

A Study on India- Nigeria Bilateral Economic & Commercial Relations

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ABSTRACT

Trade ties play an important role in any country's growth. India and Nigeria have friendly, deep-rooted bilateral relations with each other. India is the largest trading partner of Nigeria at present, and Nigeria is the largest trading partner of India in Africa. India is the largest buyer of crude oil from Nigeria, too. Over 135 businesses are owned and/or run in Nigeria by Indians or Persons of Indian Descent. In this research we have analyzed the bilateral trade relation between India and Nigeria.

Key words: - *India, Nigeria, International trade, export, import, bilateral trade.*

INTRODUCTION

In past few decade the trade relation between India and Nigeria getting better. Both the countries are involved in lots of trading activity. It is not clear that which country have benefited more while trading with each other. Kabiru and Abdulaziz (2016) analyzed that which country benefited more from international trade. India is Nigeria's largest trading partner and Nigeria is India's largest African trading partner. During 2019-20, total bilateral trade between India and Nigeria amounted to US\$ 13.82 billion, compared to US\$ 13.89 billion reported during 2018-19. During the period 2019-20, Indian exports to Nigeria amounted to US\$ 3.61 billion, compared with US\$ 3.0 billion (20% increase) in 2018-19. India's imports in the year 2020-19 accounted for US\$ 10.21 billion compared to US\$ 10.88 billion in the year 2020-19.

LITERATURE REVIEW

Tajudeen Egbetunde¹, Tomola Marshall Obamuyi (2018)The study explores India and Nigeria's international exchange. As well as the source of international exchange and economic development in the countries. In estimating the data, the study used the Vector Autoregression method (VAR) and the Granger causality test. The data used came from the Trade and Development Conference of the United Nations (UNCTAD). The VAR results indicate that economic growth has had a strong and important effect on Nigeria and India's foreign trade.

Opusunju et. Al (2020)From 1999 to 2018, the report examined India-Nigeria trade ties using ex-post facto research design for a period of 20 years. The data was collected from the National Statistics Bureau. Trade ties were calculated using the export of goods from Nigeria to India and the import of goods from India to Nigeria. To answer the variables, the analysis used t-tests, maps, and tables. Microsoft Excel Software Package and Social Sciences Statistics Package (SPSS) version 20 were used for the study.

Barro & Sala-i-Martin, (1997) The link between access to markets and economic development has beenTheoretically divisive. Although traditional theory expects a growth-enhancing impact of globalization, recent trends show that economic growth does not necessarily benefit from trade openness. Increased foreign trade will create economic growth by promoting the direct distribution of information and technologies.

Alesina et al., (2000); Bond et al., (2005)Trade promotes convergence of innovation sources and increases foreign direct investment benefits. Trade transparency helps markets to further capture the possible advantages of increasing returns to scale and economies of specialization by increasing the size of the market.

Mustafa, Rizov and Kernohan (2017) report that trade liberalisation and policies related to international trade play an important role in achieving both higher growth and human progress. Therefore, trade liberalization has also been introduced in developed countries with the aim of stimulating growth.

To classify the related crisis values and the differential post-liberalization growth impact in crisis and non-crisis regimes, **Falvey et al. (2012)** employed threshold regression strategies on crisis indicators. Their results suggest that post-liberalization growth is influenced by an economic recession at the moment of liberalization, in a way that depends on the extent of the crisis.

Despite the rising importance of trade in Nigeria and India, there has been little academic study in the field. The bulk of the academic research carried out on trade between Nigeria and India based on what decides the real bilateral trade flows between Nigeria and India. **Kabiru (2015)**, which reflects on the complementarity and similarity of trade between Nigeria and India, is the only exception.

OBJECTIVES OF STUDY

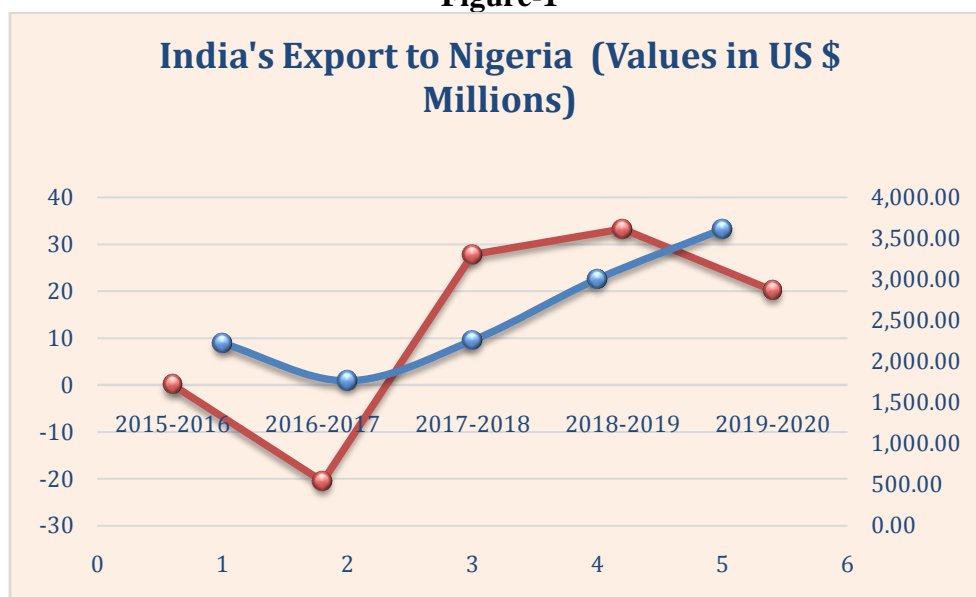
- To study the bilateral trade relation between India and Nigeria

