |
| Other South African Countries         | 5.64    | 5.34    | 2.64    | 4.73    | 6.32    | 6.13    | 6.79    |
| North Africa                          | 5.73    | 5.55    | 4.30    | 7.55    | 7.37    | 4.32    | 4.47    |
| East Africa                           | 1.55    | 1.44    | 1.28    | 2.81    | 3.06    | 3.93    | 4.89    |
| Central Africa                        | 0.55    | 0.38    | 0.11    | 0.29    | 0.80    | 1.16    | 0.92    |
| India's Total Imports from Africa     | 41.11   | 37.69   | 28.18   | 49.32   | 46.65   | 38.02   | 39.20   |
| India's Total Imports from World      | 514.08  | 474.71  | 394.44  | 613.05  | 714.04  | 675.43  | 721.32  |

Source: Ministry of Commerce & Industry, Government of India

South Africa is largest African import source country for India in the year 2024-25. Other top African import source countries include Angola, Nigeria, Tanzania, Mozambique, Ghana, Morocco, Egypt, Togo, and Algeria. These countries constitute 80.58% of India's imports from Africa in the current year 2024-25. Angola has surpassed Nigeria to become the 2nd source destination for goods imported by India from Africa showing an increase of 28.5% which is USD 1 billion in 2024-25. There is an increase in imports from 2023-24 from Ghana and Morocco and have retained their positions in the current year 2024-25. While Algeria's imports have decreased by USD 0.13 billion it remains on the 10th position.

Table 4: Top 10 source countries for goods imported by India from Africa, USD billion

| COUNTRY                | 2024-25 |
|------------------------|---------|
| South Africa           | 10.55   |
| Angola                 | 4.51    |
| Nigeria                | 4.19    |
| Tanzania Rep           | 3.85    |
| Mozambique             | 2.10    |
| Ghana                  | 1.79    |
| Morocco                | 1.58    |
| Arab Republic of Egypt | 1.33    |
| Togo                   | 0.93    |
| Algeria                | 0.76    |

Source: Ministry of Commerce & Industry, Government of India

South Africa remains the India's largest trading partner in Africa with a total bilateral trade value of USD 18.01 billion in the year 2024-25, despite a drop of USD 1.24 billion from the previous year 2023-24. Other top partners in Africa include Tanzania, Nigeria, Angola, Egypt, Kenya, Togo, Mozambique, Ghana and Morocco. Angola and Kenya's trade has increased by USD 0.84 billion and USD 0.10 billion respectively increasing their rankings from the previous year 2023-24 to 2024-25. Though Morocco's trade has increased by USD 0.12 billion, it remains at the 10th position in the current year 2024-25. Overall, it is inferred that India and African countries possess strong bilateral trade relations which have strengthened over the years.

Table 5: Top 10 trade partners of India in Africa, USD billion

| COUNTRY                | 2024-25 |
|------------------------|---------|
| South Africa           | 18.01   |
| Tanzania Rep           | 8.64    |
| Nigeria                | 7.14    |
| Angola                 | 5.03    |
| Arab Republic of Egypt | 4.74    |
| Kenya                  | 3.45    |
| Togo                   | 3.45    |
| Mozambique             | 3.42    |
| Ghana                  | 3.14    |
| Morocco                | 2.56    |

Source: Ministry of Commerce & Industry, Government of India



# Top Commodities

## India's top ten exports to Africa

Mineral fuels and oils (HS 27) are India's top export to Africa during the year 2024-25, with overall exports amounting to USD 9.99 billion, followed by Cereals (HS 10) at USD 4.92 billion. Other top export items belonged to the broad

categories of vehicles other than railway or tramway (HS 87), pharmaceutical products (HS 30), machinery and mechanical appliances (HS 84), among others. India's top 10 exports account for more than 74% of India's total exports to the region.

Table 6: India's top 10 exports from Africa in 2024-25, USD billion

| HS Code | Commodity  | Exported Value in 2024-25 |
|---------|--|---------------------------|
| 27      | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes   | 9.99                      |
| 10      | Cereals  | 4.92                      |
| 87      | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof  | 3.97                      |
| 30      | Pharmaceutical products  | 3.94                      |
| 84      | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof  | 3.06                      |
| 85      | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts | 1.53                      |
| 17      | Sugars and sugar confectionery   | 1.28                      |
| 39      | Plastic and articles thereof   | 1.22                      |
| 29      | Organic chemicals  | 0.91                      |
| 52      | Cotton   | 0.84                      |

Source: Ministry of Commerce and Industry, Government of India

## India's top imports from Africa

Mineral fuels and oils (HS 27) were India's top imported item from Africa with an imported value of USD 16.61 billion in the year 2024-25, followed by gems & jewellery (HS 71), with imported value at USD 8 billion. Other top import items were in

the categories of copper and articles (HS 74), edible fruits and nuts (HS 08) and ore, slag and ash (HS 26). India's top 10 imports from Africa, with a cumulative value of around USD 35.3 billion, account for more than 90% of India's total imports from Africa.



Table 7: India's top 10 imports from Africa in 2024-25, USD billion

| HS Code | Commodity   | Imported Value in 2024-25 |
|---------|---|---------------------------|
| 27      | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes  | 16.61                     |
| 71      | Natural or cultured pearls, precious or semiprecious stones, precious metals clad with precious metal and articles thereof; imitation jewellery; coin | 8.00                      |
| 74      | Copper and articles thereof   | 2.51                      |
| 08      | Edible fruit and nuts; peel or citrus fruit or melons   | 1.76                      |
| 26      | Ores, slag and ash  | 1.47                      |
| 07      | Edible vegetables and certain roots and tubers  | 1.15                      |
| 25      | Salt; sulphur; earths and stone; plastering materials, lime and cement  | 1.13                      |
| 28      | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radi. elem. or of isotopes                           | 1.11                      |
| 31      | Fertilisers   | 0.97                      |
| 47      | Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard  | 0.59                      |

Source: Ministry of Commerce and Industry, Government of India

In the current year 2024-25, Africa's exports to India are dominated by five African countries, which account for over two-thirds of the total exports. There is a need for India to explore other sources of imports from Africa. At the same time, India's exports to Africa are heavily concentrated

in a few large economies with the five top destinations of South Africa, Nigeria, Egypt, Togo and Kenya accounting for almost half the total exports to Africa. A trade target of USD 200 billion can be set for 2030 at a modest compound annual growth rate of 12.08%.





# Indian Economy

## Global Growth Projections by the IMF

Updating the growth forecasts of the World Economic Outlook in July, the International Monetary Fund (IMF) has projected the world economy to grow at 3.0% and 3.1% for 2025 and 2026, respectively. The updated figures are higher than the corresponding April forecasts of 2.8% and 3.0%, reflecting easing trade tensions as the US enters into trade agreements with several of its trading partners. However, protracted geopolitical tensions continue to pose significant downward risk to growth in 2026.

India's forecast has been revised upward from 6.2% in 2025 and 6.3% in 2026 to 6.4% in both years, given the continued robust performance of domestic drivers of growth, even as uncertainty on the external trade front persists. Supported by a stable and conducive policy environment, India's steady performance continues to remain critical for global growth.

Table 8: Real GDP projections of select major economies

|  | 2024 | 2025 Projection | 2026 Projection |
|--|------|-----------------|-----------------|
| World                                    | 3.3  | 3.0             | 3.1             |
| Advanced Economies                       | 1.8  | 1.5             | 1.6             |
| United States                            | 2.8  | 1.9             | 2.0             |
| Euro Area                                | 0.9  | 1.0             | 1.2             |
| Japan                                    | 0.2  | 0.7             | 0.5             |
| Emerging Market and Developing Economies | 4.3  | 4.1             | 4.0             |
| China                                    | 5.0  | 4.8             | 4.2             |
| Russia                                   | 4.3  | 0.9             | 1.0             |
| Brazil                                   | 3.4  | 2.3             | 2.1             |
| India                                    | 6.5  | 6.4             | 6.4             |

Source: IMF WEO, July 2025

*India's forecast has been revised upward from 6.2% in 2025 and 6.3% in 2026 to 6.4% in both years, given the continued robust performance of domestic drivers of growth, even as uncertainty on the external trade front persists.*

## India's GDP Growth

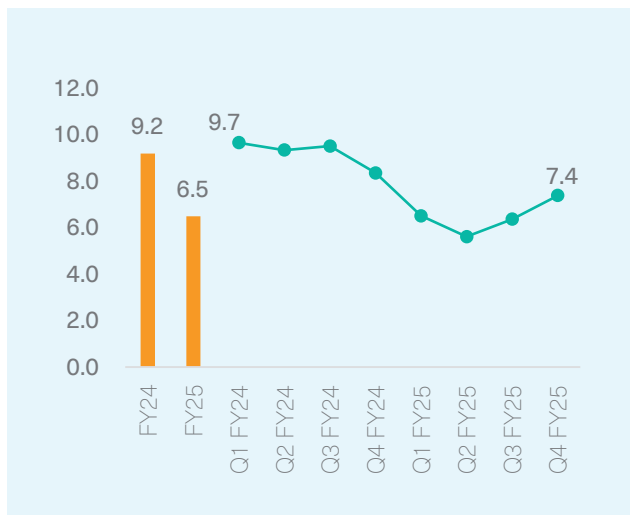
### India posts 6.5% growth in FY25, Q4 growth surges to 7.4%

As per provisional estimates, real GDP grows at 6.5% in FY25, lower than 8.8% average growth seen over the previous three fiscal years. The moderation is largely attributed to weaker investment activity, especially in the first half, as government capex remained subdued. Nonetheless, private consumption accelerated to 7.2% from 5.6% in the previous fiscal underpinning strong domestic demand. On the supply side, agriculture posted healthy growth aided by a favorable monsoon, while manufacturing remained a drag. Services exports continued to provide critical support.

On a quarterly basis, growth surged to 7.4% in Q4FY25, highest in this fiscal, fueled by uptick in construction, manufacturing, and financial services, alongside improved investment momentum.

India retains its status as the world's fastest-growing major economy. However, uncertainty surrounding global economic prospects could weigh on growth.

Figure 2: Real GDP growth rate (y-o-y%)



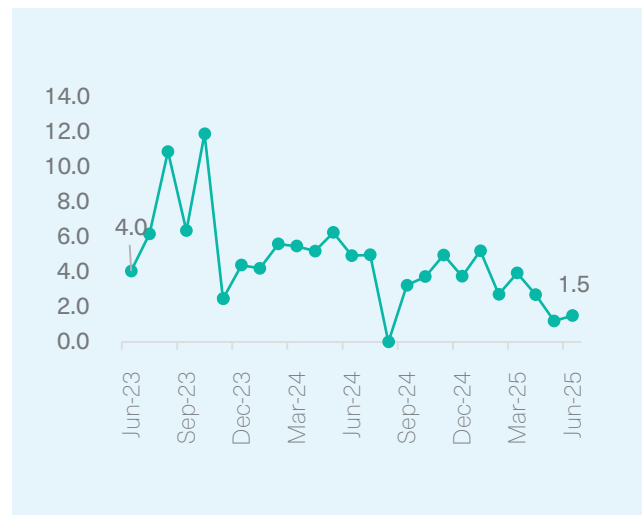
Source: MoSPI

## Industrial Production

### IIP growth moderates to a 10-month low of 1.5% in June

Industrial activity remained muted with growth at a 10-month low of 1.5% on year-on-year basis in June, down from last month's 1.9% (revised estimates) and 4.9% last year. IIP was dragged down by a sharp contraction in mining and electricity, which declined by 8.7% and 2.6%, respectively. The sharp reduction in these sub sectors was on account of an early monsoon coverage that slowed down mining activity and power demand. However, manufacturing posted an increase of 3.9% on a year-on-year basis as compared to 3.2% (revised estimates) in the previous month, driven by expansion in manufacturing of basic metals (9.6%), coke and refined petroleum products (4.2%), and fabricated metal products, except machinery and equipment (15.2%). Even as industrial activity has moderated in the near term, there's room for cautious optimism in the wake of the lagged impact of RBI's rate cuts aiding lower cost of capital coupled with rising potential of exports with India forging FTAs with complementary economies.

Figure 3: IIP growth rate (y-o-y%)



Source: MoSPI

## Core sector output growth stood at 2.0% in July

The output of eight core industries, which contributes about 40% to industrial output, grew by 2.0% in July on a year-on-year basis as compared to 2.2% in June.

Steel and Cement emerged as the standout performers with 12.8% and 11.7% year-on-year growth, respectively. However, the momentum was offset by contraction in four other core sectors, including coal, crude oil, natural gas, and petroleum & refinery products, which dragged down the overall performance.

Looking ahead, global uncertainties, particularly those affecting export-oriented sectors facing tariff pressures, may hinder capacity expansion and weigh on the sectoral outlook, potentially constraining industrial momentum.

Figure 4: Core sector output growth (y-o-y%)



Source: MoSPI

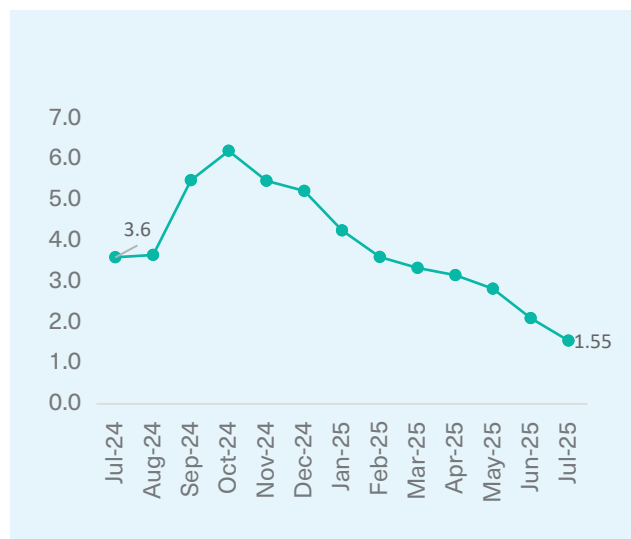
## Inflation

### Retail inflation eases to 8-year low in July 2025

India's retail inflation continued to see a softening trend, falling to more than 8-year low of 1.55% on year-on-year basis in July, compared with 2.10% in June. Despite a higher sequential pick-up seen in July (0.93% vs. 0.62% in Jun), the headline inflation moved lower due to a statistical base effect. Similar trend is seen in the sub-segments as well, with food inflation falling to a 78-month low of -1.8% (-1.0% in Jun), and core inflation moving lower to 4.1% (4.4% in Jun). However, on sequential basis, both these segments have recorded a positive momentum at 1.8% and 0.4% respectively.

