



# Nigeria - India

**Learnings from two large democracies**



[www.pwc.com/ng](http://www.pwc.com/ng)

# Table of Contents



<b>1. Introduction</b>	<b>3</b>
<b>2. India's Principles of Engagement with Nigeria and Africa</b>	<b>4</b>
<b>3. Key Similarities</b>	<b>5</b>
3.1 Geo-political Similarities	5
3.1.1 Common Historical Past and Democracy	5
3.1.2 Demographics	5
3.2 Cultural	7
3.3 Diaspora	7
3.4 Economy	8
<b>4. Key Differences</b>	<b>10</b>
4.1 Economic Differences	10
4.2 Digital Adoption	12
4.3 Ease of Doing Business	12
<b>5. Entrepreneurship Outlook</b>	<b>13</b>
5.1 Large enterprises	13
5.2 Micro, Small & Medium Enterprise (MSME) ecosystem	13
5.3 Start-up ecosystem	14
<b>6. Opportunities for Nigeria</b>	<b>15</b>
6.1 Export of services	15
6.2 Government-enabled development	15
6.3 Strengthening the educational system	18
6.4 Formalising the informal sector	19
6.5 Technology adoption	19
6.6 Cultural exports	20
<b>7. Opportunities for India</b>	<b>21</b>
7.1 Investment case for Africa/Nigeria and why India is uniquely positioned to win	21
7.1.1 Cultural fit and geographic location	21
7.1.2 Solved many of the same issues	21
7.1.3 Sector outlook	21
<b>8. Geo-political Implications of Nigeria-India Development</b>	<b>23</b>



# Introduction

2050



India

1.67 billion



India's population



Nigeria

400 million



Nigeria's population

2100



India

1.09 billion



India's population



Nigeria

791 million



Nigeria's population

India is the world's largest democracy by population, while Nigeria is set to become the world's second largest democracy in 2050, as the country's population overtakes that of the USA. By 2050 and 2100, India's population is projected to stand at 1.67 billion and 1.09 billion, while Nigeria's population is projected to hit 400 million and 791 million respectively.

Similarly, both countries share a goal to succeed economically. The geo-political, economic and cultural similarities that exist between both countries presents a great opportunity for each of them to benefit from the other's strengths. For example, Nigeria's core strengths include its position as an emerging

market strategically located for foreign investments, its diversity and its self-organising nature. Similarly, India is one of the fastest growing economies in the world and has been performing well in areas such as technology, export of services, enabling infrastructure, etc.

Nigeria and India have a lot to learn from each other and working together could affect the arc of history. Collaboration between the two countries could further offer Nigeria the chance to follow in the footsteps of China and India and become the third greatest economic story on the planet. This paper is an effort to highlight some of the key learnings both countries can leverage on.



# India's Principles of Engagement with Nigeria and Africa

According to a publication by the India High Commission in Abuja, the country's partnership and engagement with Nigeria and other African countries is anchored on ten key principles. These principles are enunciated as follows:

1. Nigeria and Africa remain India's priority.
2. India's engagement and partnership with Nigeria will be one of mutual benefit primarily driven by Nigeria's development priorities.
3. India will maintain an open trade relationship with Nigeria and other African countries, eliminating barriers and making it easy for people in these countries to trade with them. The Indian government also pledges to support Indian companies who want to invest in Nigeria and the African continent.
4. India will work with Nigeria to support its agriculture sector.
5. India will work with Nigeria to ameliorate the challenge of climate change by promoting a just climate order, protecting biodiversity and adopting clean and efficient energy sources like solar power. Climate change is a key challenge threatening labour-intensive sectors (like agriculture) in Africa and Nigeria.
6. India will support Nigeria in strengthening its military capacity to fight terrorism, combat cybercrime and enhance global peace.
7. Nigeria and Africa as a whole, can harness India's experience via digital revolution to support the continent's development, improve delivery of public services, extend education and health, spread digital literacy, expand financial inclusion and mainstream the marginalised.
8. India will work together with Nigeria towards promoting a just, representative and democratic country.
9. India will work with the Nigerian government to unite and create an environment that supports the youth.
10. India will support Nigeria in keeping its oceans open and free.





# Key Similarities

In this section, we will examine some similarities that exist between India and Nigeria that distinguishes them, socio-economically, politically and technologically in their respective continents.

## Geo-political Similarities

### Common Historical Past and Democracy

India and Nigeria share many commonalities as two large democracies that have emerged from similar historical pasts. The association pre-dates British rule, as soldiers from both countries share several common experiences. Post-independence, approximately five million Indians<sup>1</sup> are estimated to have migrated to the African colonies of the British Empire, including Nigeria. India and Nigeria developed contact through Indian migrants to Nigeria. These migrants were employed as indentured labourers under the British, as traders, entrepreneurs, railway engineers and teachers. Having attained independence before Nigeria, India provided a thrust and course of action for Nigeria's struggle for independence. Consequently, Nigerians pursued methods of non-violence in times that several other African countries employed violent, armed struggles to secure their independence<sup>2</sup>.

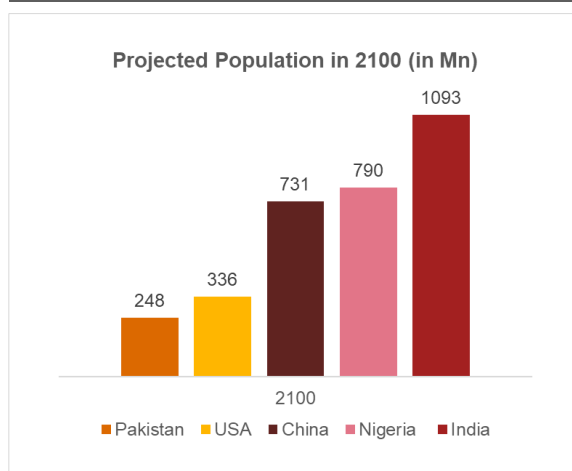
India and Nigeria realised their vision for democratic, self-governing countries after a lengthy course of colonial rule. From leading anti-colonial and anti-apartheid struggles to sharing common perspectives on contemporary social and political issues in the international fora, India and Nigeria have developed deep-rooted ties. Nevertheless, both countries can do more as two large democracies and the largest countries on their continents; especially with Asia and Africa's significance to the future.

India, nearing its 75<sup>th</sup> independence anniversary, and Nigeria having crossed its 60<sup>th</sup>, are experiencing similar economic and social churn. Today, both democracies with multi-ethnic, multi-religious populace and similar demographics, share strong bilateral ties. This South-South solidarity has not only led to them becoming regional powers, but together, they can also shape economic thinking in other emerging democracies.

### Demographics

India, with a population of approximately 1.38 billion<sup>3</sup>, is the second most populous country in the world, soon to be the most populous. Nigeria, with a population of just over 200 million, is the seventh most populous country in the world and Africa's most populous. Both countries are projected to be the two most populous democracies in the world by 2050 with India's population set at 1.67 billion<sup>4</sup> and Nigeria's at 400 million<sup>5</sup>. They are also set to be the two most populous countries by 2100<sup>6</sup> with India's population at 1.09 billion<sup>7</sup> and Nigeria's at 791 million<sup>8</sup>.