RESEARCH METHODOLOGY

This is a descriptive research in which author have tried to evaluate trade relation between India and Nigeria. Data is collected form secondary source like Department of Commerce Export Import Data Bank. Data is collected from 2015 to 2020. Data is collected for different economic variables like India's export to Nigeria and India's import from Nigeria.

Data Analysis and interpretation

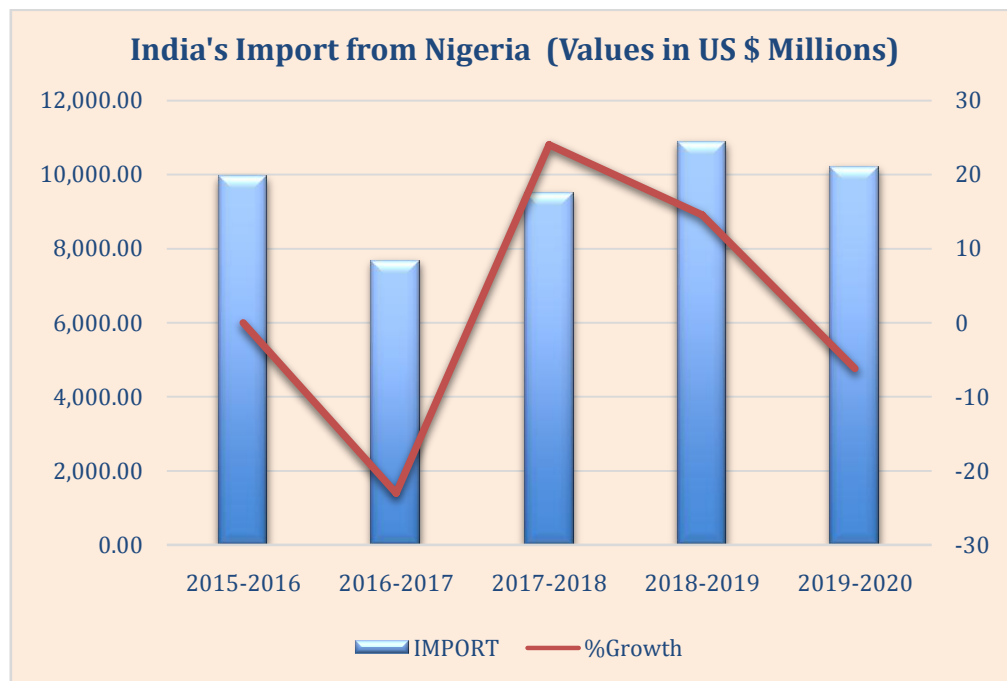
Figure-1



Source-Department of Commerce Export Import Data Bank

In the above figure India's export to Nigeria and year after year growth in India's export to Nigeria is depicted. There is 20.60% decrease in the India's export to Nigeria from year 2015-2016 to 2016-2017. But in year 2017-2018 there is a growth of 27.82%. Then it increased to 33.27% in 2018-2019. In year 2019-2020 India's export to Nigeria increased to 20.12%. So, it can be interpreted that there is a maximum increase in India's export to Nigeria in year 2019-2020.

Figure-2



Source-Department of Commerce Export Import Data Bank

In the above figure India's import to Nigeria and year after year growth in India's import to Nigeria is depicted. There is 23.01 % decrease in the India's import to Nigeria from year 2015-2016 to 2016-2017. But in year 2017-2018 there is a growth of 24.05 %. Then it increased to 14.56 % in 2018-2019. In year 2019-2020 India's import to Nigeria decreased to 6.17 %. So, it can be interpreted that there is a maximum increase in India's import to Nigeria in year 2018-2019.