Going forward, normal monsoon and higher kharif acreage (+4.0%) bode well for the food inflation outlook in near-term. Consequently, we expect CPI inflation to remain around the revised RBI forecast of 3.2% for the current year.

Figure 5: CPI inflation (y-o-y%)



Source: MoSPI



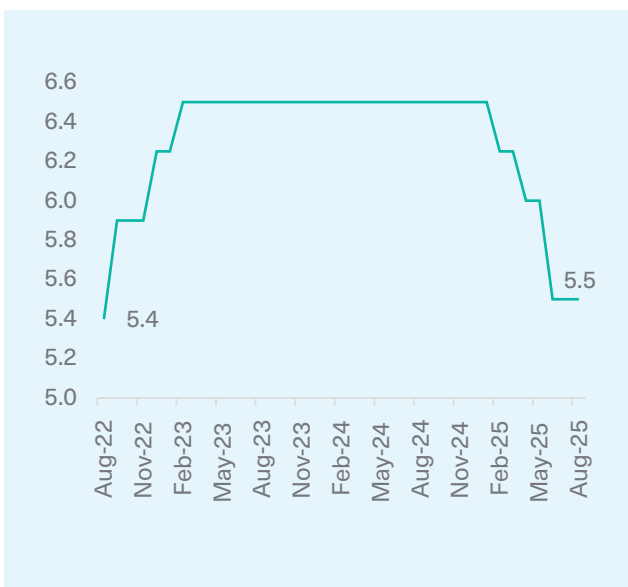
## Monetary Policy

### RBI maintains repo rate at 5.5%, policy stance at 'neutral'

In the August 2025 policy statement, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) announced its decision to keep the key policy repo rate unchanged at 5.5% from the June 2025 level. Coming after three successive rate cuts, the pause is underpinned by several factors, including the ongoing transmission of the 100 basis points (bps) rate cut since February 2025, and the staggered implementation of the 100 bps cut in Cash Reserve Ratio (CRR) through FY26.

The Central Bank also maintained its stance at 'neutral', indicating a close watch on the growth-inflation dynamic and incoming macro level data to inform further policy decisions. With improved monetary transmission and surplus liquidity, lending costs should continue to fall, likely boosting private investment and near-term consumption demand.

Figure 6: RBI repo rate (%)



Source: RBI

## Trade

### Merchandise trade deficit widens to 8-month high in July

India's goods exports moved higher to USD 37 billion in July, rising by 7.3% led by non-oil exports at 14%, while oil exports were subdued (-25%). Non-oil exports recorded a positive momentum on a sequential basis too, rising by 7.8% to USD 33 billion in July. One of the factors driving India's goods exports higher is front-loading of exports to US with exports to US in July rising by 20%. Maximum traction in exports was seen in electronics (34%) followed by gems & jewellery (29%). Goods imports accelerated by 8.6% to USD 64.6 billion, driven by gold (14%), non-oil-non-gold (8.6%) and oil imports (7.5%) driving trade deficit to 8-month high.

Looking ahead, July's trade figures show that domestic growth momentum has improved compared with June. However, higher US tariffs on India are likely to impact India's exports to US.

Figure 7: Merchandise trade growth (y-o-y%)



Source: Ministry of Commerce and Industry, Government of India



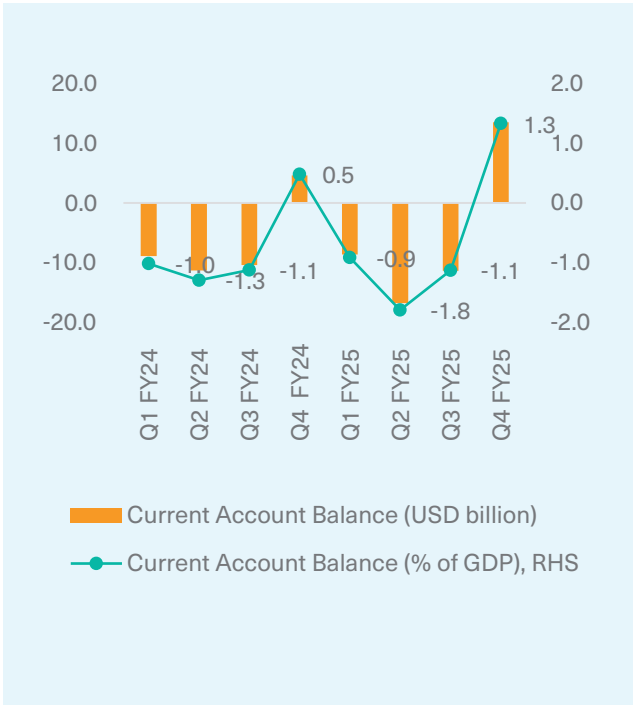
# Current Account Balance

## Current account posts a surplus in Q4FY25

India's current account recorded a surplus in the last quarter of 2024-25 (Q4FY25), standing at USD 13.5 billion (1.3% of GDP) as compared to a deficit of USD 11.3 billion (1.1% of GDP) in the previous quarter (Q3FY25) and surplus of USD 4.6 billion (0.5% of GDP) in Q4FY24. With this, India's current account deficit for FY25 stands at USD 23.3 billion (0.6% of GDP), narrowing slightly compared with USD 26 billion (0.7% of GDP) in FY24. While the goods trade deficit widened (7.3% of GDP vs 6.7% of GDP), it was offset by an increasing surplus in services trade (4.8% of GDP vs 4.5% of GDP).

Going forward, the merchandise trade deficit is expected to come under some pressure this fiscal given US tariff volatility and slowing global growth. However, healthy remittance flow and service exports will help to plug the deficit from widening significantly.

Figure 8: Current account balance



Source: RBI





# African and Regional African Economies

## Overview

Africa is a geographically and economically diverse continent that has experienced growth over the past few years. According to the Africa Development Bank Group's (AFDB) Africa Economic Outlook 2025, the annual Gross Domestic Product (GDP) growth rate on the continent has increased from approximately 3% in 2023 to 3.3% in 2024<sup>15</sup> based on strong private consumption and government expenditure. Moreover, 29 of the 54 countries on the African continent experienced an increase in growth rate, with 10 countries, including Angola, Ghana, and Niger, registering a growth rate increase of more than 1% between 2023 and 2024<sup>16</sup>. On a per capita level, Africa has also experienced growth with real per capita GDP growing by a rate of 0.9% in 2024, which is a 0.2% increase from 0.7% growth rate in 2023<sup>17</sup>.

*On a per capita level, Africa has also experienced growth with real per capita GDP growing by a rate of 0.9% in 2024, which is a 0.2% increase from 0.7% growth rate in 2023*

At the same time, the African economy is susceptible to economic shocks and global geopolitical and geoeconomic uncertainty. Namely, the challenge of inflationary pressures, currency depreciation, and high debt service costs are key risk areas for the African economy. In addition, global challenges, such as geopolitical fragmentation, regional armed conflicts, and volatile trade policies in key African partners obfuscate the continent's economic outlook in the short and medium terms. However, despite these risks, economists project that the African continent will continue to grow at an accelerated rate of approximately 3.9% in 2025 and 4% in 2026<sup>18</sup> that surpasses the global average during that period.

## Key Regional Economies

Projected economic growth is wide-ranging across the five key African regions – North Africa, East Africa, West Africa, Southern Africa, and Central Africa – due to the present geoeconomic uncertainty and varied presence of integration into global value chains and macroeconomic buffers in each of these regions.

**North Africa:** Northern Africa experienced moderate growth in 2024 of approximately 2.6% in 2024; however, this is projected to increase to a rate of approximately 3.6% in 2025 and 3.9% in 2026<sup>19</sup>. By and large, economic growth across the North African region would remain below 5 % due to increased global uncertainty and a subsequent decline in tourist revenues from key sources such as the European Union (EU) and China. Key regional economies like Egypt and Libya have had their forecasts revised downwards due to a projected decline in export revenues. However, in the case of Libya, the country is projected to grow significantly at a rate of 17.3% in 2025, according to IMF forecasts, which improves the overall projected economic growth performance of the North African region.

**Central Africa:** Real GDP growth in the Central African region was approximately 4% in 2024 and is projected to decline moderately to 3.2% in 2025 and 3.9% in 2026<sup>20</sup>. The decline in growth is generally spread across the region due to a broad deceleration in oil and mining production as well as public investment due to present geopolitical volatility. In particular, the Democratic Republic of the Congo (DRC) is expected to experience a decline in growth in 2025 due to persistent conflict in the eastern part of the country, which may impact the nation's minerals exports.

**East Africa:** East Africa had a real GDP growth rate of approximately 4.3% in 2024 that is expected to further climb to 5.9% in 2025 and 2026<sup>21</sup> based on a commitment to reforms, strong intra-regional trade, public sector infrastructure development, and private sector investment. In particular, the East African growth story is led by the economies of Djibouti, Ethiopia, Rwanda, Tanzania, and Uganda, who are all projected to experience growth rates of above 6% or higher in 2025 due to public investments into the value chains of the region's agricultural and energy infrastructure sectors.

**West Africa:** West Africa experienced the highest growth rate amongst African regions in 2024 with a growth rate of approximately 4.5%; however, this is expected to moderate to approximately 4.3% in 2025<sup>22</sup>. Moreover, outside of Nigeria, Ghana, and Sierra Leone, countries in the region are projected to grow at a rate of above 5% in 2025 due to strong domestic demand, sustained public and private investments, and increased value addition in key agricultural products. Senegal, which grew at a rate of 6.9% in 2024, is projected to maintain its position as Africa's fastest growing economy due to the commencement of oil and gas exports from the Greater Tortue Ahmeyim LNG project.

**Southern Africa:** Southern Africa experienced moderate growth in 2024 of 1.9% due to a prolonged drought. Growth is projected to increase to a rate of approximately 2.2% in 2025 and 2.5% in 2026; however, global trade volatility and fiscal risks may adversely impact the regions growth in the near and medium term. eSwatini, Zambia, and Zimbabwe are projected to lead regional growth with projected growth rates of above 6% in 2025 for each of these countries<sup>23</sup>.



In addition to varied performance across regional groupings, diversified performance is also evident across industrial groupings. For **non-resource intensive countries**, growth is projected to be broad-based and strong with a projected rate of 5.5% in 2025 and 5.3% in 2026. **Oil-exporting countries** are also projected to grow at an increased rate from 2.9% in 2024 to 3.4% and 3.7% respectively in 2025 and 2026; however, increased oil production quotas by OPEC+ may depress the price effect on revenues for these countries and, subsequently, impact growth rates. **Other resource intensive countries** are projected to continue growing moderately from a rate of approximately 2.3% in 2024 to 3.1% in 2025 and 3.5% in 2026; however, global trade tensions as well as economic slowdown in key trading partners like China could pose a challenge to economic growth for these countries. Finally, **tourism-dependent countries** are projected to experience decreased growth rates with the average real GDP growth rate of 4.7% in 2024 decreasing to 3.4% in 2025 and 2026 due to low tourist inflows from key inbound tourist destinations of Europe and Asia.



## African Investments

According to the UNCTAD 2025 World Investment Report, foreign direct investment (FDI) into the African continent grew by approximately 75% between 2023 and 2024 to USD 97 billion. The drastic growth was driven predominantly by a mega infrastructure project in Egypt valued at USD 35 billion; however, overall FDI into Africa still grew by approximately 12% overall, even when excluding Egypt<sup>24</sup>. However, at the same time, cross-border M&A, which have accounted for approximately 15% of African FDI inflows, turned negative in 2024 with a net divestment of approximately USD 1.5 billion.

On a regional level, there was a disparity in FDI growth across the continent. North Africa saw the greatest increase in inward FDI with a growth rate of approximately 277%, which was followed by Southern Africa with an FDI increase of approximately 44%. East Africa and Central Africa also saw moderate increases in FDI inflows with growth rates of approximately 12 and 13% respectively. The only region that experienced a net decline in FDI year-on-year (YoY) was West Africa with a decline of approximately 7%.

The African continent saw a decrease of approximately 37% in the value of greenfield project investment announcements from a value of USD 178 billion in 2023 to USD 113 billion in 2024. This was mainly driven by a decrease in renewable project investments overall; however, North Africa registered a 12% growth in greenfield project values to USD 76 billion. The sectors experiencing the largest increase greenfield project investments were construction and metal products with increases of approximately USD 19 billion and USD 1.5 billion respectively.

European enterprises remained the largest investors in Africa overall with the Netherlands, United Kingdom and France represented among the five largest foreign investors on the continent.



# African Continental Free Trade Area

## India's potential role in AfCFTA

The AfCFTA has broadened the scope for India-Africa trade. The AfCFTA, with its aim to eliminate tariffs on 90% of traded goods, holds the promise of transforming Africa's trade landscape. It is projected to boost intra-African trade from the current 17% to nearly 52% within five years, fostering industrialisation, value chain development, and economic integration across the continent. India, with its partnership and expanding economic engagement with the continent, is uniquely positioned to play role in realising AfCFTA's potential. Indian industry can leverage connectivity and lower tariff barriers for setting up investments and creating regional value chains that can be a part of global value chains.