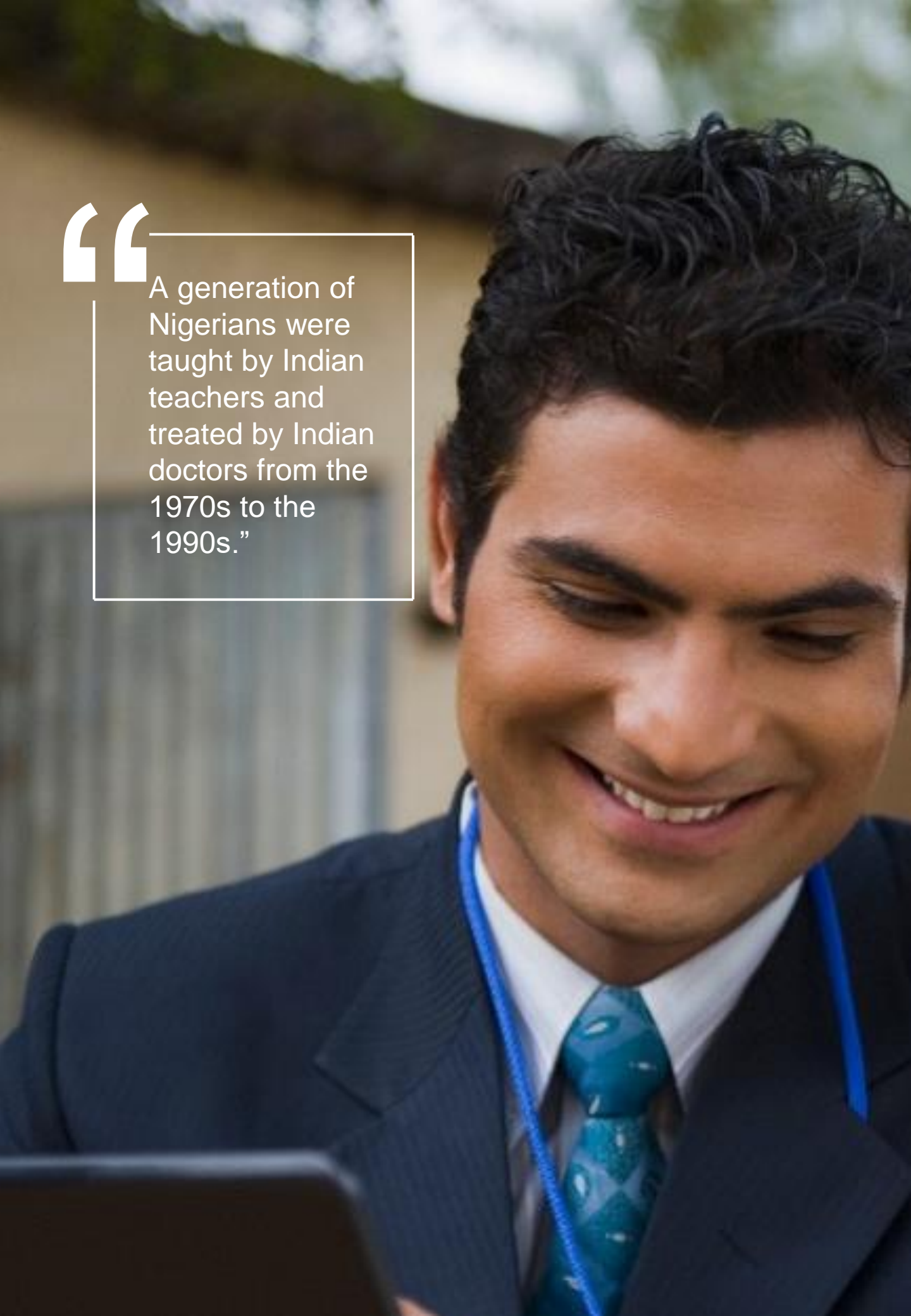
Figure 1: Countries with highest projected populations in 2100



1 An Appraisal of India-Nigeria Historical and Contemporary Relations, Adaora Osondu-Oti, 2019  
 2 An Appraisal of India-Nigeria Historical and Contemporary Relations, Adaora Osondu-Oti, 2019  
 3 <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=IN>  
 4 <https://sdg.iisd.org/news/indias-population-expected-to-surpass-chinas-by-2050-world-population-data-sheet/>  
 5 <https://www.economist.com/special-report/2020/03/26/africas-population-will-double-by-2050>  
 6 [https://www.thelancet.com/article/S0140-6736\(20\)30677-2/fulltext](https://www.thelancet.com/article/S0140-6736(20)30677-2/fulltext)  
 7 [https://www.thelancet.com/article/S0140-6736\(20\)30677-2/fulltext](https://www.thelancet.com/article/S0140-6736(20)30677-2/fulltext)  
 8 [https://www.thelancet.com/article/S0140-6736\(20\)30677-2/fulltext](https://www.thelancet.com/article/S0140-6736(20)30677-2/fulltext)

“

A generation of Nigerians were taught by Indian teachers and treated by Indian doctors from the 1970s to the 1990s.”



Nigeria and India share experiences that come with large population sizes in developing countries. While at different stages of demographic transition, both countries have a high percentage (over 50%) of the working age population (15-59 years) (Fig. 2 (a) (b)). Of the total population, youth (15-24 years) account for approximately 18 % of the Indian population and 19% of the Nigerian population. This young, innovative, and vibrant labour force demands that both economies develop opportunities for the youth. With more and more people entering the labour force, employment generation for economic development becomes critical.

Figure 2(a): Population pyramid India<sup>9</sup>

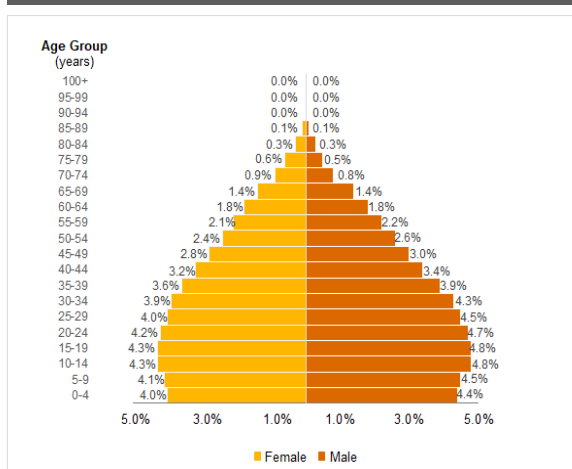
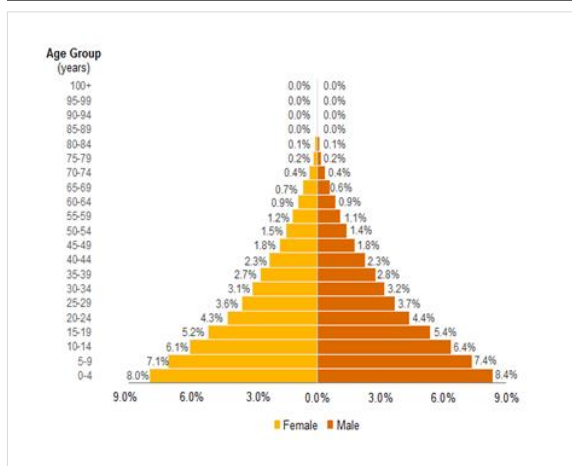


Figure 2(b): Population pyramid Nigeria<sup>10</sup>



Increased investment, development of entrepreneurship, upskilling, strengthening the manufacturing sector, and export promotion will be important factors in the Indian and Nigerian growth stories.

## Cultural

India and Nigeria are both populous, multi-religious and multi-ethnic societies. Remarkably, the three major tribes and the many minority tribes in Nigeria are similar to the heterogeneous Indian society with 15 official languages and different ethnic backgrounds. From a religious point of view, Nigeria has a large number of Christian and Muslim populations, similar to India's large populations of Christians and Muslims as well as Hindus, Sikhs, Jains and Parsees.

Also, Indians and Nigerians today interact on various fronts due to colonial histories and a sense of camaraderie arising from common perspectives on contemporary issues, economic structures and cultures.

For decades, Indians have worked as engineers, accountants, bankers, trainers and health experts, among others. A generation of Nigerians were taught by Indian teachers and treated by Indian doctors from the 1970s to the 1990s. Approximately 50,000<sup>11</sup> Indian professionals reside in Nigeria today. Also, large numbers of Nigerians have travelled to India in the past decade for education and medical facilities. Sustained interpersonal relations and cultural commonalities remain important to the warm and friendly relationship between the two countries.

## Diaspora

By global rating, India is the country of origin with the most international migrants, approximately 17.5 million<sup>12</sup> in the diaspora, spread across the world. India received a remittance of US\$ 80 billion from abroad in 2018<sup>13</sup>. While accounting for fewer international migrants, Nigeria also received a substantial remittance of US\$ 23 billion in 2018 from the diaspora<sup>14</sup>.

