

**INDO-GERMAN BILATERAL RELATIONS  
IN THE POST-COLD WAR PERIOD, 1990-2013**

*Dissertation submitted to Jawaharlal Nehru University  
in partial fulfilment of the requirements  
for the award of the degree of*

**MASTER OF PHILOSOPHY**

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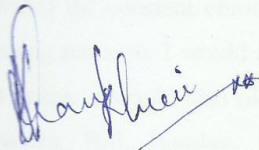
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2015

Date: 24.07.2015

### DECLARATION

I declare that the dissertation entitled "Indo-German Bilateral Relations in the Post-Cold War Period, 1990-2013" submitted by me for the award of the degree of Master of Philosophy of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.



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### CERTIFICATE

We recommend that this dissertation be placed before the examiners for evaluation.



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## ACKNOWLEDGEMENTS

The completion of this research would not be possible without the assistance, the constant support and guidance of my supervisor and mentor Prof. Ummu Salma Bava. During times of confusion and delays she kept me focused and determined by pushing me forward with my research. Her passion and knowledge of my topic is so vast (she is deserving of the prestigious *Bundesverdienstkreuz* Germany's Order of Merit) she provided valuable inputs, comments and information which provided me guidance throughout the process and kept me in track every time I strayed off topic.

I would also like to thank the entire Centre for European Studies faculty and the CES office staffs for encouraging my research and for supporting me as I grow as a researcher.

Words cannot express how grateful I am to my family. My mother's calls and prayers provided the constant emotional support and strength which is much needed when pursuing research. I would not be who I am today if not for my father who saw the best in me. I would also like to thank all my brothers and sisters (Neiniroi, George, Treyooka, Bill, Hamley, Erica, Patricia, Amerioca, Phil and Gary) for their everlasting patience and love which were the only constants in the midst of all uncertainties and change.

Completion of my dissertation seemed like an unattainable goal when I first started but the support of my friends Iba, Hage, Anuradha, Swati, Preksha, Chandan, Shahana and Masanda encouraged and motivated me to complete what I had started. At the end I would like to especially express my appreciation to my roommate Shelley who was there experiencing this journey with me from the start. I apologize if the lights and the constant typing through the nights gave you sleepless nights. Thank you for bearing the brunt of my work load.

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## LIST OF ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ASEAN	Association of Southeast <i>Asian</i> Nations
CeBIT	Center for Office Automation, Information Technology and Telecommunication
CCS	Cooperative Credit Structure
CII	Confederation of Indian Industry
CSR	Corporate Social Responsibility
CTBT	Comprehensive Test Ban Treaty
DFG	German Research Foundation
DGFV	German Cooperative and Raiffeisen Confederation
DWIH	German House of Research and Innovation
EAEC	European Atomic Energy Community (Euratom)
ECSC	European Coal and Steel Community
EEC	European Economic Community
ESC	Electronics and Computer Software Export <i>Promotion Council</i>
<i>EU</i>	<i>European Union</i>
FAIR	Facility for Antiproton and Ion Research
FC	Financial Cooperation
<i>FDI</i>	<i>Foreign Direct Investments</i>
FERA	Foreign Exchange and Regulation Act
FICCI	Federation of Indian Chambers and Industry
FRG	Federal Republic of Germany



GDP	Gross Domestic Product
GDR	German Democratic Republic
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOI	Government of India
HDC	High Defense Committee
HNG	Hindustan National Glass & Industries
HTPG	High Technology Partnership Group
IAF	Indian Air Force
ICT	Information and Communication Technology
IFPRI	International Food Policy Research Institute
IGCBIC	Indo-German Conference on Bio-inspired Chemistry
IGCC	Indo-German Chamber of Commerce
IGEF	Indo-German Energy Forum
IGEP	Indo-German Environment Partnership
IGSS	Indo-German Social Security
IGSTC	Indo-German Science and Technology Centre
IGWDP	Indo-German Watershed Development Programme
IMPECS	Indo-German Max Planck Center for Computer Science
IMF	International Monetary Fund
IREDA	Indian Renewable Energy Development Agency
IRENA	International Renewable Energy Agency
ISIS	Islamic State in Iraq and al-Sham
ITB	International Tourism Bourse in Berlin
JNNSM	Jawaharlal Nehru National Solar Mission
JWG	Joint Working Groups
KFW	Kreditanstalt für Wiederaufbau(German Bank)
MoD	Ministry of Defense

NABARD	National Bank for Agriculture and Rural Development
NATO	North Atlantic Treaty Organization
NAM	Non-Alignment Movement
NRM	Natural Resource Management
NHB	National Housing Bank
PGCIL	POWERGRID Corporation of India
PPPs	Public-Private Partnerships
RBI	Reserve Bank of India
SAARC	South Asian Association for Regional Cooperation
UNSC	United Nations Security Council
USSR	Union of Soviet Socialist Republics
WOTR	Watershed Organisation Trust

## **PREFACE**

The relations between India and Germany have always been cordial and friendly. India tried to maintain relations with the Federal Republic of Germany after the end of the Second World War. Traditionally, the relations between India and Germany had remained strong because of cooperation in trade and investment, educational and cultural developments, exchange of technology and commercial linkages. There is no historical and colonial baggage and no direct conflict of interest in the strategic or political sphere. The Indo-German relationship in the Cold War era was essentially an economic one. It is only with the end of the Cold War that the relations acquired a more political dimension. At the start of the 21<sup>st</sup> century there was intense political dialogue that led to further strengthening and deepening of this relation and moving towards the more specialized relation the Strategic Partnership.