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### Aligning with Africa's Development Agenda

India's long-standing Focus on Africa and its development cooperation naturally align with Agenda 2063. India's partnership can therefore be structured around the short, medium, and long-term priorities of African nations under AfCFTA, facilitating trade expansion and development goals. Blending finance, private investments, and development aid, India can support infrastructure development, digital connectivity, trade facilitation, and capacity building essential to operationalising the AfCFTA.



## Strengthening Regional Value Chains

Indian industry can contribute significantly to building and strengthening regional value chains in Africa. This can be achieved by encouraging Indian businesses to establish manufacturing and processing facilities in around 230 Special Economic Zones (SEZs) across Africa. Such investments would not only help Indian companies gain preferential access to the entire African market under AfCFTA's tariff-free regime, but also promote local employment, technology transfer, and skills development, contributing to Africa's broader industrialisation agenda.

India could seek to get India-specific economic zones in selected African countries, developed in partnership with local governments and Indian businesses. These zones could serve as integrated industrial clusters, facilitating the co-development of regional production networks based on the resource strengths of African economies.

## Focus on Job Creation and Workforce Readiness

With the restructuring of trade under AfCFTA, certain sectors may experience short-term job dislocations. India can assist African governments in developing worker safety nets, reskilling programs, and labour market adjustment policies to ensure smooth transitions. Additionally, India can support efforts to build a future-ready workforce, especially by providing sector-specific vocational training and technical education tailored to local economic needs. Africa's large and growing youth population offers a demographic dividend that can be maximised through such targeted capacity-building efforts.

## Roadmap for the industry

India's global strength in services trade can complement AfCFTA's ambitions to promote trade in services. By enhancing regulatory framework and facilitating business mobility across African borders, can enhance African services industry trade with India.

To unlock AfCFTA's full potential, India can also support efforts to reduce trade costs by contributing to the development of trade-enabling infrastructure and logistics. Technical assistance in customs modernisation, regulatory harmonisation, and digital trade facilitation can promote seamless cross-border movement of goods, capital, and information. In doing so, India can help create a competitive business environment that supports innovation, foreign investment, and private sector growth across Africa.

Joint ventures and sectoral partnerships can be forged within Africa to leverage the AfCFTA. Through partnerships, affordable generic medicines, health infrastructure, and medical services could be provided. In the field of engineering and manufacturing, Indian enterprises can contribute machinery, transport equipment, and other industrial goods to support Africa's industrial growth. In agritech and food processing, collaboration could focus on deploying technologies for yield improvement, building cold chains, and enhancing food value chains. The financial services and business solutions sector also presents strong opportunities, particularly in digital finance, fintech innovation, and consulting. Renewable energy and critical minerals offer potential for joint ventures in solar and wind energy projects, as well as responsible extraction and processing of essential resources. Tourism and hospitality, too, hold promise, with Indian investment helping to develop infrastructure and services that capitalise on Africa's rich natural and cultural heritage.





# Key priority areas & recommendations

During India's G20 Presidency in 2023, the CII B20 India Secretariat formed the B20 Action Council on African Economic Integration. The purpose of this Council was to ensure that the voice of Africa, especially the developmental priorities of the African continent, were strongly represented in the G20 and B20 discussions.

This initiative aligned with India's broader commitment to amplify the concerns of the Global South, and more specifically, to champion Africa's integration into the global economy. The Action Council recognized that regional economic integration in Africa holds immense promise, not only for the continent's own development but also for global business competitiveness, sustainability, and shared prosperity.

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The five key priorities identified by the B20 Action Council also aligned with both the B20 India Presidency's theme - R.A.I.S.E. (Responsible, Accelerated, Innovative, Sustainable, and Equitable), and with the African Union's Agenda 2063 as well as the Sustainable Development Goals (SDGs) of the United Nations. These priorities, as mentioned below, remain as essential levers to bridge the structural gaps that inhibit Africa's economic transformation and trade competitiveness.

## Accelerating Human Capital Development

Africa is home to the world's youngest population, with over 60% of its people below the age of 25. This demographic dividend represents an unparalleled opportunity, but only if the youth are equipped with adequate health, education, and skills. At present, Africa's Human Capital Index (HCI) stands at 0.4 which is amongst the lowest globally. Therefore, addressing this gap is essential for any meaningful economic integration or productivity enhancement.

To attain this, it is crucial to lay emphasis and work on the appended priorities:

- I. Mobilizing Private Capital in Health:** Africa's health sector suffers from low expenditure and high disease burden. While Africa hosts 15% of the global population, it accounts for 50% of global deaths from communicable diseases. This calls for enabling private capital flows into Africa's health sector, especially through development finance, blended finance, and public-private partnerships.
- II. Education Reforms:** School enrolment and learning outcomes in Africa lag behind global averages. This calls for the formulation of national education strategies, improving technical and vocational education and training (TVET), and using digital technology to expand tertiary education access.
- III. Women Empowerment:** Targeted support for education for girls, reduction of dropouts, and support for adolescent health and nutrition can help in building a more inclusive human capital framework.

Thus, investing in health, education, and skill development, Africa can transform its large, youthful population into a globally competitive workforce and can unlock long-term socio-economic returns.

## Transforming Agriculture and Food Systems

Agriculture continues to be the backbone of African livelihoods, employing more than 50% of the continent's workforce. However, the sector is characterized by low productivity, high vulnerability to climate shocks, and a predominance of subsistence farming. To address this, it is imperative to focus on the following:

- I. Farmer Education:** African farmers, especially smallholders, often lack access to high-quality inputs like hybrid seeds, irrigation systems, and fertilizers. This calls for large-scale rollout of Agricultural Education and Training (AET) programs, along with expansion of Farmer Field Schools (FFS) and sustainable agricultural practices.
- II. Mechanization and Irrigation:** Less than 6% of African farmland is irrigated. For this, mechanization and improved irrigation access are critical for boosting yields and ensuring food security. Therefore, there is an urgent need to support the adoption of agri-technologies and infrastructure development.
- III. Access to Capital and Global Markets:** African farmers need access to finance across the agricultural value chain. This includes targeted support to meet the Comprehensive Africa Agriculture Development Programme goals. Establishing Africa's position as a global agri-exporter through value-added processing, not just raw commodity exports, is a key priority and must be focused on.





## Structural Transformation of the African Economy

Africa currently accounts for less than 3% of global manufacturing output, a reflection of its underdeveloped industrial base. To address this, structural transformation, driven by industrialization, MSME growth, and renewable energy access, is vital to create high-productivity jobs and diversify economic activities.

To achieve this transformation, more focus is required on the following priorities:

- I. Industrialization and Technology Adoption:** Supporting private investments in industrial zones, improving access to global markets, and facilitating the adoption of Industry 4.0 technologies are key.
- II. MSME Formalization and Access to Finance:** Micro, small, and medium enterprises are the backbone of many African economies but often lack access to credit and formal infrastructure. Therefore, improved credit ecosystems, simplified tax systems, and incentives to encourage formalization of the MSME sector will be crucial for structural transformation.
- III. Universal Electricity Access:** With over 600 million Africans lacking electricity, energy access is fundamental to structural transformation. This accords emphasis on investments in renewable energy, particularly solar and wind, and decentralization of energy grids through mini- and micro-grid systems.



## Trade Facilitation and Reduction of Barriers to Trade

The African Continental Free Trade Area (AfCFTA) is the world's largest free trade zone by number of countries. However, trade between African nations remains underdeveloped, making up only 15% of total trade. For comparison, intra-EU trade accounts for over 60%. This necessitates the need to facilitate intra-Africa trade and the focus on trade facilitation. Trade facilitation will not only be about connecting Africa to the global market but also about unlocking the power of regional value chains, which will allow African businesses to grow and integrate across borders and therefore, this is a key priority which can act as a building block for the integration of the region. To achieve this, the focus needs to shift to address the following:

- I. Accelerate AfCFTA Implementation:** It is important to deploy measures to enhance AfCFTA's operationalization, including the development of common customs procedures, digital trade platforms, and dispute resolution mechanisms.
- II. Reduction of Tariff and Non-Tariff Barriers:** Harmonizing standards, simplifying documentation, and reducing checkpoints at borders are essential. This also calls for support from economies, especially the G20 nations and multilateral agencies to help build capacity for efficient customs and regulatory environments.
- III. Digitization of Trade Processes:** Leveraging digital tools for paperless trade, e-certificates, and real-time tracking will reduce costs, improve efficiency, and support SME participation in cross-border trade.

## Strengthening Physical and Digital Connectivity

Africa's geographical vastness, coupled with underdeveloped infrastructure, has severely constrained trade and investment flows. Physical and digital connectivity is the vehicle through which regional integration can be driven. Connectivity, both physical and digital, is the enabler of all other priorities. From e-commerce to online education, and from smart agriculture to digital health, Africa's leap into the fourth industrial revolution depends on how quickly and inclusively it can close its digital divide. This necessitates focus on the appended:

### I. Infrastructure Investment and Financing:

Africa faces a massive infrastructure financing gap, estimated at over USD 100 billion per year. This necessitates support to attract FDI, blended finance, and private sector participation in infrastructure projects covering roads, ports, railways, and airports.

### II. Digital Connectivity and Broadband Access:

As per estimates, only 30% (approx.) of Africans have internet access. Therefore, investment in high-speed broadband, digital platforms for education and commerce, and the promotion of National Research and Education Networks (NRENs) is critical.

### III. Support for ICT Ecosystems and Innovation

**Hubs:** By fostering digital entrepreneurship, African nations can leapfrog traditional development stages. This could be achieved by enabling tech startups, expanding digital identity systems, and building resilient data ecosystems.

These five priority areas represent a comprehensive and coordinated roadmap for Africa's economic integration. They acknowledge the continent's potential and the urgency of delivering tangible progress before the 2030 deadline for the Sustainable Development Goals. Being interlinked, these priorities must be addressed in a holistic manner with strong public-private collaboration. Therefore, G20 countries, international organizations, global business leaders, and African governments must join hands to implement these recommendations with urgency and commitment.

In terms of the India-Africa collaboration, India's leadership in forming this Action Council on Africa is a testament to its deep-rooted and growing partnership with Africa. By placing African economic integration squarely on the G20 agenda, India has signalled a strong emphasis on South-South cooperation, with a special focus on Africa.







# Sectors of Cooperation

## Agriculture and Food Security

Agriculture sector in Sub-Saharan Africa is dependent on smallholder farmers, which account for almost 80% of farmland, and work on up to 10 hectares of land<sup>25</sup>. India's agriculture sector, on the other hand, constitute of 86% of small and marginal farmers accounting for approximately 47% of crop area<sup>26</sup>. Fragmentation of land leads to lower productivity, enhancing the need for advanced technology to boost production and efficiency. World Bank data suggests that value added in agriculture, forestry, and fishing is substantially higher in India (USD 639.84 billion) than in Sub-Saharan Africa (USD 341.74 billion).

Table 9: Region wise Indian Exports to Africa, USD billion

| Variables   | India   | Sub-Saharan Africa |
|---|---------|--------------------|
| Agriculture, forestry, and fishing, value added (current USD billion), 2024 | 639.84  | 341.74             |
| Cereal yield (kg per hectare), 2022   | 3567.00 | 1613.00            |
| % Contribution to GDP, 2024   | 16.40   | 17.50              |
| Employment in Agriculture (% of total employment), 2023                     | 44.00   | 49.00              |

Source: World Bank Open Data

*India's agriculture sector, on the other hand, constitute of 86% of small and marginal farmers accounting for approximately 47% of crop area.*

India's agriculture sector contributes significantly to the economy, accounting for 16.4% of the country's GDP. Despite steady annual growth of 4.6%, agricultural productivity remains relatively low, with value added per worker at USD 2,029.33 (constant 2015 USD)<sup>27</sup>. The sector still employs 44% of the total workforce, highlighting its role in livelihoods, though modernization and efficiency improvements remain critical for sustainable growth. Reflecting its vast agricultural base, India is the second largest producer globally of fruits, vegetables, tea, farmed fish, sugarcane, wheat, rice, cotton, and sugar<sup>28</sup>.

Table 10 highlights the top five agricultural exports from India, which include cereals (HS 10); fish and crustaceans, molluscs, and other aquatic invertebrates (HS 03); coffee, tea, maté, and spices (HS 09); meat and edible meat offal (HS 02); and sugars and sugar confectionery (HS 17). Agricultural exports accounted for almost 11% of India's total exports in 2024.

Unlocking the potential of Africa's agriculture sector through African Continent Free Trade Area (AfCFTA) will transform the continent's agriculture market to USD 1 trillion industry by 2030. The African

Development Bank's 10-year strategy (2024–2033) outlines the high five operational priorities, one of which includes "Feed Africa"<sup>29</sup>. This priority aims to transform the smallholder farmers by enabling them to not only feed the region but also supply to agro-processing industries.

In this context, India-Africa partnership is critical to unlock agricultural potential and ensure sustainable development across the region.

Under the agriculture domain, India and Africa cooperate on a bilateral basis in areas such as agricultural development, food processing, training, technology transfer, and private investment. For example, India and Morocco have been cooperating in agricultural research and education through the signing of an MoU in May 2018 and further strengthened their collaboration by jointly celebrating the International Year of Millets 2023 through a millet-based food festival<sup>30</sup>.