<sup>9</sup> <https://www.populationpyramid.net/india/2020/>

<sup>10</sup> <https://www.populationpyramid.net/nigeria/2020/>

<sup>11</sup> <https://www.thehindu.com/opinion/op-ed/a-clear-arc-from-india-to-nigeria/article27705956.ece>

<sup>12</sup> India's record-breaking diaspora in numbers | World Economic Forum (weforum.org)

<sup>13</sup> India's record-breaking diaspora in numbers | World Economic Forum (weforum.org)

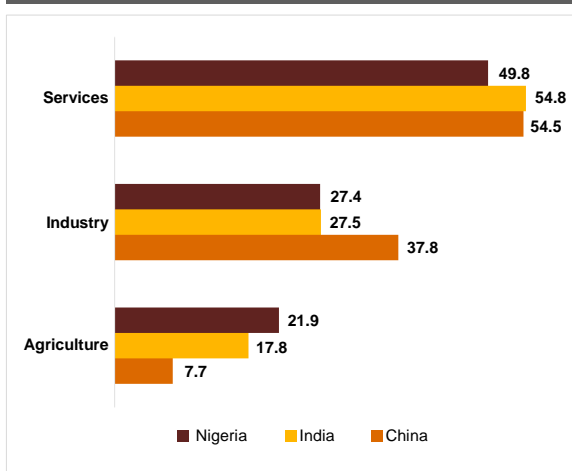
<sup>14</sup> Strength from abroad: The economic power of Nigeria's diaspora (pwc.com)

## Economy

As with every other world economy, the Indian and Nigerian economies have been put to test by the unprecedented COVID-19 pandemic. Having contracted the virus in 2020, both countries are now on the road to recovery. The International Monetary Fund (IMF) forecasts a 12.5% growth rate for India and the African Development Bank (AfDB) forecasts a 2.9% growth rate for Nigeria in 2022.

In the medium term, both the Indian and Nigerian economies are set to be among the largest economies in the world. With the current GDP per capita (PPP) at US\$ 6,997 and US\$ 5,363<sup>15</sup> for India and Nigeria respectively, they are at similar economic stages and structures. The contribution of agriculture, industry and services sectors to economic output in India and Nigeria is comparable to what obtains in China<sup>16</sup>.

**Figure 3: Sector-wise contribution to economic output**



Sectoral patterns in employment elasticity<sup>17</sup> in India and Nigeria are also comparable, suggesting a higher employment potential in the manufacturing and services sector. Employment elasticity in agriculture stands at -0.02 and -0.1; in manufacturing at 0.29 and 0.3; and in services at 0.3 and 0.5 in India<sup>18</sup> and Nigeria<sup>19</sup> respectively.

Employment elasticity informs us of employment potentials in each sector as the economy grows. It is therefore a crucial metric to understanding which sector should be prioritised for investment to enhance productivity. Given the numbers in India and Nigeria, investment in human capital to increase labour productivity, especially in the service sector, will be advantageous for both countries.



<sup>15</sup> The World Bank (2019)

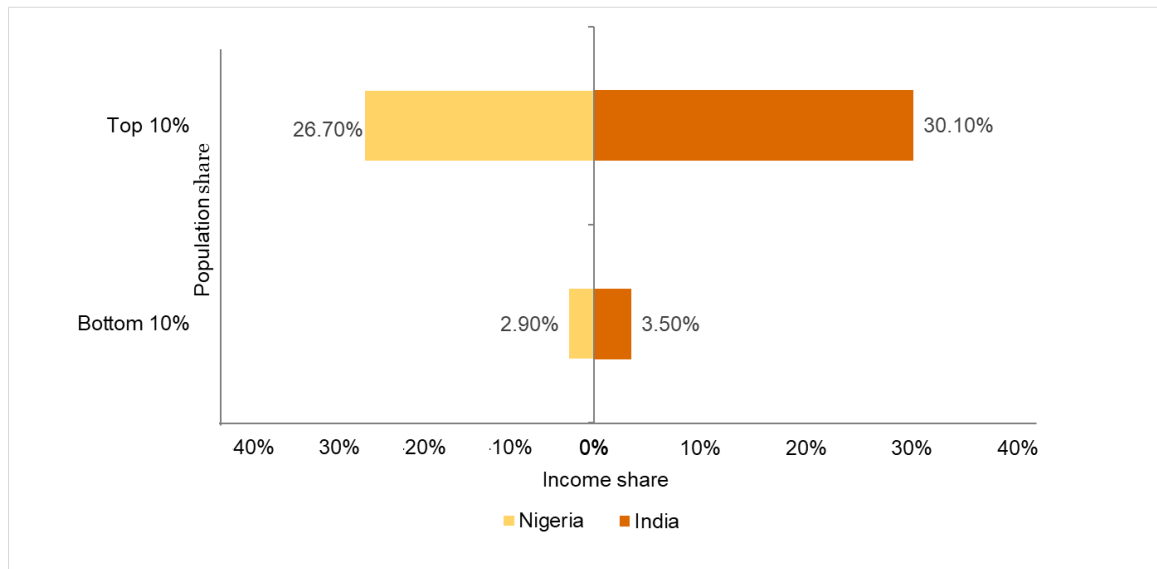
<sup>16</sup> For India contribution to GVA, For Nigeria contribution to GDP

<sup>17</sup> Employment elasticity measures the percentage change in employment in a particular sector when the sector grows by a percentage point.

<sup>18</sup> Full Potential Revival and Growth - Thought Leadership by PwC India

<sup>19</sup> <https://www.pwc.com/ng/en/assets/pdf/structural-transformation-jobless-growth-Nigeria.pdf>

Figure 4: Income share of richest 10% and poorest 10% population



Inequality on the lines of gender is also pronounced in both countries, with India ranking 140<sup>th</sup> and Nigeria ranking 139<sup>th</sup> of 156 countries in the World Economic Forum Gender Gap Index 2021. To facilitate rounded development, it is important for investment in human capital to be inclusive.

Both countries need to address the many common challenges they are faced with not only in terms of gender inequality but also income and regional inequality. The richest 10% of the population accounts for 30.1% (India) and 26.7% (Nigeria) of the income shares in the countries, whereas the poorest 10% represents 3.5% (India)<sup>20</sup> and 2.9% (Nigeria)<sup>21</sup>.

Regional disparities are also high amongst Indian states. States in the North, South and West account for 70% of India's GDP, while Central and Eastern states, responsible for 52% of the Indian population, account for only 30% of GDP<sup>22</sup>. Similarly, in Nigeria the top three of the 36 states accounted for 25% of the national economic output in 2017<sup>23</sup>.

While beset with numerous challenges, various opportunities have risen for both countries from the COVID-19 pandemic that can lead to tremendous growth.



<sup>20</sup> <https://knoema.com/atlas/India/GINI-index>

<sup>21</sup> <https://knoema.com/atlas/Nigeria/topics/Poverty/Income-Inequality/GINI-index>

<sup>22</sup> FRPG

<sup>23</sup> <https://www.stearsng.com/article/inequality-in-nigeria-is-worse-than-it-looks>



# Key Differences

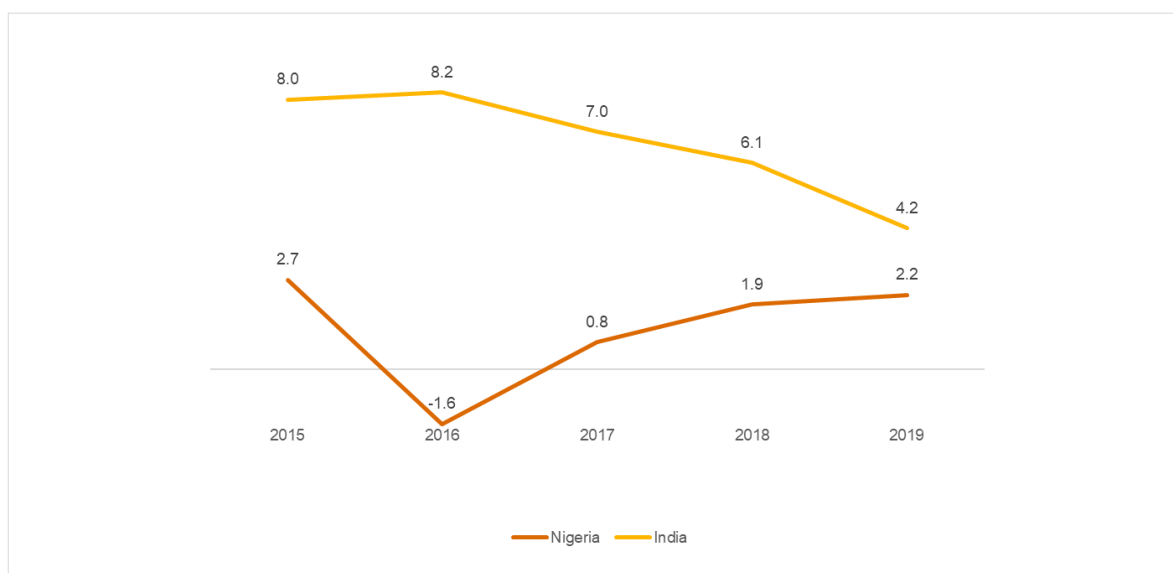
Despite the observable similarities, significant differences also exist between India and Nigeria. These differences occur along economic, technology and business lines. In this section, we will examine these key differences and highlight how both countries can explore them to their advantage. For instance, it offers Nigeria the opportunity to benefit from India addressing similar challenges and provides opportunities for India to have an investment outlet and a chance to increase their global influence.