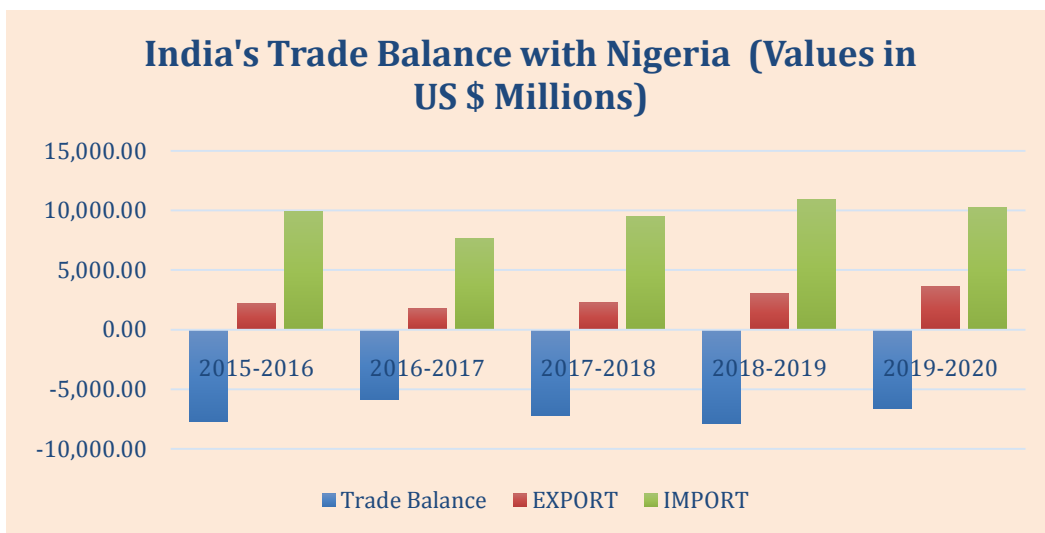
Figure-3



Source-Department of Commerce Export Import Data Bank

India’s total trade with Nigeria was 13889.92 million \$ in year 2018-2019. Which is all time high in last five year.

Figure-4



Source-Department of Commerce Export Import Data Bank

In year 2015-2016 India was having trade deficit of 7727.27 million \$ with Nigeria. In 2018-2019 India was having trade deficit of 7879.50million \$ with Nigeria which was high in last five year.

Impact of Nigeria's exports to India on GDP of Nigeria

Model-1

$$\text{GDP of Nigeria} = A + \text{Nigeria's exports to India} + e_1 \dots \dots \dots (1)$$

Table -1 Correlations

		GDP of Nigeria	Nigerias Export
Pearson Correlation	GDP of Nigeria	1.000	.884
	Nigeria's Exports	.884	1.000
Sig. (1-tailed)	GDP of Nigeria	.	.058
	Nigeria's Exports	.058	.
N	GDP of Nigeria	4	4
	Nigeria's Exports	4	4

Table -2 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.884 ^a	.781	.671	24914.33786	1.334
a. Predictors: (Constant), Nigerias Export					
b. Dependent Variable: GDP of Nigeria					

Table -3 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	151017.141	101614.444		1.486	.003
	Nigeria's Exports	28.349	10.617	.884	2.670	.002

a. Dependent Variable: GDP of Nigeria

It is found that there is a positive Impact of Nigeria's exports to India on GDP of Nigeria. P value is .003 which is significant. High positive correlation (.884) is there between both the variable.

Impact of India's exports to Nigeria on GDP of India

Model-1

$$\text{GDP of India} = B + \text{India's exports to Nigeria} + e_2 \dots \dots \dots (2)$$

Table -4 Correlations			
		India's export	GDP of India
Pearson Correlation	India's export	1.000	.650
	GDP of India	.650	1.000
Sig. (1-tailed)	India's export	.	.175
	GDP of India	.175	.
N	India's export	4	4
	GDP of India	4	4

Table -5 Model Summary ^b					
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.650 ^a	.423	.134	478.10616	2.133
a. Predictors: (Constant), GDP of India					
b. Dependent Variable: India's export					

Table -6 Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-472.794	2312.608		-.204	.04
	GDP of India	.001	.001	.650	1.210	.03
a. Dependent Variable: India's export						

It is found that there is a positive Impact of India's exports to Nigeria on GDP of India. P value is .04 which is significant. Low positive correlation (.650) is there between both the variable.

CONCLUSION

It can be concluded that India is having trade deficit with Nigeria but Nigeria is having trade surplus with India. So, Nigeria is gaining form having international trade transaction with India. Nigeria's export to India is mostly crude oil and cashew nuts while India exports pharmaceutical goods, machinery, electronics and rice. Just because India is importing crude oil from Nigeria India's trade deficit is increasing with Nigeria. Apart from focusing on pharmaceutical goods, machinery, electronics and rice export India should diversify its export to Nigeria by exporting other goods like textile and other agricultural product then definitely we can curb our import bills with Nigeria.

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