In 2023, India extended Line of Credit USD 250 million to Kenya for agricultural mechanization projects. Agriculture is considered as one of the key pillars of India-Kenya bilateral partnership<sup>31</sup>. Likewise, bilateral agreement exists in Agricultural

Table 10: India's Top Five Agricultural Exports

| HS Code | Product label                  | Exported value in 2024 (USD billion) | CAGR (Past 4 Years) |
|---------|--------------------------------|--------------------------------------|---------------------|
| 10      | Cereals                        | 12.11                                | 8.72%               |
| 03      | Fish and crustaceans           | 6.14                                 | 4.51%               |
| 09      | Coffee, tea, maté and spices   | 5.32                                 | 9.81%               |
| 02      | Meat and edible meat offal     | 4.01                                 | 6.61%               |
| 17      | Sugars and sugar confectionery | 2.66                                 | -0.91%              |

Source: ITC Trademap; Based on UNCTAD HS Classification – Agriculture corresponds to HS 1-24, Natural Resources to HS 25-27, Manufacturing to HS 28-97, and Others to HS 98-99.

Research between India and Ethiopia, with India completing project initiatives worth USD 26.80 million in Côte d'Ivoire<sup>32</sup>, in addition to buyers' credit of USD 24.98 million to Ghana to establish assembly plants for tractors, backhoe loaders, and

fabrication of agricultural implements<sup>33</sup>. Therefore, India's agricultural relations with Africa span wide range of sectors including agriculture research and agriculture mechanization.

## Recommendations

- Deeper cooperation in advanced farming methods, biotechnology, and food processing is the need of the hour. Infusion of modern technology in agriculture through collaboration will enhance yield per hectare of small farms in both India and Africa. Transfer of technology will not only address vulnerabilities to climate change but also inclusive access of finance for farmers.
- Food processing, coupled with the enhancement of cold value chain infrastructure in Africa, will transform the continent's low-processed exports and contribute to the targets of food security. Due to presence of large number of food manufacturing MSMEs in Africa, India can assist in establishment of modern processing capability, ensuing adherence to global food-safety standards<sup>34</sup>.

With large proportion of women in Africa's agriculture sector, development of food processing offers inclusivity effects, enhancing value addition in agricultural output, and promoting sustainable rural development.

- Tariff and non-tariff barriers in agriculture sector can be addressed through bilateral Free Trade Agreements with African countries. Trade agreements streamline regulatory complexities, and sanitary and phytosanitary (SPS) measures to enhance agriculture trade on both sides. Studies suggests that elimination of tariffs under AfCFTA will boost intra-regional agricultural trade in Africa by 574% by 2030<sup>35</sup>. Therefore, it offers significant opportunities for India to invest in agri-tech initiatives and logistical infrastructure to boost productivity and cost efficiency.



## Manufacturing and Industrialisation

Manufacturing plays a vital role in economic development by driving industrialisation, creating employment opportunities, and enhancing export potential. Unlike the export of raw commodities, which are often affected by volatile global prices, value-added manufacturing brings greater economic stability. It contributes to higher revenues and strengthens trade balances. Renewed focus on manufacturing can reduce reliance on imports, diversify export portfolios, and promote more inclusive income distribution. This makes manufacturing a fundamental pillar for sustainable development and long-term economic transformation.

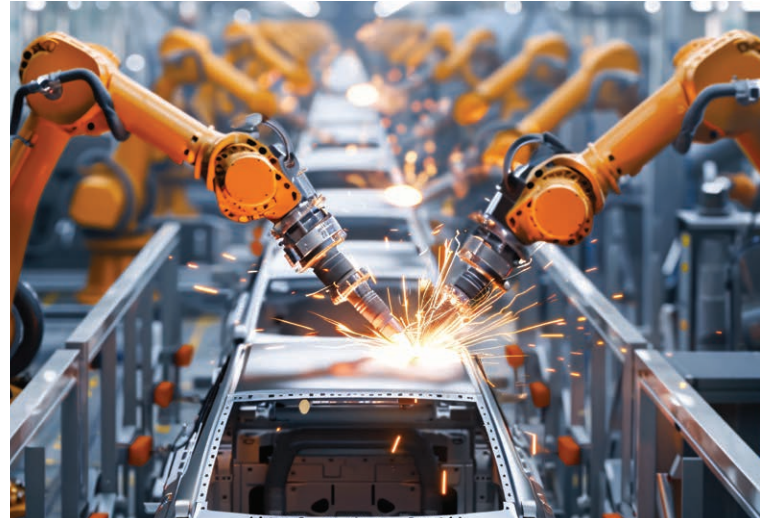
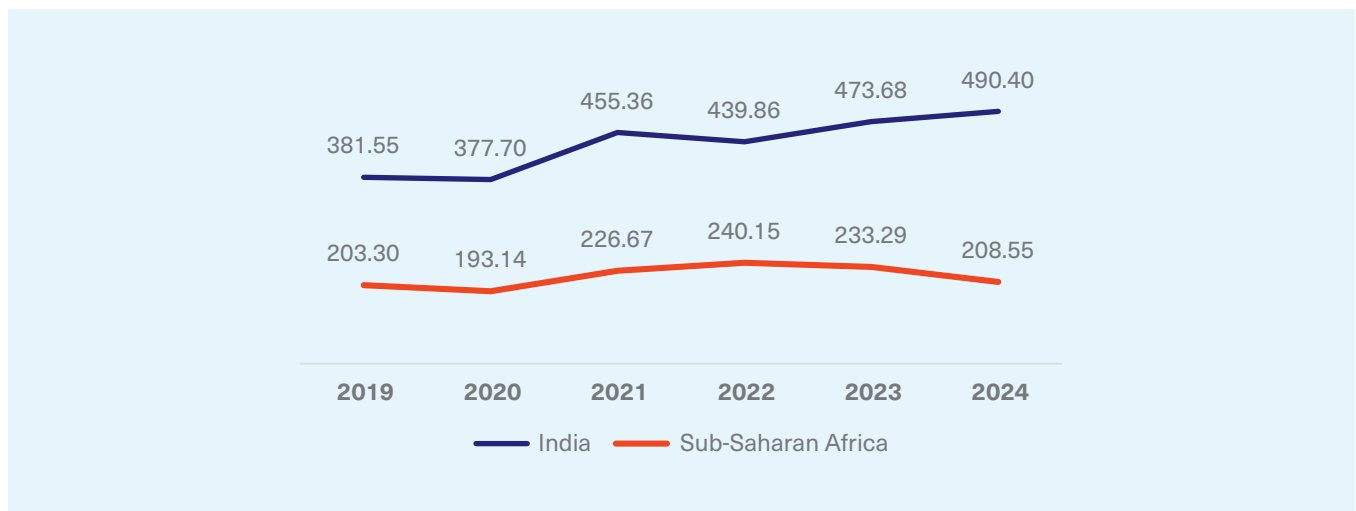


Figure 9: Manufacturing, value added (USD billion)



Source: World Bank Open Data

Between 2019 and 2024, the manufacturing sector in Sub-Saharan Africa demonstrated resilience in the face of global challenges. After reaching a peak of USD 240.15 billion in 2022, the region's manufacturing value added settled at USD 208.55 billion in 2024. This figure is slightly above the 2019 level of USD 203.30 billion, which highlights Africa's underlying industrial potential and the possibility for renewed growth. During the same period, India experienced consistent industrial expansion, with manufacturing value

added increasing from USD 381.55 billion in 2019 to USD 490.40 billion in 2024. This steady growth reflects India's capacity to navigate disruptions and strengthen its industrial base.

India's industrial expansion has been significantly driven by the "Make in India" initiative, which aims to revitalise the economy by establishing the country as a global manufacturing hub. As a flagship 'Vocal for Local' campaign, the initiative has actively promoted domestic manufacturing and employment generation.



Now in its 2.0 phase, encompassing 27 strategic sectors, “Make in India” continues to reinforce India’s position as a key player in the global manufacturing arena<sup>36</sup>. Substantial increase in Foreign Direct Investment (FDI) which nearly reached USD 1.07 trillion cumulatively between April 2000 and March 2025, reflects the success of India’s initiatives in the manufacturing sector<sup>37</sup>.

Over the past decade, both India and Africa have made significant progress in the export of manufactured goods. Between 2015 and 2024, India’s exports of manufactured products grew from USD 218.87 billion to USD 377.71 billion, achieving a CAGR of 6.25%. Its exports of medium and high-technology goods grew even faster, with an annual increase of 8.90%. Africa also recorded steady growth during the same period.

The continent’s manufactured exports rose from USD 169 billion to USD 256.03 billion, with a CAGR of 4.72%. Medium and high technology exports increased from USD 63.92 billion to USD 90.69 billion, reflecting an annual growth rate of 3.96%. These figures illustrate the expanding industrial capacity in both regions and their shared commitment to economic progress.

Under the manufacturing sector, textiles and apparel, electronics, and automobiles are three promising sectors where India and Africa can collaborate. In the textile sector, Africa can leverage its abundant supply of raw materials, particularly cotton. Countries such as Benin and Côte d'Ivoire

have established Special Economic Zones offering integrated infrastructure, skilled labour, and tax incentives, creating favourable conditions for garment manufacturing and export<sup>39</sup>.

Meanwhile, India’s textile sector remains a vital pillar of its economy, supported by government initiatives and a highly skilled workforce. Valued at USD 350 billion, the industry serves a vast domestic market and maintains a strong global export presence<sup>40</sup>. Reflecting steady growth and increasing global demand, India’s textile exports registered an 8.04% increase between 2019-20 and 2024-25<sup>41</sup>.

Similarly, the electronics sector in Africa is gaining global attention due to the continent’s vast reserves of critical minerals like cobalt and lithium, essential components for producing smartphones, batteries, and other high-tech devices<sup>42</sup>. At the same time, India’s electronics market is projected to reach USD 300 billion by 2025–26.

Government initiatives such as the Production-Linked Incentive (PLI) scheme are playing a crucial role in boosting domestic manufacturing, reducing import dependence, and accelerating export growth<sup>43</sup>.

The automotive sector is also witnessing robust expansion, driven by rising vehicle ownership and ongoing infrastructure development. Countries like South Africa, Nigeria, and Egypt are becoming key automobile manufacturing hubs in Africa<sup>44</sup>.

Table 11: Manufacturing Trade Database, USD billion

| Country/Region | Indicators  | 2015   | 2024   | CAGR  |
|----------------|---|--------|--------|-------|
| India          | Total exports of goods                                    | 264.38 | 434.44 | 5.67% |
|                | Exports of manufactured goods                             | 218.87 | 377.71 | 6.25% |
|                | Exports of medium- and high-technology manufactured goods | 74.56  | 160.59 | 8.90% |
| Africa         | Total exports of goods                                    | 413.00 | 630.23 | 4.81% |
|                | Exports of manufactured goods                             | 169.00 | 256.03 | 4.72% |
|                | Exports of medium- and high-technology manufactured goods | 63.92  | 90.69  | 3.96% |

Source: Manufacturing Trade Database, UNIDO Statistics Portal 2025<sup>38</sup>

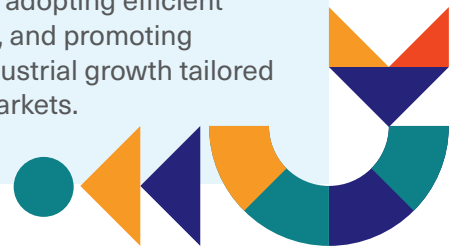


Meanwhile, India's automotive industry has seen significant growth, with domestic production reaching 28 million units in FY 2023–24, covering passenger vehicles, commercial vehicles, two-wheelers, three-wheelers, and quadricycles<sup>45</sup>.

Together, these sectors benefit from supportive government policies and increasing local demand, positioning both continents as a strategic destination for investors seeking long-term, scalable opportunities within key global supply chains alongside India's growing industrial capabilities<sup>46</sup>.

## Recommendations

- India and Africa should strengthen cooperation in the electric vehicle (EV) sector through technology sharing, and trade. India can export affordable, road-suitable EVs to meet Africa's growing demand for two, three, and four wheelers, while Africa can supply India with critical minerals like lithium which is essential for battery production. Joint ventures in EV and battery manufacturing, supported by African government incentives, can create jobs and build sustainable infrastructure. Such collaboration will accelerate clean energy transitions in both regions and reduce dependence on traditional fuels.
- India is an exporter of capital goods, including machinery and mechanical appliances (HS 84) and electrical machinery and equipment (HS 85), to Africa. With India's total capital goods exports rising from USD 63.67 billion in 2021-22 to USD 73.70 billion in 2024-25, driven by Industry 4.0 technologies, increased domestic investment, and the indigenisation of key technologies, there is strong potential for this growing trade to further deepen and strengthen the India-Africa partnership<sup>47</sup>.
- Under the electronics sector, India and Africa can collaborate to build an integrated "mineral-to-market" electronics value chain, where Africa supplies critical minerals like cobalt and lithium, essential for batteries and semiconductors. India provides manufacturing expertise and growing market demand. This collaboration can include setting up joint mineral processing units in Africa, followed by component and device manufacturing in India.
- Both countries should collaborate to drive the manufacturing sector's growth by integrating Fourth Industrial Revolution (4IR) technologies. This partnership can explore joint initiatives in digital manufacturing, automation, and robotics in African industries.
- India and Africa can collaborate in medium- and high-technology manufacturing through knowledge sharing, skill development, and joint ventures. India's experience in building robust manufacturing ecosystems offers valuable lessons for Africa in enhancing value-added exports, adopting efficient production practices, and promoting innovation-driven industrial growth tailored to local and global markets.



# Education, Skill Development and Capacity Building

Africa, home to 1.5 billion people today, is projected to reach 2.5 billion by 2050, making it the world's fastest-growing population. This demographic shift, while challenging, offers significant opportunities. With targeted investments in health, education, and job creation, African nations can harness this growth to achieve a demographic dividend, boosting economic development and social progress<sup>48</sup>.

Sub-Saharan Africa is making progress in expanding access to education, though there are still opportunities for growth, particularly among older youth. While many children aged 6 to 11 are beginning their educational journey, efforts continue to increase school participation for those aged 12 to 14. There is also significant potential to engage more youth aged 15 to 17 in learning, opening doors to further development and opportunity across the region<sup>49</sup>. By adopting smart, inclusive policies and scaling successful models, Africa can turn its population growth into a powerful engine for sustainable development and shared prosperity.