## Economic Differences

In 2019, India recorded a GDP per capita (PPP) of US\$ 6,997 while Nigeria's GDP per capita (PPP) was US\$ 5,363<sup>24</sup>. Nigeria, despite having a GDP per capita comparable to India, has done a poor job of turning GDP into well-being.

This is evident from the significant differences in the Human Development Index rankings. Nigeria was classified as a country in the low Human Development Index (HDI) category with a Human Development Index of 0.539<sup>25</sup>, whereas India was classified in the medium Human Development Index (HDI) category with a Human Development Index of 0.645<sup>26</sup>. More than 40% (86.9 million)<sup>27</sup> of Nigeria's population lives in extreme poverty. Additionally, Nigeria's recent GDP performance has been worrisome, especially with a drastic increase in the unemployment rate. The average annual GDP growth rate for Nigeria was 1.2% during the period 2015-2019<sup>28</sup>, whereas India recorded an average annual GDP growth rate of 6.7% in the same period<sup>29</sup>.

Figure 5: Annual growth percentage of GDP



Nigeria's unemployment rate increased considerably from 10.4% in 2015 to 33.3%<sup>30</sup> between 2019 and 2020.

24 The World Bank (2019)

25 <http://hdr.undp.org/en/countries/profiles/NGA>

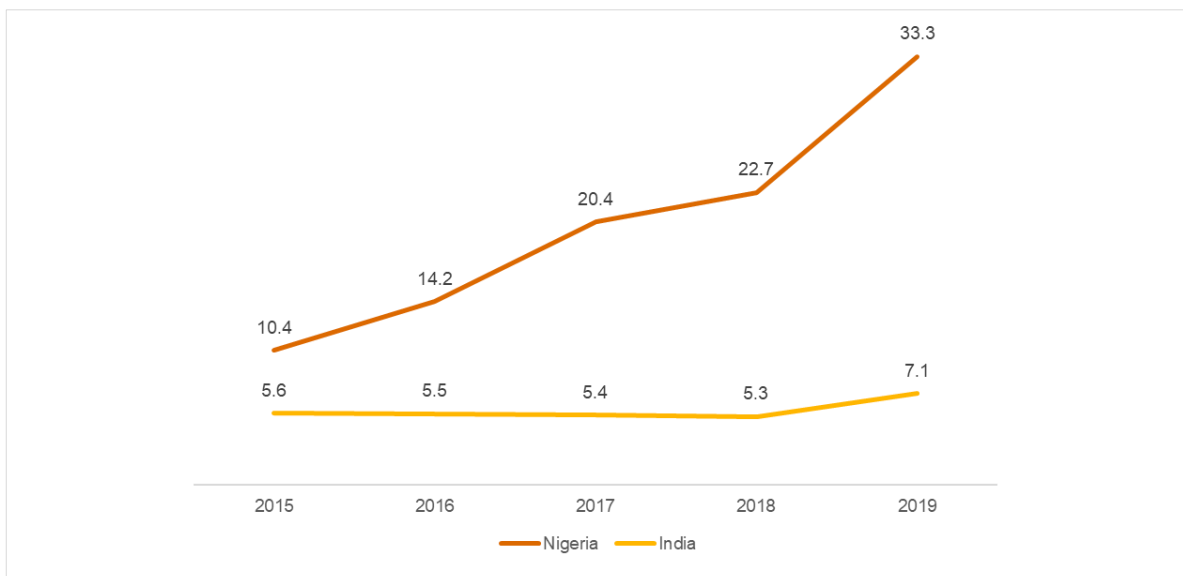
26 <http://hdr.undp.org/en/countries/profiles/IND>

27 <https://qz.com/africa/1313380/nigerias-has-the-highest-rate-of-extreme-poverty-globally/>

28 <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=NG>

29 <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=NG-IN>

30 <https://www.statista.com/statistics/1119375/unemployment-rate-in-nigeria-by-quarter/>

Figure 6: Unemployment rate<sup>31</sup> (%)

India's export of goods and services is US\$ 546 billion, which is approximately eight times more than Nigeria's which is approximately US\$ 70 billion<sup>32</sup>. The key difference between the export trends of the two countries is that, India has 40%<sup>33</sup> of its exports coming from services whereas Nigeria majors on oil exports and manages approximately 7%<sup>34</sup> of exports from services.

However, these differences are also indicative of possibilities that Nigeria and India can collaborate on through knowledge-sharing, having similar economic levels and social structures, as well as English being a common language of governance and business between the two nations.



<sup>31</sup> <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=IN>

<sup>32</sup> Exports of goods and services (BoP, current US\$) - Nigeria, India | Data (worldbank.org)

<sup>33</sup> Service exports (BoP, current US\$) - Nigeria, India | Data (worldbank.org)

<sup>34</sup> Service exports (BoP, current US\$) - Nigeria, India | Data (worldbank.org)

## Digital Adoption

The Digital Adoption Index (DAI) is a worldwide index by the World Bank that measures countries' digital adoption across people, government and businesses – the three dimensions of an economy. India and Nigeria were ranked at 174 and 226 respectively on the DAI<sup>35</sup>. This indicates that India is well ahead of Nigeria in the digital space.

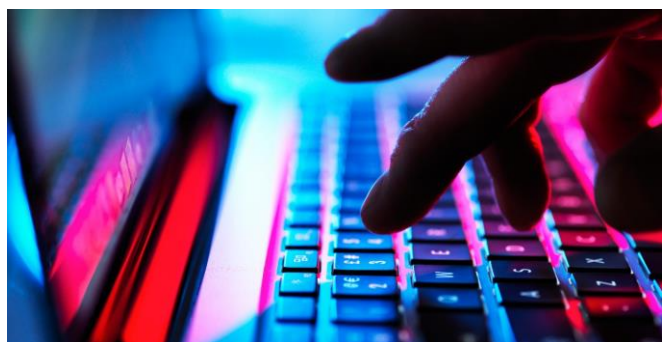
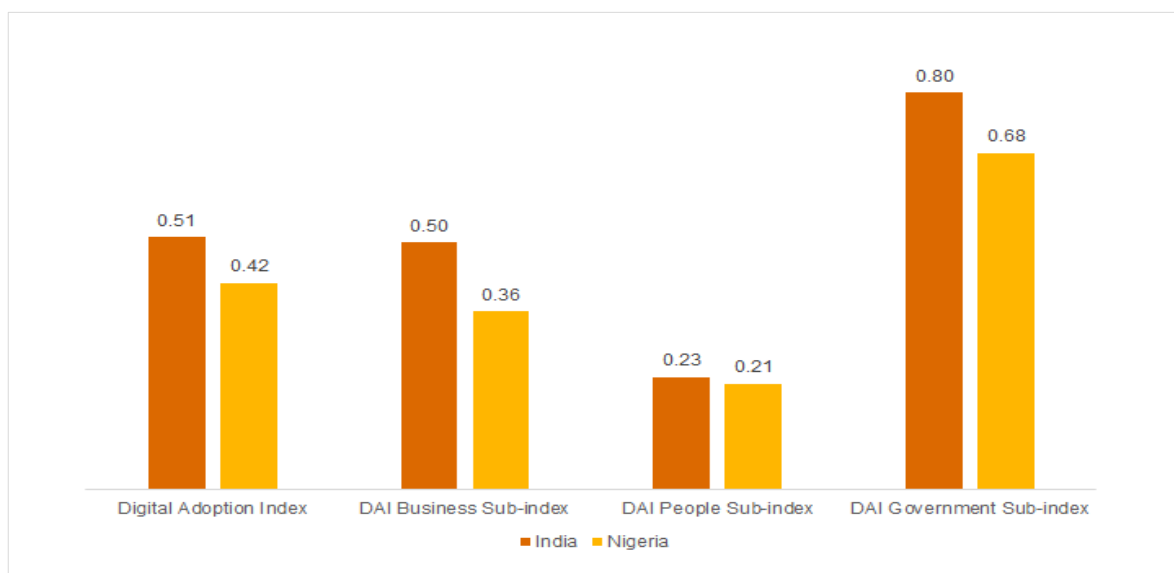


Figure 7: Digital Adoption Index



A further dive into the DAI highlights key differences between the two countries. While the report suggests comparable digital adoption in the people dimension, the sub-indices pertaining to the business and government dimensions for India were 0.50 and 0.80<sup>36</sup> respectively while they were 0.36 and 0.68<sup>37</sup> respectively, for Nigeria.

