



This Time for Africa

As corporate India slowly wades into Africa, it discovers a continent full of opportunity, peril and the Chinese. By KUSHAN MITRA with RAJIV BHUVA

The runway at Kinshasa's N'Djili airport is not the smoothest in the world, and as the big Boeing glides over the threshold on a sunny April morning, the wreckage from an air crash just the day before is there for all to see. Guarding what remains of the crashed Bombardier CRJ-100ER jet are several blue-helmeted United Nations soldiers. All of them are Indians from the Indo-Tibetan Border Police, some of several thousand Indian troops across the vast expanse of the Democratic Republic of Congo in central Africa.

A decade ago, that would have been that. Thousands of Indian and Pakistani troops working side-by-side earning foreign exchange in a troubled part of the world, an undiscovered continent where tribal wars and poverty still thrived. It is not as if the wars have ended, the Ivory Coast was in the endgame of a brutal civil war in April. But things are changing.

Step out of the Kinshasa airport complex and

Indian visitors are greeted by a huge hoarding bearing the familiar red-and-white signage of Bharti Airtel, India's biggest phone firm. Just that it is in French. And then driving down the Chinese-built highway into the city, there are more signs of Indian business in a country that is 10 hours flying time from Mumbai: Mahindra Scorpios and Tata Motors buses, occasional but not rare.

In shops across the continent, the India story is playing out. Emami's 'Fair and Handsome' fairness cream for men and Dabur hair care products vie for space on shop shelves with drugs by Lupin, Dr Reddy's Laboratories and Ranbaxy. Bajaj-made bikes, IIT training classes, Lava mobile phones and Godrej soaps are increasingly in demand in several countries in much of the continent. And even Kirloskar pumps, a brand whose name has become a generic term for pumps.

This is the new frontier for global businesses and Indian companies are not going to be left behind in the gold rush to prime their growth and



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resources to fire their factories. Indian companies, be they in agriculture, telecom, retail, infrastructure or pharmaceuticals, see Africa as the pot of gold at the end of the rainbow. To be sure, companies such as Kirloskar and those from the Tata group have been operating, maybe relatively quietly, for decades and India's connections with the continent go back further still – to the large Indian Diaspora and the political ties from the days of the Non-Aligned Movement.

The size of the African opportunity is astounding, a continent of 53 countries (soon to be 54 when South Sudan comes into existence) and a population of over a billion people. Its gross domestic product, or GDP, counted around \$1.6 trillion in 2008, the latest year for which the World Bank has compiled data, with \$860 billion worth of consumer spending. A June 2010 study, *Lions on the Move*, by the McKinsey Global Institute predicts that Africa's GDP will be around \$2.6 trillion in 2020.

A big chunk of that growth will come from mining natural resources: from the oil wells in Sudan and the copper mines in Congo, to uranium in Niger, coal in Mozambique and ferro-chrome in South Africa (see *Out of Africa*). McKinsey, a consulting firm, points out that almost a quarter of economic activity in the 15 countries that make for 85 per cent of Africa's GDP, is accounted for by resources.



Indian-owned: Workers at Jose Prayaken's

There is little denying the one clear and present threat Indian interests and companies face: the Chinese, who are ahead from Algeria to South Africa, from Somalia to Senegal.

P.J. Botha, Vice-Chairman, African-Asian Society, a Johannesburg-based think-tank, believes that India did not leverage its strong political ties with Africa. "Compared to China, India was hesitant about investing into Africa. While India has opened up over the past decade, the Chinese have a 10-year headstart on India, especially when it comes to cornering

Africa in Perspective

Africa's size can be mind-boggling. The dark continent is home to a billion people and in terms of land mass, it is second only to Asia. As a market though, it is poor – the continent's GDP is just \$1.6 trillion