India demonstrates how strategic investments in education can transform demographic potential into national strength. India's education system is on a strong growth trajectory, serving 248 million students across 1.47 million schools with the support of 9.80 million teachers. Higher education enrolment rose by 26.5% between 2014-15 and 2021-22, reaching 43.30 million students, while female enrolment grew by 32%. This progress has been driven by transformative policies like NEP 2020 and significant investments in infrastructure, skilling, and digital access. India's experience underscores the power of sustained reforms and



inclusive planning in shaping a skilled, empowered future generation, lessons that can offer valuable insights for Africa's own development journey<sup>50</sup>.

India's edtech market is emerging as one of the fastest-growing segments in the education sector, driven by increased digital adoption, internet penetration, and demand for flexible learning solutions. The market, valued at USD 700-800 million in 2021, is projected to soar to USD 30 billion by 2031, reflecting the country's rapid digital transformation in education<sup>51</sup>. This growth is backed by strong investor interest, with the education sector attracting USD 9.97 billion in FDI inflows from April 2000-March 2025, highlighting India's potential to become a global hub for innovative and scalable edtech solutions<sup>52</sup>.

The India-Africa educational partnership spans multiple areas, including capacity building, scholarships, curriculum development, and institutional collaboration.

A central focus has been on capacity building, with India offering various training programs and workshops for African educators and administrators. Institutional collaborations have also played a vital role, with universities and research institutions from both regions engaging in joint research, faculty and student exchanges, and the sharing of academic resources and expertise<sup>53</sup>.

During the visit of Prime Minister Modi to Ghana, Trinidad & Tobago, and Namibia in July 2025, African continent and India strengthened collaboration in education, skill development, and

capacity building. With Namibia, both countries will establish Entrepreneurship Development Center<sup>54</sup> and with Ghana, collaboration opportunities will explore traditional medicine education, training, and research<sup>55</sup>. India will also provide 2,000 laptops to school students in Trinidad and Tobago<sup>56</sup>. This reflects India's growing collaboration with African economies in strengthening the region's educational infrastructure.

Looking ahead, India can play a crucial role in supporting Africa's national education strategies.

## Recommendations

- Introduce sector-based training programmes aimed at building capacity in key areas such as healthcare and pharmaceuticals, space technology, and advanced technologies. Additionally, a joint research study can be undertaken to assess the impact of education, particularly at the grassroots level, and to develop actionable recommendations for increasing student enrolment across Africa.
- Under the Pan African e-Network Project (PAENP), tele-education learning centres have been established at 5 regional university hubs across Africa, aimed at enhancing access to quality education through digital platforms<sup>57</sup>. Building on this initiative, the establishment of a dedicated Virtual Education Centre is proposed to further strengthen remote learning infrastructure, facilitate knowledge exchange, and provide students across the continent with greater access to advanced academic and skill-development programmes<sup>58</sup>.
- Artificial Intelligence (AI) is rapidly transforming diverse sectors worldwide, from healthcare and agriculture to education and financial services. To harness its full potential in Africa, particularly in Sub-Saharan regions that face the highest levels of education exclusion<sup>59</sup>, the Indian industry can take the lead in delivering specialised training programmes. These initiatives would focus on equipping the local workforce with essential digital and technical skills, fostering innovation, and enabling the effective adoption of advanced technologies across key sectors.
- Indian industry can support the growth of Africa's edtech market by helping develop real-time monitoring systems, promoting transparent budgeting and audits, and strengthening policy implementation. Leveraging its extensive experience in the rapidly expanding Indian edtech sector, India can share valuable expertise and foster collaboration to help African countries build resilient, inclusive, and future-ready education ecosystems.



## Healthcare and Pharmaceuticals

With a population of 1.4 billion, India places a high strategic priority on healthcare, driven by government initiatives, technological innovation, and growing private investment. The National Digital Health Mission aims to provide Universal Health Coverage (UHC), building a digital health ecosystem that is accessible, inclusive, affordable, and efficient<sup>60</sup>. India is also a global leader in vaccine production, accounting for nearly 60% of global output, with 9 Indian companies ranked among the top 25 global generic pharmaceutical manufacturers<sup>61</sup>. The country's pharmaceutical sector ranks 8th in terms of FDI equity inflows, attracting USD 23.41 billion, with a share of 3.21% in India's total FDI between April 2000 and March 2025<sup>62</sup>.

Africa's healthcare sector, on the other hand, is undergoing a phase of significant transformation, presenting a range of opportunities for international collaboration. The region currently imports approximately 99% of its vaccines and 70% of essential medicines<sup>63</sup>. To reduce this dependency, the African Vaccine Manufacturing Accelerator (AVMA) has set a goal to locally produce 60% of the continent's vaccine needs by 2040<sup>64</sup>. Achieving this target will require accelerated development of pharmaceutical manufacturing infrastructure, supported by technology transfer, capacity building, and investments in research and skilled workforce development.



From trade perspective, India's pharmaceutical exports grew at a CAGR of 8.57%, increasing from USD 16.28 billion in 2019–20 to USD 24.57 billion in 2024–25. Although exports to Africa rose by 22.12% during this period, from USD 3.21 billion to USD 3.92 billion, the continent's share in total exports declined from 19.71% to 15.95%. This decline in Africa's share highlights the need to further strengthen and expand India's pharmaceutical exports to the African market.

Table 12: India's Pharmaceutical Exports (HS 30, USD billion)

| HS Code | Countries/Territories  | Apr'19 - Mar'20 | Apr'24 - Mar'25 | % Change |
|---------|--|-----------------|-----------------|----------|
| 3004    | Medicaments (excl items of 3002,3005 / 3006) for therapeutic use | 14.61           | 22.03           | 8.55%    |
| 3002    | Human, animal, or vegetable origin medicinal products            | 1.05            | 1.78            | 11.09%   |
| 3003    | Medicaments (excl goods heading no 3002 3005 or 3006)            | 0.31            | 0.32            | 0.65%    |
| 3006    | Miscellaneous pharmaceutical goods                               | 0.21            | 0.30            | 7.32%    |
| 3005    | Wadding, gauze, bandages and similar articles                    | 0.06            | 0.09            | 10.74%   |

Source: Ministry of Commerce and Industry, Government of India

Technological innovations, particularly in telemedicine, are playing an increasingly important role in advancing UHC across Sub-Saharan Africa. However, implementation has been uneven. While regions such as ECOWAS and the East African Community (EAC) have made notable progress, the Southern African Development Community (SADC) has taken the lead in broad-scale adoption, backed by strong legislative support (Dodoo et al., 2021). This imbalance calls for greater coordination among stakeholders to expand telemedicine

infrastructure, improve service delivery, and enhance user adoption across the region<sup>65</sup>.

India's rapidly growing telemedicine market offers valuable insights and potential for collaboration. With the market projected to grow from USD 830 million to USD 5.5 billion by 2025 at a CAGR of 31%, India's experience driven by increasing healthcare demand, technological innovation, diagnostic convenience, and improved patient engagement, could serve as a model for accelerating telemedicine adoption and capacity-building efforts across Sub-Saharan Africa<sup>66</sup>.

## Recommendations

- Building on the existing India-Africa Health Fund<sup>66</sup>, both regions can jointly expand it into a scalable platform to address persistent challenges such as inadequate investment, workforce shortages, and fragile health systems. By leveraging India's private sector expertise in hospital infrastructure, pharmaceuticals, and digital health, and aligning with Africa's growing healthcare ambitions, this collaboration can promote sustainable capacity-building, improve health outcomes, and enhance South-South cooperation through targeted, long-term investments.
- Universal Health Coverage (UHC) efforts across countries like Ghana, Kenya, and Morocco offer scope for Indian health-tech, insurance, and hospital management firms to support system redesign, health infrastructure, and service delivery models.
- Indian investments can help bridge regional disparities in telemedicine adoption across Africa by supporting a continent-wide adoption of telemedicine technology. This initiative can fund the development of digital infrastructure, training programs, and mobile health platforms in underserved ECOWAS and EAC regions. Leveraging India's experience with low-cost telemedicine models such as e-VidyaBharti, the partnership can foster equitable access, build local capacity, and create a scalable framework aligned with Africa's UHC goals.
- India supplied 'Made in India' COVID-19 vaccines to 42 African countries, demonstrating its role as a reliable healthcare partner<sup>68</sup>. Building on this cooperation, India can now support the development of localized vaccine manufacturing capabilities across Africa through technology transfer, joint ventures, and training initiatives. This would not only reduce dependency on imports but also strengthen regional health systems, enhance epidemic preparedness, and build long-term resilience against future health emergencies.

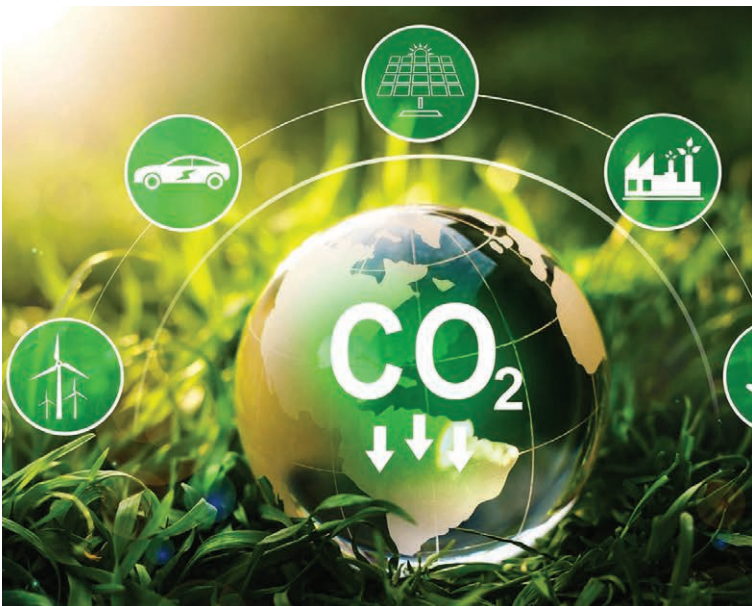




# Green Economy

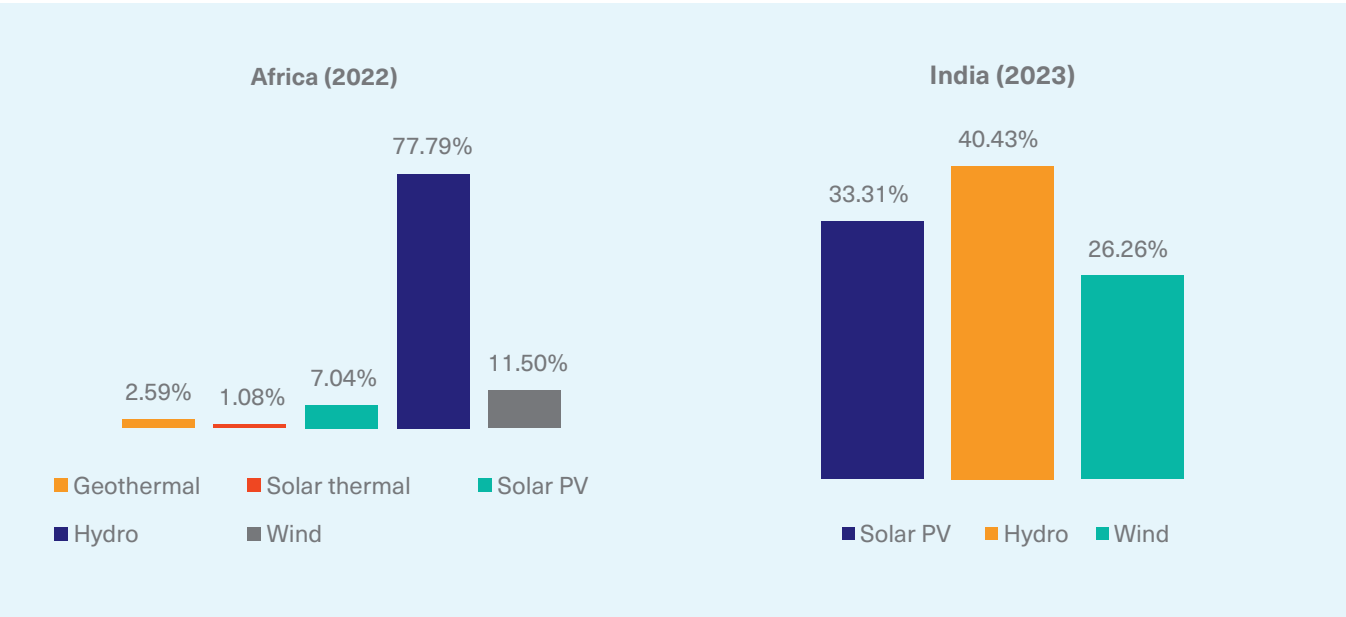
Globalization has driven a resurgence in trade and multisectoral collaboration, focusing on strengthening national capacities based on comparative advantage. Within this evolving landscape, the concept of a green economy has gained prominence, promoting economic growth through low-carbon technologies that reduce ecological risks and encourage sustainable resource use.

Aligning with these global priorities, India has set ambitious climate targets. In its updated Nationally Determined Contribution (NDC) submitted in August 2022, India aims to reduce its greenhouse gas emissions intensity by 45% of its GDP by 2030<sup>69</sup>. With a historical share of just 4% of cumulative global GHG emissions, India has launched several initiatives including the National Green Hydrogen Mission, expanded solar photovoltaic (PV) and wind turbine manufacturing, and upgraded grid infrastructure. These efforts



resulted in a remarkable 29.52 GW of renewable energy capacity added in 2024-25, solidifying India's position as a global clean energy leader<sup>70</sup>.