## Ease of Doing Business

The ease of doing business (EoDB) rankings by the World Bank profiles and ranks countries on the ease with which business is done. A higher rank (i.e., a lower figure) indicates that the regulatory environment in that economy is more conducive to starting and operating a local business.

In the latest EoDB rankings, India stands at 63 whereas Nigeria stands at 131<sup>38</sup>. This signifies that the regulatory environment in India is more supportive of local businesses than in Nigeria. An economy that is more supportive of local businesses can grow faster and combat the scourge of socio-economic exclusion and incidence of poverty. This explains why India's ease of doing business success is translating into faster growth and eradicating poverty. This is something Nigeria can learn from in order to stimulate inclusive, sustainable and robust growth.

<sup>35</sup> Digital Adoption Index (worldbank.org)

<sup>36</sup> Digital Adoption Index (worldbank.org)

<sup>37</sup> Digital Adoption Index (worldbank.org)

<sup>38</sup> Rankings (doingbusiness.org)



# Entrepreneurship Outlook

Nigerians and Indians are highly entrepreneurial people with strong appetite for risk-taking and a can-do spirit. Over the years, both countries have developed promising entrepreneurial ecosystems and have been on a similar trajectory of entrepreneurial advancement in recent times. The business ecosystem in both countries is primarily dominated by:

- a) Large enterprises;
- b) Micro, Small & Medium Enterprise (MSME) ecosystem;
- c) Start-up ecosystem

## Large enterprises

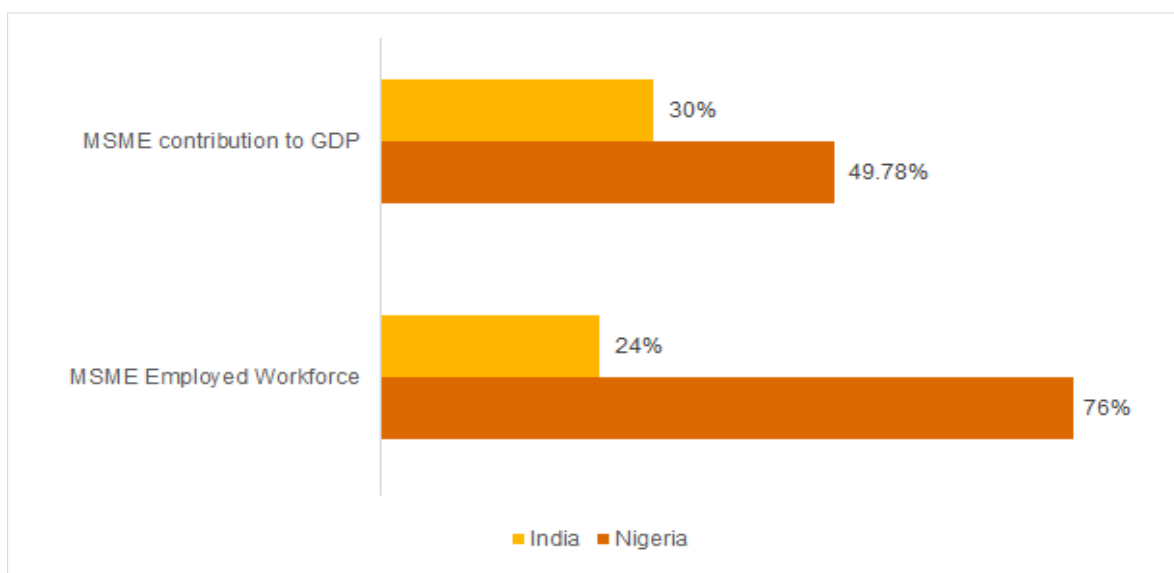
There are nearly 7,500 large enterprises in India<sup>39</sup>. These large enterprises record an annual revenue of over US\$ 67.4 million. Companies like Reliance Industries, Indian Oil Corporation, State Bank of India, Tata Motors, Tata Consultancy Services etc., report annual turnover of over US\$ 20 billion, and contribute significantly to the country's

GDP and employment. In Nigeria, companies like MTN Nigeria, Total Nigeria Plc, Dangote, Guaranteed Trust Bank, Chevron etc. make up the richest and the largest. Notably, the number of large enterprises in both countries is disproportionately small, in comparison to their respective MSME ecosystems.

## Micro, Small & Medium Enterprise (MSME) ecosystem

Nigeria and India have 41.5 million<sup>40</sup> and 63.4 million<sup>41</sup> MSMEs respectively. The MSME sectors in both countries contribute significantly to their respective country's employment rates and national GDP. MSMEs in Nigeria employ over 76% of the workforce, contributing 49.78% of the country's GDP<sup>42</sup>. Similarly, in India, the MSMEs employ nearly 24% of the workforce and contribute nearly 30% to the GDP<sup>43</sup>. The Indian government aims to increase the GDP contribution to around 50% in the coming years<sup>44</sup>.

Figure 8: MSME Sector's contribution to the GDP and Employment



39 As per GST Data "A statistical report on completion of 3 years of GST" by GSTN

40 <https://www.pwc.com/ng/en/assets/pdf/pwc-msme-survey-2020-final.pdf>

41 <https://msme.gov.in/sites/default/files/MSME-ANNUAL-REPORT-ENGLISH%202020-21.pdf>

42 <https://www.pwc.com/ng/en/assets/pdf/pwc-msme-survey-2020-final.pdf>

43 MSME Sector Contributes 30% to GDP: Gadkari | IBEF | IBEF

44 <https://www.financialexpress.com/industry/sme/centre-aims-to-increase-msme-sector-contribution-to-gdp-up-to-50-gadkari/2145902/>

One of the key similarities between the Indian and Nigerian business ecosystems is that they are dominated by a large number of micro enterprises (99%<sup>45</sup> of the MSMEs). This indicates that most micro enterprises fail to evolve into small, medium and large enterprises thus exposing a huge whitespace that both countries have to address. Both India and Nigeria would be better off focusing on creating growth-enabling ecosystems in their respective MSME sectors.

### Start-up ecosystem

Both India and Nigeria have promising start-up ecosystems. While India has the world's third largest tech start-up hub, Nigeria on its part, has the largest start-up hub in Africa. Nigeria's start-up ecosystem, like that of India, has witnessed steep growth over the last five years. This growth, in Nigeria especially, is directly linked to the support from international initiatives and a good understanding of the ecosystem by local incubators. The start-up ecosystem in Lagos is considered to be the most valuable start-up ecosystem in Africa. African start-ups like Opay, Mines, IO etc., have witnessed promising capital-raising rounds and are gearing up for further growth. India on the other hand, is witnessing a steady growth in its already solid start-up environment and has become a home to over 50,000 start-ups and over 22 unicorns<sup>46</sup>.



<sup>45</sup> <https://www.pwc.com/ng/en/assets/pdf/pwc-msme-survey-2020-final.pdf>

<sup>46</sup> <https://economictimes.indiatimes.com/tech/startups/4-days-6-unicorns-1-55-billion-a-week-like-none-other-for-indian-startups/articleshow/82019190.cms>



# Opportunities for Nigeria

Despite the similarities between the two countries, India has managed to perform much better on certain key dimensions like:

- a) Export of services;
- b) Government-enabled development;
- c) Strengthening the educational system;
- d) Formalising the informal sector;
- e) Technology adoption;
- f) Cultural exports

Improving on these key dimensions might help Nigeria close the gap between itself and India.

## Export of services

As observed in the previous section, the export of services is a huge area of opportunity that can be explored by Nigeria. India's share of world services as of 2018 stood at 3.5% which is seven times more than the 0.5% recorded in 1995<sup>47</sup>. This growth can be primarily attributed to the rise of ICT services, and medical and wellness tourism<sup>48</sup>. The primary reason behind the growth of the services sector in India is the underlying infrastructure for producing an economically vibrant and skilled workforce. Majority of services being exported, mainly ICT services, require a skilled workforce. Through its huge number of engineering educational institutions, India has been producing a workforce with the required skillset. Nigeria, growing with similar demographics, can toe the same path, producing a skilled workforce in order to increase its export of services in the next few years.

India is a major player in the Asian medical tourism industry. India was ranked 10<sup>th</sup> globally in the medical tourism industry, 2020-21<sup>49</sup>. India's medical visa policy and the constantly improving health systems has made India one of the most patronised countries for healthcare. Nigeria, once considered to have one of the worst healthcare infrastructures in the world<sup>50</sup>, has made considerable progress in its healthcare infrastructure<sup>51</sup> and should continue to invest in the development of its health system. This is important to provide better healthcare services for its citizens and drive growth in the country's medical tourism industry.

## Government-enabled development

Over the last decade, India has seen significant growth in terms of development with the Government of India (GoI) playing a key role. With over 1.2 billion people enrolled, creating the world's largest biometric and unique identification number database, Aadhaar, is just one example of how the State is enabling development across the country.

Furthermore, the development in India is concentrated in various areas such as:

- a) hard infrastructure;
- b) ease of doing business;
- c) technology adoption and G2C services.

India experienced a year-on-year average growth rate of 3.79% in the quality of overall infrastructure index between 2012-2017, whereas Nigeria experienced a decline in its average growth rate at - 6.38% in the same period<sup>52</sup>.

47 <https://oecdoscope.blog/2020/02/10/indias-export-performance-the-goods-and-services-nexus/>

48 <https://oecdoscope.blog/2020/02/10/indias-export-performance-the-goods-and-services-nexus/>

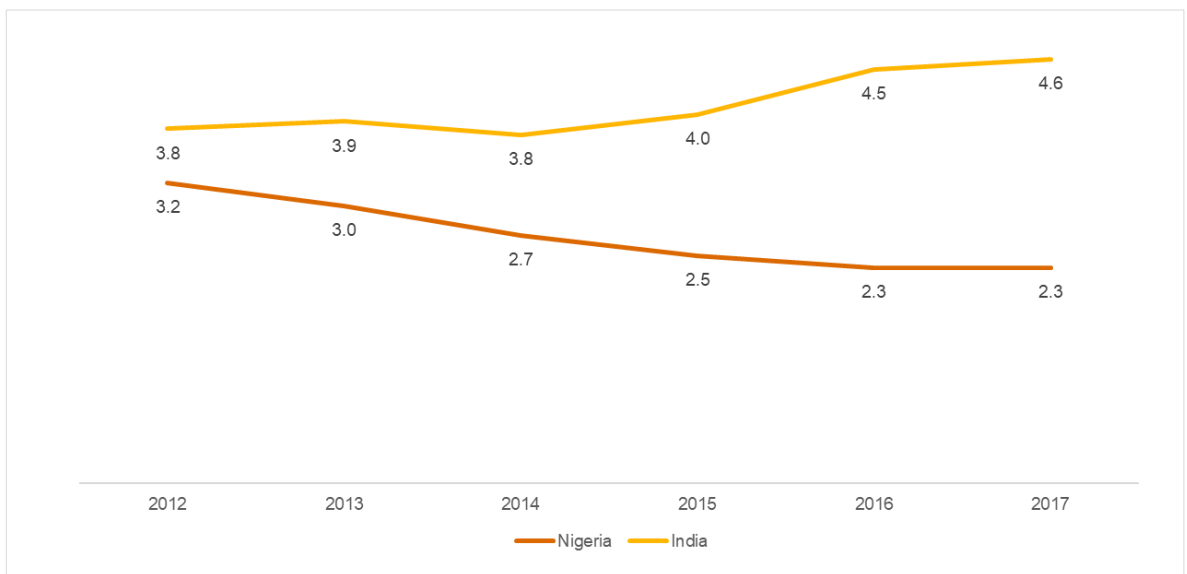
49 [https://assets.website-files.com/5d8aac42c851d2d6528d50d4/5f0df13e57906e9f895e3767\\_202021%20Medical%20Tourism%20Index%20Overall%20Ranking.pdf](https://assets.website-files.com/5d8aac42c851d2d6528d50d4/5f0df13e57906e9f895e3767_202021%20Medical%20Tourism%20Index%20Overall%20Ranking.pdf)

50 <https://www.usnews.com/news/best-countries/articles/2019-09-19/nigeria-slowly-improving-its-health-care-system>

51 <https://www.usnews.com/news/best-countries/articles/2019-09-19/nigeria-slowly-improving-its-health-care-system>

52 Quality of overall infrastructure - TCdata360 (worldbank.org)

Figure 9: Growth rate of Quality of Overall Infrastructure Index



Since the year 2017, the Government of India has been actively committed to increased infrastructural development.

In 2019, the central government unveiled the **National Infrastructure Pipeline (NIP)**, an investment plan of US\$ 1.3 trillion targeted at improving and providing world-class infrastructure in identified sectors across the country.

Furthermore, India stands at 44<sup>th</sup> position whereas Nigeria is at the 110<sup>th</sup> in the World Bank's global logistics performance index rankings<sup>53</sup>. The Government of India, with the intent to bolster the nation's logistics performance, announced a National Logistics Policy that could reduce the logistics costs from 14% to 10% of the GDP and dedicated freight corridors, which would ease the movement of goods across the country.

Since 2015, the Government of India has also prioritised achieving the UN Sustainable Development Goals. To improve the quality of education throughout the country, Gol launched Diksha - a national digital infrastructure for teachers - to enable, accelerate, and amplify solutions in the arena of teacher education.

“**BharatNet**” is a telecoms infrastructure provider that was setup by the Indian government to provide high speed broadband connectivity across rural India, in order to provide more employment opportunities and improve service delivery across the country.

53 Global Rankings 2018 | Logistics Performance Index (worldbank.org)

A close-up photograph of a woman and a young girl looking at a computer monitor. The woman is in the background, smiling slightly, and the girl is in the foreground, looking intently at the screen. The lighting is warm and focused on their faces and the screen.

“

A “**Gov-Tech**” (Digital governance) agenda was followed by the Indian government to use technology for electronic delivery of public services and to drive development in India.”

India's EoDB ranking improved to 63 in 2020 from 142 in 2015. Presently, the Government of India aims to get into the list of top 50 countries in the world with regards to EoDB, and has identified segments for improvement like registering a property, starting a business, enforcing contracts etc. To ensure development on this front, the Government of India, with massive collaboration from its state governments, is spearheading the EoDB initiative.

The government established a dedicated agency called 'Invest India' to facilitate sustainable investment in the country. It provides a single window system for investors to get all types of information and hassle-free services. Given that the EoDB rank of Nigeria is 131, there are opportunities for Nigeria to learn from India.

As noted in the previous section, the difference in the DAI between India and Nigeria boils down to the digital adoption rate of the respective governments.

A “**Gov-Tech**” (Digital governance) agenda was followed by the Indian government to use technology for electronic delivery of public services and to drive development in India. The Gov-Tech agenda has three phases: Gov-Tech 1.0, launched in the early 2000s, concentrated on automation of discrete processes which made the shift from offline to online possible.

The first phase was followed by Gov-Tech 2.0 which was mainly building systems to enable end-to-end digitisation of service delivery, unified e-government portals and basic online data analysis. Aadhaar, India's unique identification number database is an example of the successful execution of Gov-Tech 2.0.

The third phase, Gov-Tech 3.0, is a paradigm shift to ecosystems-based approach which enables different parts of the government system collaborate for delivery of services and allows private players build solutions using the ecosystems. The Unified Payments Interface (UPI) platform is a classic example of how Gov-Tech 3.0 transformed the financial services landscape in the country. Enabling quick and cost-effective real time digital payments, UPI has given birth to various solutions like mobile wallets, bill payments etc.

The foregoing indicates the magnitude of government-enabled development that is being witnessed in India. Nigeria can adopt similar strategies to accelerate its development activities.

The Nigerian government can also develop conducive policy frameworks that encourage private sector participation, which can prompt further investments from India, and other countries, and help address many pressing issues.

## Strengthening the educational system

According to the Overall QS World University rankings, there are 21 Indian universities in the world's Top 1000<sup>54</sup>, while no Nigerian university makes that rank. India also

recorded an impressive performance of over 90% in primary school enrolment in 2019. India's strong educational system is a result of its heavy reliance on the services sector.