Figure 10: Renewable Electricity Generation, India and Africa



Sources: International Energy Agency

India and Africa exhibit complementary strengths in renewable electricity generation. Africa relies heavily on hydro (77.79%) and wind (11.50%), showcasing expertise in large-scale water and wind-based energy. India, in contrast, also leads in hydro (40.43%), with strong focus on solar PV (33.31%) and wind (26.26%) sources of renewable energy. This creates opportunities for collaboration: India can support Africa in scaling solar PV infrastructure, while Africa can offer insights into hydroelectric expansion. Joint ventures in wind energy can further enhance grid diversity and resilience. By leveraging each other's strengths, both regions can accelerate the transition to sustainable, diversified renewable energy portfolios.

Africa is strategically poised to play a pivotal role in the global green economy shift. With its rich biodiversity and vast solar potential, the continent is advancing sustainable development through initiatives like the Africa Renewable Energy Initiative (AREI), which targets 300 GW of

renewable capacity by 2030<sup>71</sup>. Further, six African nations, Egypt, Kenya, Mauritania, Morocco, Namibia, and South Africa have formed the Africa Green Hydrogen Alliance (AGHA) to accelerate green hydrogen projects, positioning Africa as a future clean energy powerhouse<sup>72</sup>.

A key example of this partnership is the International Solar Alliance (ISA), launched by Prime Minister Narendra Modi at COP21 in 2015 to promote affordable solar energy deployment and climate-resilient development. Africa plays a central role in the ISA, with nearly half of its member countries from the continent, highlighting its leadership in solar energy expansion. To bolster this collaboration, India has pledged a USD 2 billion concessional credit line for off-grid solar projects in Africa<sup>73</sup>. A major joint initiative between ISA and the African Development Bank aims to install 10,000 MW of solar capacity across the Sahel, providing electricity access to nearly half of the 600 million Africans still off-grid<sup>74</sup>.

## Recommendations

- Rural electrification and grid modernization is a major opportunity for collaboration between India and Africa. India's success in bringing 100% village electrification to rural communities through decentralized renewable systems could offer a replicable model for African countries, many of which still face significant energy access challenges. India's public and private sectors could collaborate with African governments and utilities to deploy mini-grids and off-grid systems, particularly in remote areas<sup>75</sup>.
- India and Africa can collaborate on upscaling Climate-Smart Agriculture (CSA) by sharing technologies, enhancing value chains, and improving climate resilience.

Joint efforts in digital innovation, CSA financing, and policy exchange can strengthen food security, support smallholder farmers, and reduce emissions. This partnership will leverage shared agro-ecological challenges and opportunities to create climate-resilient, low-carbon, and inclusive agri-food systems across both regions<sup>76</sup>.

- Both regions can partner to harness green hydrogen's potential by combining Africa's vast renewable resources with India's cost-efficient technology and policy expertise. This collaboration can accelerate clean energy transitions, support industrial decarbonisation, and create green jobs.



Joint projects, especially in solar-powered electrolysis, can strengthen energy security, reduce emissions, and position both regions as leaders in the global green hydrogen economy<sup>77</sup>.

- India and Africa can jointly leverage blended finance and green bonds to accelerate their green transitions.

India's experience with innovative climate financing tools can support Africa's green infrastructure development. Indian banks can play a key role by setting up operations in African countries, facilitating access to green capital, managing climate-risk financing, and issuing green bonds. This collaboration can help both regions meet climate goals and build inclusive green economies.



## Critical Minerals

Critical minerals play a vital role in driving sustainable transformation, serving as key inputs for the electric vehicle (EV) industry and crucial components in the magnets used for wind turbines and EV motors. Enhancing battery performance and advancing clean energy technologies depends on these minerals, making deeper investments the need of the hour. However, investment momentum slowed in 2024, with spending increasing by only 5% compared to a 14% rise in 2023, while exploration activity plateaued<sup>78</sup>.

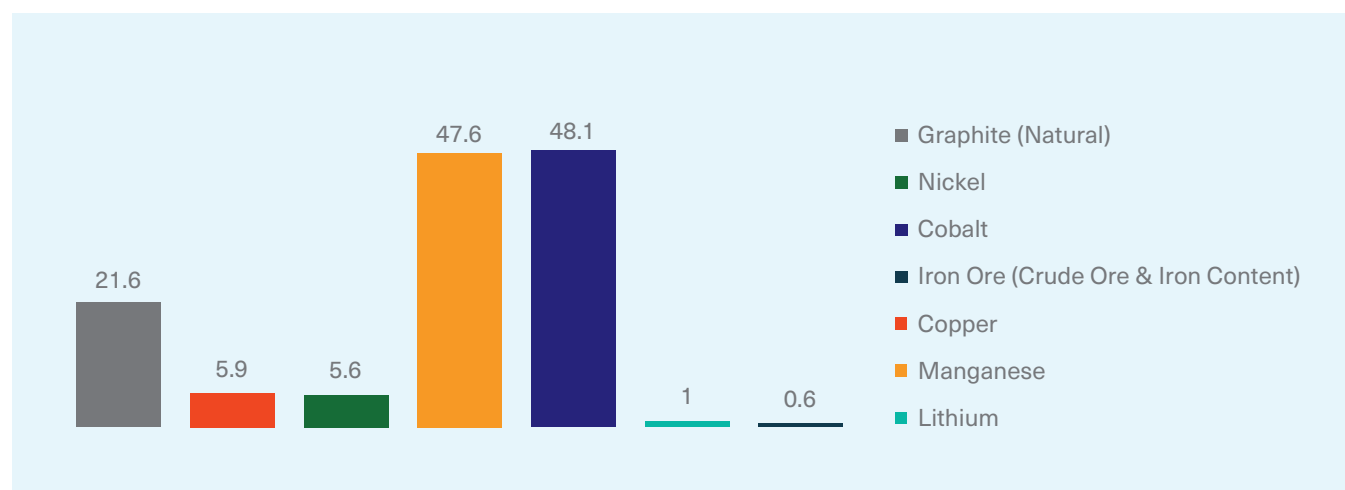
In this context, a strengthened India-Africa partnership can play a pivotal role in revitalizing investment flows. By leveraging India's technological expertise and Africa's rich mineral reserves, both regions stand to benefit from increased two-way investments in critical minerals, supporting their mutual goals of clean energy transition and economic resilience.

Africa is home to 30% of the world's critical minerals, including 48% of cobalt and manganese reserves and 22% of natural graphite, resources essential for EV manufacturing. Focused investments in local manufacturing, research and



development, and skill-building can generate a multiplier effect, create employment, and ensure a reliable supply of key inputs. Furthermore, building intra-regional value chains in the automobile and clean energy sectors will enhance Africa's capacity to produce high-value electronics and components, integrating the region more deeply into global supply chains.

Figure 11: Africa's Share of Global Reserves (%)



Source: UNCTAD calculations, based on data from the Knoema database, 2023<sup>79</sup>



Complementing Africa's large mineral reserves, India launched the National Critical Mineral Mission in January 2025, with expected investments of INR 180 billion by Public Sector Undertakings (PSUs) across the entire critical mineral value chain, from exploration and mining to processing and recycling<sup>80</sup>. This initiative opens new avenues for India-Africa collaboration, enabling India to secure access to essential minerals while supporting Africa's industrialisation goals. Further advancing this agenda, the Union Budget of February 2025 proposed a full exemption from Basic Customs Duty (BCD) on cobalt powder, lithium-ion battery waste and scrap, lead, zinc, and 12 other critical minerals. This measure aims to ensure the availability of key minerals for domestic manufacturing and create more employment opportunities for the youth. This builds on the July 2024 Budget, which had already fully exempted 25 critical minerals from BCD<sup>81</sup>.

Expanding such value chains is where the AfCFTA becomes critical. The AfCFTA's unified market of 1.3 billion people presents a transformative opportunity to strengthen intra-African trade in

critical minerals. By processing, refining, and trading these resources locally, African countries can reduce dependence on raw mineral exports, foster industrialisation, and add value within the continent. This integration will boost economic diversification, generate government revenues, and position Africa as a competitive global hub for green manufacturing<sup>82</sup>.

For India-Africa critical minerals partnership to succeed, a long-term strategy is needed, one that considers geopolitical complexities, investment risks, and the need for sustainable, inclusive development. India can leverage its diplomatic goodwill, robust economic ties, and diaspora networks to align with Africa's priorities. These include downstream value addition, local workforce upskilling, responsible mining practices, infrastructure development, and transparent governance. Engaging not only large companies but also mid-sized firms, research institutions, technology providers, and local communities will help build a resilient and inclusive critical minerals ecosystem, one that benefits both India and Africa while contributing to the global green transition<sup>83</sup>.

## Recommendations

- India's push to develop a domestic lithium supply chain aligns strategically with Africa's growing emphasis on local beneficiation. Zimbabwe, for instance, has commissioned the Sandawana lithium concentrator, signalling a shift from raw exports to in-continent processing<sup>84</sup>. By establishing complementary processing hubs, India and Africa can create a resilient lithium supply chain, India benefits from secure, refined inputs while African nations retain value, and strengthen

clean energy transitions through deeper industrial cooperation and reciprocal investment in downstream infrastructure.

- A partnership on critical minerals mining will help map India's specific mineral needs such as lithium, cobalt, nickel, and copper which are crucial for its clean energy and EV sectors. The partnership can focus on securing these minerals by promoting targeted investments in Africa's abundant deposits, ensuring a reliable supply chain.



In return, India can export electric vehicles to Africa, strengthening bilateral trade ties and supporting the continent's transition to sustainable mobility.

- India and Africa can collaborate closely on mining technologies to modernize and optimize mineral extraction. Through joint research and development projects and sharing expertise in digital tools like Geographic Information Systems (GIS), automation, and robotics, both regions can improve exploration accuracy and operational safety.

- Joint innovation programs, including hackathons and accelerator initiatives, can drive technology adoption tailored to mining challenges. Additionally, India and African countries can develop frameworks encouraging sustainable mining practices, supported by self-regulation standards inspired by global best practices. This cooperation will enhance productivity, reduce environmental impact, and create resilient, tech-driven mining sectors beneficial for both economies.



## Power and Energy

Energy security remains the most critical aspect of international collaboration. Among all energy sources, oil continues to play a central role in shaping global geopolitics, economic stability, and strategic alliances. Despite advancements in renewable energy and increasing awareness of climate change, oil dependency remains a critical factor that influences the foreign and domestic policies of both producing and consuming nations.

In this evolving energy landscape, the contrast between major importers and exporters becomes increasingly significant. India's trade balance under the broader Harmonized System (HS) category of mineral fuels and oils (HS 27) stood at a deficit of USD 145.20 billion in 2024, highlighting its status as a net energy importer. In contrast, Africa recorded a trade surplus of USD 105.25 billion in the same category, underscoring its role as a significant energy exporter<sup>85</sup>.

In terms of electricity generation sources, India and Africa exhibit significantly different energy profiles. In India, coal remains the dominant source of electricity, accounting for 74.43% of the total generation in 2023. This is followed by solar photovoltaic (5.97%), wind (4.70%), hydro (7.24%), nuclear (2.41%), natural gas (2.96%), biofuels (1.88%), waste (0.20%), and a minimal contribution from oil (0.21%). This heavy reliance on coal highlights India's dependence on conventional fossil fuels, although the growing share of renewables like solar and wind indicates a gradual shift toward cleaner energy.

In contrast, Africa's electricity generation mix in 2022 was more diversified in terms of fossil fuel types. Natural gas was the leading source, contributing 41.61%, followed by coal at 26.10% and oil at 7.21%. Among renewable sources, hydroelectric power accounted for a notable



18.32%, while solar PV and wind contributed 1.66% and 2.71%, respectively. Other sources such as biofuels (0.28%), nuclear (1.08%), geothermal (0.61%), solar thermal (0.25%), and others (0.17%) made up a small fraction. Although Africa relies less on coal compared to India, its energy mix remains dominated by fossil fuels. However, the presence of diverse renewable sources presents significant potential for cleaner energy development across the continent.

While Africa is rich in energy resources, it faces several significant challenges in achieving universal access to reliable and sustainable energy. First, widespread energy poverty remains a critical issue, with over 600 million people, more than half the continent's population, lacking access to electricity. Second, despite Africa's abundant renewable energy resources and its global leadership with 55.5% of energy consumption from renewables, the continent attracts only 2% of global renewable energy investments<sup>86</sup>.