Equally, the Federal Government of Nigeria is making attempts to boost primary school enrolment rate and reduce the number of out-of-school children through the National Home-Grown School Feeding Programme (NHGSFP). However, with growing unemployment and high incidence of poverty, many Nigerians are beginning to turn to vocational schools to learn basic skills like plumbing, bricklaying, carpentry etc., that can be quickly monetised in the informal economy.

<sup>54</sup> <https://www.topuniversities.com/university-rankings/world-university-rankings/2021>

In the earlier decades, Nigeria's economic growth was primarily dependent on its natural resources. Unlike Nigeria, India lacks abundant natural resources and India's GDP growth has come from different sectors like agriculture, manufacturing, and mainly services. In realising India's long-term reliance on the service sector, the government invested in its population's education, thus building a robust education system.

Also, with the rise of the Digital India movement, schemes like Pradhan Mantri Gramin Digital Saksharta Abhiyaan (PMGDISHA)<sup>55</sup> were introduced with the mission of making over 60 million people in rural India digitally literate<sup>56</sup>. With the current Nigerian economy depending significantly on services, there is a call for the country to invest in infrastructure, teaching aids, funding and improving the quality of the teaching environment to realise the same trajectory as that of India.

In addition to the education system, India boasts of high-quality examinations for recruitment to various civil service positions in the Government of India. The Civil Services Examination (CSE) which is conducted by the Union Public Service Commission (UPSC) is one of the toughest examinations in the country. In 2019, out of the 800,000 candidates who sat for the examinations, only 829 were selected for posts<sup>57</sup>. The CSE examinations ensure that only the best and most qualified hold leadership positions in the public sector. Nigeria had an impressive civil service structure in the 1970s which is now in a dismal state. The country can tread the same path as India to improve the quality of its public administrative services.

## Formalising the informal sector

India's economy is largely informal. The adoption of digital technology by the informal sector, innovative financial products by the banking fraternity, and subsidy benefits from the government, are helping to formalise the informal sector.

The business community is contributing significantly to drive formalisation in the nation. The rise of platforms like Ola, Uber, Flipkart, etc. has created thousands of new jobs in India with a huge segment of the population moving from the informal to the formal sector. In addition to banks, India has almost 9,600 Non-Banking Financial Companies<sup>58</sup> and approximately 2,100 FinTechs<sup>59</sup> developing a formal credit-lending environment. They are doing so by considering alternate credit history to grant working capital loans to new-to-credit micro enterprises. This has the potential to formalise a significant segment of the micro sector.

Additionally, the Government's push for a cashless economy has enabled the formalisation in the MSME sector. Government initiatives like GST and the Udyam portal have played a pivotal role in formalising the entrepreneurial ecosystem. The goods and services tax now covers more small businesses and drives the formalisation of the economy. Furthermore, subsidy benefits like the Prime Minister's Employment Generation Program and Emergency Credit Line guarantee that schemes meant for registered enterprises and small businesses have incentivised formalisation.

## Technology adoption

India has the third largest start-up ecosystem in the world with over 50,000 start-ups. Out of these, 12,500 are tech start-ups<sup>60</sup>, making India the third largest tech start-up hub in the world. The start-up ecosystem in the country creates up to 1.7 million jobs<sup>61</sup> and this number is expected to keep growing. India boasts of over 50 unicorns<sup>62</sup> (Paytm, Byjus, Unacademy etc.), 10 of which (Cred, Meesho, Groww etc.) were added in 2021<sup>63</sup>. These unicorns have a combined valuation of US\$153 billion. The start-up ecosystem in India has been attracting investments from all over the world. Between 2014 and Q1 2020, the start-up ecosystem recorded over US\$63 billion in funding<sup>64</sup>.

55 Pradhan Mantri Gramin Digital Saksharta Abhiyaan

56 Overview of PMGDISHA – Pradhan Mantri Gramin Digital Saksharta Abhiyan

57 <https://byjus.com/free-ias-prep/upsc-exam-how-many-apply-vs-how-many-clear/>

58 <https://www.livemint.com/industry/banking/1-701-nbfc-licences-cancelled-in-fy19-as-rbi-cracks-the-whip-156278639902.html>

59 <https://www.outlookindia.com/outlookmoney/fintech/beginning-of-a-phenomenal-growth-in-fintech-market-6197#:~:text=India%20has%20around%202174%20FinTech%20startups%20as%20of%20June%202020.>

60 India adds 1600 tech start-ups in 2020: NASSCOM (livemint.com)

61 Indian Start-up Ecosystem (startupindia.gov.in)

62 Here Are the Ten Indian Start-ups That Entered the Unicorn Club In 2021 (inc42.com)

63 Here Are the Ten Indian Start-ups That Entered the Unicorn Club In 2021 (inc42.com)

64 Presenting the State of Indian Start-up Ecosystem Report 2020 (inc42.com)

The rise of India's start-up ecosystem could be largely attributed to characteristics of the Indian market, technological change, change in attitude towards innovation and entrepreneurship, and most importantly, state-led incentives like "Start-up India portal" and "Start-up India hub".<sup>65</sup>

## Cultural exports

Culture is at the heart of the UN's Sustainable Development Goals. Preservation of cultural heritage and cultural exchanges among countries can contribute to the achievement of several developmental targets and goals set by countries across the world. India gained many places in the cultural and creative services export parameter of the Global Innovation Index, ranking 21 in 2020.<sup>66</sup> Among Asian countries, India ranks only after China in export of cultural goods. India is one of the leading countries in the export of visual arts and craft<sup>67</sup>. India's experience in promoting cultural goods and services, including its arts, crafts, films, and music, can potentially be a reference point for Nigeria to promote its own rich cultural heritage on the world stage.

The Indian media and entertainment industry is expected to grow from a US\$ 25.56 billion industry in 2020 to a US\$ 100 billion industry in 2030<sup>68</sup>. The Indian film industry with a total revenue of US\$ 2.1 billion in 2016 grew at a compound annual growth rate of 11% in the past four years<sup>69</sup>. Digitalisation, adoption of the film industry for over-the-top platforms and innovative storytelling, have contributed significantly to the growth of the film industry. The Nigerian media and entertainment industry is estimated to have grown at a compound annual growth rate of 12.2% from 2016 to 2021<sup>70</sup>. Nigeria has a sizeable film and music industry also. The film industry accounted for 1.4% of the country's GDP (2016) and is projected to generate a revenue of US\$22 million by 2021<sup>71</sup>. Revenue from the Nigerian music industry, which is gaining traction outside the country, is estimated to rise to US\$ 73 million in 2021 at a 13.4% compound annual growth rate.<sup>72</sup>

Nigerian music stars like Burnaboy, Davido and Wizkid are already making waves in the international scene with hit songs topping musical charts across the U.S, the U.K, Canada, etc. In 2021, Burnaboy and Wizkid both won Grammy awards. To boost the revenues and growth rates further, the Nigerian media and entertainment industry can learn from the various Indian government initiatives embarked on in this sector, as well as how the Indian industry is adapting to changing needs.



65 The Indian start-up ecosystem: Drivers, challenges, and pillars of support | ORF (orfonline.org)

66 [https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2020.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2020.pdf)

67 [http://uis.unesco.org/sites/default/files/documents/the-globalisation-of-cultural-trade-a-shift-in-consumption-international-flows-of-cultural-goods-services-2004-2013-en\\_0.pdf](http://uis.unesco.org/sites/default/files/documents/the-globalisation-of-cultural-trade-a-shift-in-consumption-international-flows-of-cultural-goods-services-2004-2013-en_0.pdf)

68 <https://www.ibef.org/industry/media-entertainment-india.aspx>

69 Includes Television, print, music, films, animation, VFX and postproduction, gaming, out of home, radio, and music

70 <https://www.pwc.com/ng/en/assets/pdf/the-business-of-entertainment-final.pdf>

71 <https://www.pwc.com/ng/en/assets/pdf/the-business-of-entertainment-final.pdf>

72 <https://www.trade.gov/country-commercial-guides/nigeria-media-and-entertainment-industry-nollywood-and-nigerian-music>



# Opportunities for India

Nigeria boasts of incredible potential across diverse sectors including ICT, oil and gas, manufacturing, financial services and construction. The country is uniquely positioned economically and politically in Africa and in the West African region. In this section, we will explore how India can tap into these opportunities for the mutual gain of both countries.

## Investment case for Africa/Nigeria and why India is uniquely positioned to win

### Cultural fit and geographic location

The Nigerian economy with its multi-ethnic, multi-religious society is a cultural fit for the Indian investor. Additionally, the strategic geographical location of the economy makes it particularly lucrative for investments, as Nigeria provides trade routes by air and land. Also, being a coastal country, it provides direct access to ocean trade routes. Nigeria may also not only act as a base for trade and interactions with other African countries but can also play an important role in trade with European countries.

### Solved many of the same issues

India has over the years solved, and is presently solving, several issues similar to the ones being faced by the Nigerian economy. These include addressing food insecurity, unemployment, and poverty and inequality through government interventions, post-independence. It was followed by the Government's commitment to: developing a vibrant entrepreneurial ecosystem; upskilling; development of educational infrastructure; girl-child education; technological advancements; infrastructure development; and healthcare accessibility and affordability, etc. The solutions developed over the years, and implemented by India such as Udyam, DIKSHA, freight corridors, National Infrastructure Pipeline, etc. may be utilised in Nigeria.

### Sector outlook

Investment by Indian companies in Nigeria is approximated to be US\$19.3 billion<sup>73</sup>. At least, 180 Indian companies<sup>74</sup> operate in Nigeria across sectors such as steel, pharmaceuticals, retail, FMCG, skilling, etc. Several large Indian companies such as Bharti Airtel, Tata, Bajaj Auto, Kirloskar, Mahindra, Ashok Leyland, NIIT, Aptech, Dabur, Godrej, Ranbaxy and Primus Super-speciality Hospital, etc. operate in Nigeria.

While Indian investment in Nigeria is already substantial, there is a case for even greater investment in various sectors of the Nigerian economy. The Nigerian economy with resource abundance, low labour cost, and a large market is attractive for investments. Additionally, given Nigeria's ratification of the African Continental Free Trade Area (AfCFTA), investment in the country will be investment for all of Africa.

India can invest in start-ups in Nigeria, thus enabling the rapidly growing entrepreneurship culture in the country. In 2019, Nigerian start-ups received more than US\$ 600 million<sup>75</sup> in venture capital funding. The Nigerian start-up industry is booming and with Nigeria as the tech hub of Africa, India may well invest particularly in tech start-ups.



<sup>73</sup> <https://hciabuja.gov.in/India-Nigeria-Bilateral-Trade-and-Economic-Relations.php>

<sup>74</sup> <https://www.thehindu.com/opinion/op-ed/a-clear-arc-from-india-to-nigeria/article27705956.ece>

<sup>75</sup> <https://restofworld.org/2021/why-lagos-has-become-africas-most-attractive-tech-hub-for-investors/#:~:text=It%20marks%20another%20significant%20validation,million%20in%20venture%20capital%20funding.>

Additionally, investment in skill development for higher labour productivity and boosting the service sector is an area that can be explored by India. There are many other target areas for investment; some of these include:

- a) **ICT services:** India can utilise its know-how and technological expertise in filling the technology gap in Nigeria's ICT sector.
- b) **Tech start-ups:** The tech entrepreneurial ecosystem in India is booming and attracting investments from all over the world. It is supported by continuous technological advancements, innovations and initiatives by the Indian government. India can bring its know-how and expertise to the Nigerian start-up ecosystem and give a nudge to the already growing sector to achieve its full potential.
- c) **Education:** India could set up a whole range of educational institutions in Nigeria and can also be a higher education destination for young Nigerians, who will be pivotal to sectoral development in Nigeria, especially the ICT services sector.
- d) **Agriculture:** Investment opportunities in Nigeria may also include sectors which face labour productivity issues such as agriculture. While investment in the agriculture sector has the potential for employment generation and poverty reduction for Nigeria, it is also lucrative for investors due to the availability of arable land and a large local market. India has been focusing on technology intervention to increase productivity in agriculture, presenting a strong business case for Indian companies to invest in Nigeria.
- e) **Other sectors:** India may potentially invest in pharmaceuticals, with the Nigerian pharma industry estimated to rise by 9% annually for the next 10 years<sup>76</sup>. Energy is another crucial sector that India can look to invest in.

### Nigeria's Self-Organising Capability

Despite the challenges it presently faces and its performance below potential, there is one striking feature of Nigeria that is worth studying in-depth – its self-organising capability. Nigerians are resilient. Nigerians have self-organised in the absence of a functional State. Nigerians organise their own security, power, education, healthcare, infrastructure, and their future. They self-organise at every scale – individual, group, state, national – and in every sphere of human existence. Nigeria's COVID-19 response itself is a testament to the self-organising principle. Like other successful structures in Nigeria, a collection of non-state actors (consisting of the organised private sector, churches, mosques, NGOs, and individuals) collaborated to mitigate the effects of the COVID-19 pandemic on the citizens.

Outside Nigeria, the Nigerian self-organising capability should be a source of inspiration and possibly, emulation. The fit-for-purpose social structures will be those that self-organise, and adapt rapidly in the light of changing conditions, without the need for a centralised plan or guidance.

Given Nigeria's self-organisation strengths, India may consider building platforms at a population scale for targeted investment in Nigeria to address some of the core issues, which may also be common to India. These platforms will require a whole-of-society execution approach - collaborative approaches within and between organisations (bringing citizens, enterprises, and the government together) - using digital methods, especially in resource-constrained, and uncertain environments.

<sup>76</sup> <https://hciebuja.gov.in/India-Nigeria-Bilateral-Trade-and-Economic-Relations.php>



# Geo-political Implications of Nigeria-India Development

As discussed extensively in this paper, there is huge potential for India and Nigeria to collaborate and engage in knowledge-sharing for their mutual benefit.

However, we also think the India-Nigeria co-operation has the potential to have even greater impact on the world. With Nigeria's increasing population growth, it is likely that by 2050, India and Nigeria will be the two most populous democracies in the world accounting for more than one-fifth (21%) of the world's population. More broadly, Africa and India will jointly have 4.1 billion people by 2050, representing 42.4% of the world's estimated 9.7 billion people. As seen in the population projection (Figure 1), there is the possibility for Nigeria's population to surpass China's (declining) population by 2100. This means that India and Nigeria could be the world's two most populous countries in this century.

Given this demographic weight and the economic weight that will come from continued inclusive and sustainable development (India is already the world's 3<sup>rd</sup> largest economy in PPP terms), India and

Nigeria acting as close allies on economy, environment, security and other areas requiring international co-operation, have the potential to fundamentally alter the geopolitical balance of power particularly if Nigeria can play a powerful leadership role in bringing Africa closer to India.

Our current prism of the US-China conflict and the post-World War II architecture of the international order – UN (including the five permanent members of the Security Council), IMF, World Bank and other international institutions – will certainly have to adapt significantly to a vibrant and economically powerful India and Africa. Ultimately, the India-Africa co-operation will become the pillar of a new, multi-polar world.

While we recognise all the challenges in today's India and Nigeria, we also believe the vibrant democracies and open societies would make significant contribution to world progress were they to play major roles in world affairs.



# Contacts

## Nigeria

---



### Andrew S. Nevin Ph.D

#### Partner

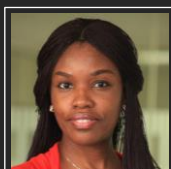
Financial Service Leader and  
Chief Economist, PwC West Africa  
andrew.x.nevin@pwc.com



### Uma Kymal

#### Director

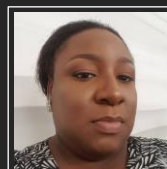
Private Clients, Family Businesses  
and Foundations, PwC Nigeria  
uma.k.kymal@pwc.com



### Delia Asuzu

#### Senior Manager

Head, Marketing PwC West Africa  
delia.asuzu@pwc.com



### Omomia Omosomi

#### Manager

Economist, PwC Nigeria  
omomia.omosomi@pwc.com

## India

---



### Shashank Tripathi

#### Partner

Government Strategy &  
Transformation (Economic Advisory  
Services) and Leader - Aerospace &  
Defence, PwC India  
shashank.tripathi@pwc.com



### Sudhanshu Bohra

#### Director

Government Strategy &  
Transformation (Economic  
Advisory Services), PwC India  
sudhanshu.bohra@pwc.com



### Antara Khaitan

#### Senior Associate

Government Strategy &  
Transformation (Economic  
Advisory Services), PwC India  
antara.khaitan@pwc.com

## Acknowledgement

---

We wish to acknowledge the support and contributions of **Yemi Akoyi**, **Kelvin Umweni** and **David Meres** in the research and production of this report.



At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with over 295,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

© 2022 PwC. All rights reserved