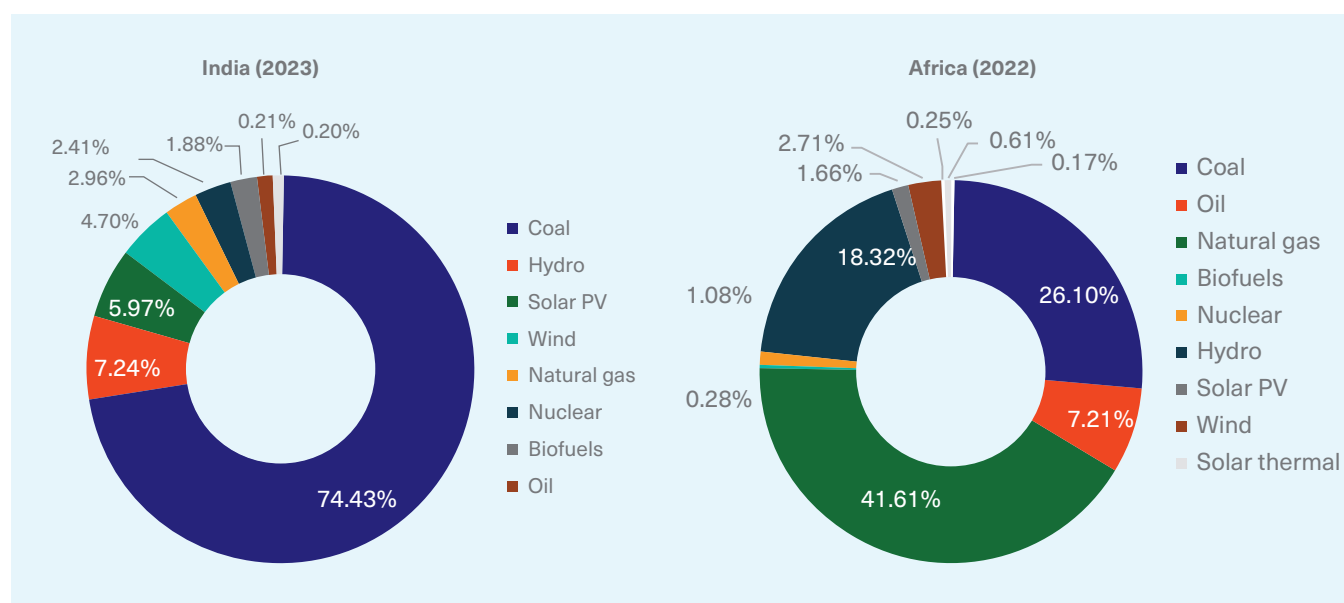


Deeper collaboration between Africa and India can address such challenges. By 2021, India had successfully achieved universal electrification, surpassing the global average of 90.40%. This milestone was made possible through a combination of strong political will, robust institutional frameworks, widespread digitization, and the implementation of a hybrid approach integrating grid expansion, off-grid solar technologies, and decentralized mini-grids to deliver electricity access to even the most remote

communities<sup>87</sup>. Further, India's advanced solar PV manufacturing capabilities and policy-driven energy transition can support Africa's need for technology transfer and renewable expansion.

Collaborative ventures leveraging India's expertise in low-cost renewable technologies and Africa's resource wealth can accelerate clean energy adoption in both regions, fostering mutual growth and energy security aligned with global decarbonization goals.

Figure 12: Sources of Electricity Generation



Source: International Energy Agency

## Recommendations

- With India reaching its 20% ethanol blending target in petrol by 2025, well ahead of its original 2030 goal, it opens the door for meaningful collaboration with Africa. India can partner with African nations to transfer technology, build capacity, and exchange knowledge in biofuel production. This cooperation can help develop Africa's ethanol infrastructure, support sustainable agriculture, and promote cleaner energy solutions across the continent<sup>88</sup>.
- Infrastructure finance presents a key area of collaboration between India and Africa, particularly in the development of renewable energy projects. Leveraging India's proven track record in delivering major infrastructure



across the continent, along with its inclusive approach to local workforce development, offers a strong foundation for partnership. By combining India's construction expertise with support from development finance institutions, especially from the US and other allies, both regions can accelerate clean energy deployment, boost local capacity, and ensure sustainable, mutually beneficial growth<sup>89</sup>.

- India can extend lines of credit to African nations to support the development and scaling of solar energy projects across the continent.

This financial assistance can help bridge funding gaps for infrastructure, technology deployment, and capacity building in the renewable energy sector.

- India's strong coal base and growing solar and wind capacity complement Africa's energy mix of natural gas and untapped renewables. By sharing technology and policy expertise, India can support Africa's renewable expansion. Joint efforts can accelerate clean energy adoption, enhance energy security, and advance global decarbonization goals.



## Digital and Physical Infrastructure Development

The development of digital infrastructure presents a powerful opportunity to drive inclusive and sustainable growth. This progress depends on advancements in key areas such as artificial intelligence, semiconductor technology, telecommunications connectivity, blockchain, quantum computing, biotechnology, nanotechnology, research and development, and cybersecurity. These technologies form the core of a resilient and future-ready digital ecosystem.

Alongside this, strong physical infrastructure is essential to support digital transformation. Well-functioning transport systems, efficient logistics networks, and high-quality health and education services play a vital role in boosting productivity, improving connectivity, and promoting social inclusion. When digital and physical infrastructure are effectively integrated, societies are better equipped to harness technology for economic progress and human development.

India has taken significant strides in strengthening its digital foundation through progressive policies and innovative initiatives. Key among these is the Production Linked Incentive Scheme, the IndiaAI Mission, and India Stack, which includes Aadhaar, DigiLocker, and the Unified Payments Interface (UPI). Value of online transaction through India's UPI exceeded INR 25 trillion in July 2025, suggesting the deep integration of digital services in India<sup>90</sup>.

These initiatives have greatly contributed to the growth of the Information Technology and Information Technology Enabled Services sector.



This sector currently accounts for around 7% of India's Gross Domestic Product and is expected to contribute about 10% by 2026<sup>91</sup>. This growth reflects India's commitment to becoming a global digital leader.

India is also making strong progress in enhancing physical infrastructure. The Union Budget for the financial year 2025-26 has increased capital investment outlay to INR 11.21 trillion, which is about 3.1% of the country's Gross Domestic Product. Important initiatives such as the National Infrastructure Pipeline, the Production Linked Incentive schemes, and the National Master Plan for Multi-modal Connectivity aim to improve transport and logistics systems, reduce inefficiencies, and ensure inclusive and balanced growth across the country<sup>92</sup>.

As a result, from April 2000 to March 2025, FDI equity inflows into Construction (Infrastructure) activities amounted to USD 36.16 billion, while Construction Development totalled USD 27.13 billion<sup>93</sup>.

Africa's digital economy is advancing at a remarkable pace. Its contribution to the continent's Gross Domestic Product has grown from 1.1% in 2012 to 4.5 % in 2020, with projections reaching 5.2% by 2025 and 8.5% by 2050. This progress is driven by expanded internet access, a rising number of skilled digital professionals, an energetic startup ecosystem, and encouraging policy environments<sup>94</sup>. Regional initiatives such as the African Continental Free Trade Area are further accelerating digital transformation and economic integration across the continent.

Africa is also focusing on improving physical infrastructure, particularly in transport and logistics. Although some challenges persist, many positive initiatives are underway. Sub-Saharan Africa is working to expand access to public transport, improve road and rail networks, and

reduce trade and travel barriers between cities. The region is also addressing infrastructure needs in landlocked countries to enhance regional integration. To meet development goals, Africa requires more than USD 130 billion annually in infrastructure investment, including one-third for transport and 10% for information and communication technology<sup>95</sup>.

Africa is actively working to build reliable Digital Public Infrastructure. While certain challenges such as limited national connectivity, dependence on imported technology, and the need for more international-standard data centres remain, the continent is making encouraging progress. Africa made substantial progress in mobile money transactions, processing 65% of such transactions globally. The continent also dominated in transaction volume, contributing approximately 82 billion out of the 108 billion global total<sup>96</sup>. DPI rests on three key pillars: digital identity, digital payments, and data exchange. However, challenges such as limited high-speed internet access, inadequate infrastructure, and concerns around data governance persist<sup>97</sup>.

## Recommendations

- The adoption of India's Unified Payments Interface (UPI) system by Namibia marks a significant milestone in India-Africa digital cooperation<sup>98</sup>. This sets a strong example for collaboration in digital financial inclusion. By sharing its successful digital public infrastructure models, such as UPI, India can support African countries in strengthening their own digital payment ecosystems. This cooperation can enhance financial accessibility, promote cross-border trade, and empower underserved populations across the continent.
- India and Africa can strengthen their collaboration in telecommunications by jointly investing in and expanding undersea cable infrastructure. The recent landing of the 2Africa Pearls subsea cable in Mumbai, part of a 45,000 km system connecting India, Africa, and Europe, highlights a powerful opportunity<sup>99</sup>. These cables are critical to supporting internet connectivity, data transfer, and digital services across borders. By partnering on such projects, both regions can enhance global connectivity, support growing digital economies, and reduce reliance on limited routes.



Cooperation in cable maintenance, regulatory harmonization, and data centre integration can further amplify mutual benefits and network resilience.

- India and Africa can collaborate in expanding 4G and 5G population coverage to bridge the digital divide and promote inclusive growth. With India achieving 99.06% 4G coverage in 2024, it offers valuable expertise in large-scale network deployment, spectrum management, and rural connectivity<sup>100</sup>. Sub-Saharan Africa, with 65% 4G coverage as of 2022, can benefit from India's experience in cost-effective infrastructure rollout and public-private partnerships<sup>101</sup>. Joint initiatives in technology transfer, training, and regulatory frameworks can accelerate Africa's transition to 5G while enhancing India-Africa cooperation in digital infrastructure.
- India-Mauritius CECPA, signed in 2021, is India's first trade agreement with an African nation. However, the agreement

did not have a specific chapter on digital trade. Bilateral trade negotiations with African countries can be promoted to enable cross-border digital trade by establishing rules and frameworks for online transactions, data flows, and digital services<sup>102</sup>. This will lead to greater trade and deepened technological collaboration between India and Africa.

- Africa's emerging smart cities, including Konza Technopolis in Kenya, Eko Atlantic City in Nigeria, and Cape Town's Smart City initiatives, reflect a growing focus on technology-driven urban development<sup>103</sup>. India, through its Smart Cities Mission, offers valuable expertise in areas like digital governance, sustainable infrastructure, and smart mobility. Collaboration between India and Africa can strengthen smart city planning, promote knowledge sharing, and support joint innovations. This partnership can foster inclusive, resilient, and future-ready cities across both regions.





## Defence and Space

According to the Global Firepower Index 2025, India ranks as the fourth largest military power in the world, demonstrating balanced capabilities across manpower, airpower, land power, naval strength, and financial resources. India's defence budget reflects this trajectory, rising from USD 71.42 billion in 2024-25 to USD 78.32 billion in 2025-26, a 9.5% increase<sup>104</sup>. This sustained expansion is driven by long-standing concerns over national security and a strategic commitment to bolstering indigenous defence production. India's growing defence exports reached USD 2.43 billion in 2024 which further illustrate its emergence as a reliable defence manufacturing hub<sup>105</sup>. These trends are supported by government policies that promote local innovation and production, creating a framework that also opens new avenues for defence collaboration with African nations.

As per the same index, countries like Egypt, South Africa, and Algeria lead in local arms production, manufacturing vehicles, small arms, and even aircraft components. While many nations still rely heavily on imports, growing investment in indigenous defence capabilities signals a shift towards self-reliance and regional collaboration in military technology and equipment development<sup>106</sup>.

Growing engagement between India and Africa is evident through increased collaboration and strengthened ties across various regions of the continent. In West Africa, Prime Minister Narendra Modi's 2024 visit to Nigeria marked a turning point, with Nigeria expressing clear interest in Indian defence systems<sup>107</sup>. Signing of an MoU between India's Defence Research and Development Organisation (DRDO) and Nigeria's Defence Research and Development Bureau (DRDB) laid the groundwork for joint innovation in defence technology<sup>108</sup>.

In Southern Africa, India's longstanding partnership with South Africa formalised through a 1996 MoU which was expanded in 2000 was



institutionalised through the India–South Africa Joint Defence Committee (JDC). This cooperation is reinforced through regular port calls by Indian Naval Ships and India's participation in trilateral India, Brazil and South Africa Maritime Exercise (IBSAMAR) exercises, highlighting its role in strengthening regional maritime security<sup>109</sup>.

India's emphasis on indigenisation, modernisation, and the development of defence industrial corridors provides ground for deeper engagement with African partners. This evolving architecture fosters a two-way investment ecosystem: African industries can benefit from investing in India's burgeoning defence manufacturing sector, while Indian firms can contribute to building Africa's domestic defence capacity through exports, technology transfers, and the potential establishment of joint industrial corridors. Complementing this robust defence cooperation is a growing convergence in the space sector. India's space programme, recognised globally for its cost efficiency and reliability, offers significant potential for partnership with Africa.

Successes such as Chandrayaan-3, Mangalyaan, and Aditya L-1 have underscored India's strengths in satellite launches, deep space exploration, and earth observation. These capabilities combined with low-cost launch platforms like Small Satellite Launch Vehicle (SSLV), skilled human capital, and advanced satellite communication and navigation systems present an attractive proposition for African nations aiming to accelerate their space ambitions<sup>110</sup>.

On the other hand, Africa's space ecosystem is gaining institutional coherence with the operationalisation of the African Space Agency (AfSA) in April 2025, headquartered in Egypt. AfSA seeks to unify continental efforts by supporting national programmes and driving initiatives in Earth observation, satellite navigation, connectivity, and astronomy<sup>111</sup>. In 2021, the value

of Africa's space economy stood at USD 19.49 billion and is expected to increase by 16.16%, reaching USD 22.64 billion by 2026<sup>112</sup>.

In 2023, India and Nigeria signed an MoU for cooperation in outer space including space science, planetary exploration, ground stations, among others. Similar collaboration also exists with Ghana, where SIA-India signed an MoU with the Ghana Space Science and Technology Institute (GSSTI) to deepen collaboration in satellite communications and space industry<sup>113</sup>.

Therefore, both continents have already initiated cooperation in defence and space industries. India can play a key role in helping shape the continent's emerging space economy, deepening the strategic India-Africa partnership across both defence and space domains.

## Recommendations

- India and Africa can collaborate on establishing regional satellite assembly and integration facilities in Africa, using Indian space technology and private sector expertise. This would enable African nations to build, test, and deploy satellites locally, reducing dependency on foreign launches while boosting local technical capacity and industrial growth<sup>114</sup>.
- India's ISRO could partner with Africa's African Space Agency (AfSA) to strengthen space collaboration through joint Earth observation exercises focused on climate monitoring, agriculture, water resource management, and disaster preparedness. By combining ISRO's proven satellite imaging and data-processing capabilities with AfSA's regional knowledge and priorities, both sides can co-develop applications tailored to African developmental needs.
- Cybersecurity is another important area of collaboration, where India has signed MoUs with African economies such as Egypt<sup>115</sup> and Morocco<sup>116</sup>. With India achieving tier 1 status in Global Cybersecurity Index 2024, cybersecurity cooperation can be strengthened with Africa, where India can offer valuable lessons to Africa in cybercrime and safeguarding digital infrastructure<sup>117</sup>.
- India and Africa can collaborate in the defence sector through joint research and development, capacity building, and defence manufacturing. India's expertise in low-cost, high quality military equipment such as the Tejas aircraft, drones, and armoured vehicles can support Africa's modernization goals. Training programs, peacekeeping cooperation, and the deployment of Indian defence attachés can further strengthen ties, enhance regional security, and promote self-reliance in African defence industries.



## MSME

Micro, Small & Medium Enterprises (MSMEs) are the backbone of any economy. They account for 90% of all businesses, generate employment for 70% of employment, and 50% of global GDP<sup>118</sup>. MSMEs are pivotal for African Union 2063 Agenda (“The Africa We Want”) and expected to play a major part in Sustainable Development Goals (SDGs)<sup>119</sup>. Following table defines the structure of MSMEs by the African Union which is based on annual turnover and by the Indian Government which is based on investment in plant & machinery/equipment and annual turnover.



Table 13: Adopted definition of MSMEs by India and African Union

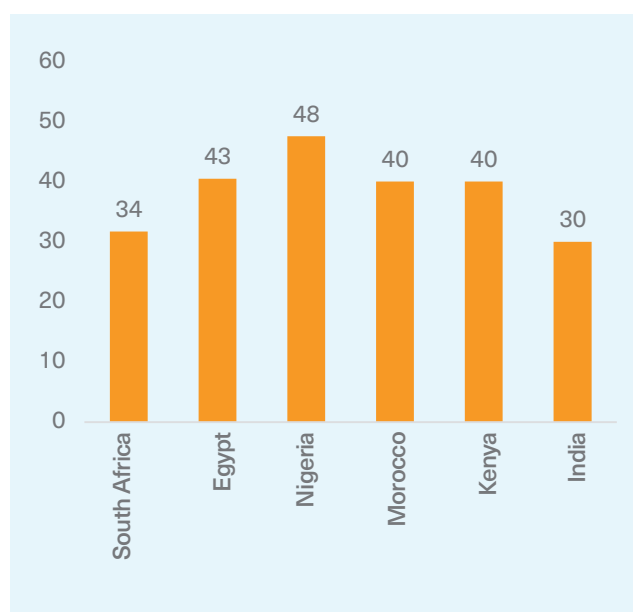
| Country/Enterprise | Criteria                                       | Micro                         | Small   | Medium   |
|--------------------|--|-------------------------------|---|--|
| India              | Investment in Plant and Machinery or Equipment | Not more than INR 25 million  | Not more than INR 250 million                   | Not more than INR 1250 million                   |
|                    | Annual Turnover                                | Not more than INR 100 million | Not more than INR 1000 million                  | Not more than INR 5000 million                   |
| African Union      | Annual Turnover                                | Less than USD 1 million       | More than USD 1 million less than USD 5 million | More than USD 5 million less than USD 20 million |

Source: Ministry of Micro, Small & Medium Enterprises<sup>120</sup>, Government of India; African Union<sup>121</sup>

With more than 59.30 million MSMEs in India accounting for almost 30% of the country's GDP and 40% of its exports, they have been the backbone of the Indian economy, generating employment for nearly 252 million people<sup>122</sup>. They make up around 6.11% of the GDP generated by the manufacturing sector and contribute about 24.63% to the GDP from service-related

activities<sup>123</sup>. To enhance the exports of MSMEs, Indian Government introduced many initiatives including Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, Districts as Export Hubs, a Common Digital Platform for Certificate of Origin, International Cooperation (IC) Scheme, among others<sup>124</sup>.

Figure 13: MSME Contribution to GDP (%) of Select African Economies and India

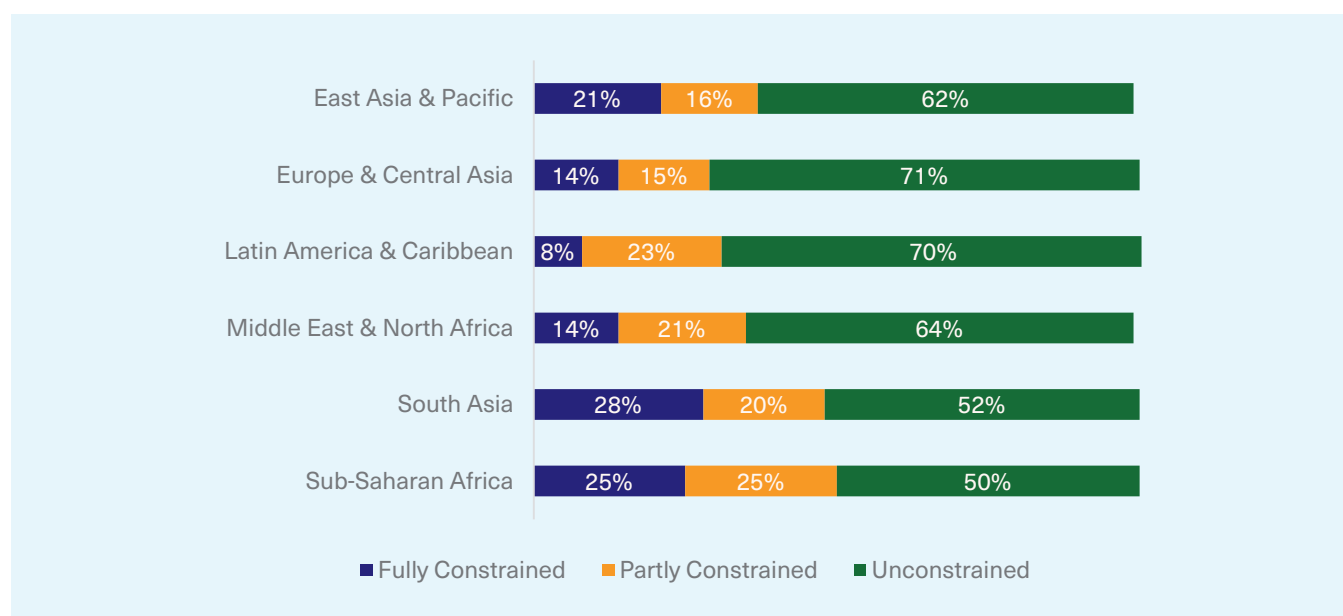


Source: The Banking Association of South Africa<sup>125</sup>; Investing in Africa (AFSiC)<sup>126</sup>; FSDAfrica<sup>127</sup>; Government Advertising Agency, Ministry of Information, Communications and The Digital Economy<sup>128</sup>; Ministry of Planning and Economic Development & International Cooperation, Government of Egypt<sup>129</sup>

Limited access to finance restricts the ability of small and medium-sized enterprises (SMEs) to adopt digital and advanced technologies. Inadequate finance can be studied by number of financially constrained MSME, which is highest for South Asia, followed by Sub-Saharan Africa and East Asia Pacific. This suggests greater market opportunities for India's financial institutions to bridge SME finance gap. The finance gap in SSA is estimated to be around 20% of GDP, indicating that the demand for credit far exceeds the available supply.

India and South Africa have a history of collaboration in the MSME sector, marked by an earlier MoU signed in August 2006. This MoU aimed to foster the growth and development of small and medium enterprises in South Africa<sup>130</sup>. Building on this foundation, efforts to enhance and deepen MSME cooperation between India and Africa will further strengthen SMEs cooperation between the two geographies.

Figure 14: Number of Financially Constrained MSMEs by Region



Source: MSME Finance Gap Report, March 2025, International Finance Cooperation



## Recommendations

- India can play a pivotal role in addressing economic challenges in Africa by introducing digital-first financial models. Drawing on its successful experience with payments banks, India can help promote financial inclusion across the continent, particularly by formalising Africa's large informal micro, small, and medium enterprises (MSMEs). Mobile-based, low-cost banking solutions can narrow the financing gap, reduce reliance on cash transactions, and enable real-time business settlements.
- Given the stable health of Indian banking and non-banking financial institutions, India is well-positioned to expand its financial footprint in African markets. Establishing Indian banking operations in key African countries could help bridge the financing needs of local SMEs and foster deeper economic cooperation. For instance, despite importing crude petroleum worth USD 3.11 billion from Nigeria in 2024–25<sup>131</sup>, India currently has no banking presence in the country.

In contrast, some Indian public sector banks already operate in South Africa, Mauritius, and Seychelles, and maintain subsidiaries in Uganda, Kenya, Botswana,

Tanzania, among others<sup>132</sup>. Expanding this network to other strategically important African nations could significantly address lack of adequate finance of SMEs in Africa.

- Africa can adopt India's digital solutions framework including Trade Receivables Discounting Systems (TReDS), Government e-Marketplace, Goods and Services Tax Network to address the shortage of access to innovative platforms and digital tools with the potential to scale businesses, improve liquidity and working capital requirements and meet new customers. Indian Fintech companies can invest in Africa to foster seamless loan disbursement facilities.

Blended finance which refers to the strategic use of public or philanthropic funds to mobilize private investment toward development goals can help in de-risk investments. Enhancing the role of blended finance is recommended to support cross border MSME projects between India and Africa. Concessional capital can be blended with private funds to finance India-Africa joint ventures, technology transfers, and MSME clusters. Robust South-South cooperation through commercially viable but socially impactful ventures is the need of the hour.





# Conclusion

The robust partnership and shared strategic vision of India and Africa to deepen economic engagement across emerging sectors form a cornerstone of their bilateral relationship. Engaging with Africa is key to long-term economic growth and global cooperation. The continent is not only endowed with abundant natural resources—oil, gas, critical minerals, and fertile agricultural land with ample freshwater—but also offers a rapidly expanding market of 1.5 billion people. Together, these factors create vast opportunities for trade, investment, and sustained collaboration across diverse sectors.

However, the realization of these objectives is often impeded by constrained financial resources, underscoring the need for innovative funding mechanisms and enhanced development finance cooperation.

India's growing economy is increasingly looking to expand its investments beyond its borders, with Africa presenting a significant opportunity due to its strong existing relationship and vast potential. This is evidenced by increasing trade and investment figures, with India already established as a major trading partner and investor in Africa. Furthermore, India's development partnership with Africa, based on South-South cooperation, is strengthening through various initiatives and projects.

*India's growing economy is increasingly looking to expand its investments beyond its borders, with Africa presenting a significant opportunity due to its strong existing relationship and vast potential.*

India and Africa, both experiencing economic growth and aiming for global market strength, are deepening their collaboration across key sectors. This partnership extends to areas such as manufacturing, services, infrastructure, energy, and digitalization. This collaboration, driven by private sector engagement, seeks to strengthen and diversify global value chains and foster technological cooperation. India offers its expertise in areas like manufacturing to assist in developing Africa's industrial base and creating local jobs.

The strategic prioritization of reforms by African governments and leaders underscores their commitment to advancing structural transformation and targeted sectoral growth and investment opportunities that Indian Industry is well-positioned to leverage. To ensure these opportunities materialize into enduring economic partnerships, African governments must reinforce their agendas with effective execution frameworks and visible institutional support at the local level. Central to these efforts are transparent and predictable policy environments, streamlined regulatory procedures, and outcome-driven monitoring frameworks to support effective implementation.

This partnership aims to move beyond traditional trade in raw materials and finished goods, focusing on creating integrated value chains and leveraging technology for mutual benefit. India's approach emphasizes investment in Africa's development priorities, fostering local capacity building, technology transfer, and job creation.

Africa is a diverse continent and is well endowed with various natural resources. About 30% of the global mineral reserves, 8% of global natural gas, 12% of the world's oil reserves, 40% of the world's gold and up to 90% of global chromium and platinum is concentrated in the region.

Further, the 3.2 million-strong Indian diaspora in Africa acts as a bridge between India and Africa, facilitating trade, investment, and cultural

exchange, and foster economic growth and development on the continent. By leveraging this connection, India and African nations can strengthen their economic ties and address shared challenges.

The African Continental Free Trade Area (AfCFTA) presents significant opportunities for India to partner with African businesses in developing regional value chains, boosting intra-African trade and fostering economic integration. India's digital expertise, particularly in areas like fintech, AI, and e-governance, can support Africa's digital transformation and create opportunities for innovation-driven growth.

To reach USD 200 billion in India Africa bilateral trade by 2030—up from the current USD 100 billion, and USD 80 billion in total investment—a long-term strategy focused on deeper engagement is essential. In the context of global supply chains, establishing manufacturing facilities closer to end markets is both efficient and cost-effective. Encouraging Indian firms to establish operations, offer affordable digital solutions, and investing in robust infrastructure, including transportation, logistics and digital connectivity would be beneficial.

Overall, this collaborative effort aims to build a more interconnected and prosperous global economy, strengthening and diversifying global value chains, and fostering new technological cooperation between India and Africa.

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## Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organisation, with around 9,700 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 365,000 enterprises from 318 national and regional sectoral industry bodies.

For 130 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with the Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness, and business opportunities for industry through a range of specialised services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Through its dedicated Centres of Excellence and Industry competitiveness initiatives, promotion of innovation and technology adoption, and partnerships for sustainability, CII plays a transformative part in shaping the future of the nation. Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes across diverse domains, including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

For 2025-26, CII has identified "Accelerating Competitiveness: Globalisation, Inclusivity, Sustainability, Trust" as its theme, prioritising five key pillars. During the year, CII will align its initiatives to drive strategic action aimed at enhancing India's competitiveness by promoting global engagement, inclusive growth, sustainable practices, and a foundation of trust.

With 70 offices, including 12 Centres of Excellence, in India, and 9 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with about 250 counterpart organisations in almost 100 countries, CII serves as a reference point for Indian industry and the international business community.

## Confederation of Indian Industry

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