This research is an in-depth study of the critical time when the world is shifting from Cold War to the Post-Cold War Politics. The world was trying to find its balance and engage in the new geopolitics and geo-economics that became prevalent in the 1990s. The Cold War has ended and with it the end of Bloc politics, nuclear armament race, and the dissolution of the Soviet Union, the main player in the Cold War. Germany, which was in the centre of all the Cold War Bloc politics, was reunited in 1990. The two Germany's, the western Federal Republic of Germany and the Eastern German Democratic republic, was now one single Germany with a merged economy.

India's response to the Cold War was Non-Alignment Movement. India which bore the scars of colonialization and imperialization chose not to belong to any of the camps in the Cold War. Instead, she became the leader of Non-Alignment Movement in the third world countries. However Non Alignment also lost its relevance after the end of Cold War. India needed a new foreign policy in this new global politics if it wanted to be visible globally. India also lost its ally, the Soviet Union. In 1990, India's economy was in a crisis and on the verge of bankruptcy. Liberalization and opening up of its economy to the outside world saved India. In the years following the liberalization, India experienced massive growth in the economy. The Foreign Direct Investment came pouring into the nation and the strict trade and investment policies of the previous decades were slowly removed. As India grew in

economic power, India wanted to be politically more visible in the global scene. She attached considerable importance to developing ties with other nations and building bilateral relations which would be beneficial to its national interest.

Globalization made it a necessity for nations to engage globally. No Country could ignore the effects of globalization as this brought about interconnectedness and interdependence between them. The structure of international politics led to readjustments of foreign policies or in other words the globalization of foreign policies. At the turn of the century, a new framework of foreign policy gradually gained importance and this new tool is the Strategic Partnership in which each partners mutually benefit from this win-win relation. These partnerships are based on similar and complementary interest in specific issues and core areas of national interest.

This research gains its significance because it seeks to understand relation between India and Germany and their perspective of this relation. It studies the changes and development that has taken place in this relation in the last twenty or so years and the shift from being distant partners to being the largest trading partner in European Union for India. Today, the two countries have several institutionalized arrangements to discuss bilateral and global issues of interest viz. Strategic Dialogue, Foreign Office Consultations, Joint Commission on Industrial and Economic Cooperation, Defense Committee Dialogue and Joint Working Group on Counter- Terrorism, Indo-German Science and Technology Centre in New Delhi etc. Strategic Partnership, the new rage in the international politics in the last decade is the sign of how much the foreign policy outlook has progressed from the end of the Cold War to the present changing international milieu.

## CHAPTER 1

### INTRODUCTION

#### *1.1 Background*

One of the most disastrous wars of the world, the Second World War ended in 1945 with the United States and the Soviet Union emerging as the winners. All the Nations of the world were in agreement that a war of the same destruction should never happen again in this world so they created an international organization to promote international cooperation in 24 October 1945 called 'United Nations'.

However this friendship was not to be so as the two powers began to distrust and oppose each other and out of the war time alliance emerged two blocs, the Eastern and the Western Bloc with two different ideologies. The two Blocs were polar opposite from each other politically, ideologically and economically. The Soviet Union identifies with socialism and a command economy dominated the Eastern bloc. The Western Bloc was majorly influenced by the United States which was a liberal democracy with a market economy.

This relationship that developed primarily between the United States and the Soviet Union came to be referred as the 'Cold War'. Cold War was coined by Bernard Baruch in 1947 to describe the political and military tension between powers in the Western Bloc and the Eastern Bloc. There was no actual warfare, but war by all other means. It manifested itself through containment and an arms race aimed to deter the other side. The Cold War came to dominate the international world affairs for decades during the second half of the 20th century and was seen manifested through the arms race, the Cuban missile crisis, Vietnam war, Berlin wall. Extreme distrust and lack of understanding existed during the Cold War. This distrust was present even during the last phase of the war when the allies agreed to keep Stalin in the dark about the terrifying weapon- nuclear bomb that they were going to drop in Japan. However, the Cold War never became 'hot war' because both sides had nuclear deterrents against the other and if they engaged in fighting it would mean the end of both the

blocs, a mutually assured destruction.

### ***1.2 The World Order after 1945***

The Cold War had a vast influence on the foreign policies of states internationally. Some nations gradually allied with the two blocs and some nations stayed out of the Cold War and Bloc politics through the Non-Aligned Movement. Non Alignment Movement was the policy adopted by India under Pandit Nehru, to ensure that India remained free from the influence of the two emerging power blocs in the world politics at the time. India perceived itself as a strong power in South Asia who did not need any external support to bolster its foreign policy.

With the aim of containing the spread of communism and the influence of the Soviet Union, the American President Truman introduced the Marshall Plan as an economic weapon in 1948. By this Plan, the United States was able to help Western Europe against the Soviets and rally the west European states to their side. The Cominform<sup>1</sup> was the Soviets reply to this American act. The North Atlantic Treaty which was signed on 4 April 1949 brought forth an intergovernmental military alliance called The North Atlantic Treaty Organization or NATO in short. It is a collective defence system between Americas and the Europeans and Article Five of this Treaty it became binding for all member states to come to the aid of another member state that has been subjected to an armed attack. By these Plans and treaties and the benefits they represented, states gradually began to reorient themselves to the Bloc division.

### ***1.3 Locating Germany in Europe after 1945***

Germany was the loser of the Second World War and bore all the burden of having lost this war. Germans paid reparations to the allies- the United Kingdom, France, and the Soviet Union and immediately had to follow the post war ' industrial disarmament' plan as proposed by the allies. It was stripped of its war gains and lost all the territories it gained during the war. By the Potsdam Conference of 17 July 1945, "Occupation Zone Germany" was divided into four military occupation zones with France in the southwest, Britain in the northwest, the United States in the south, and the Soviet Union in the east. The Cold War further entangled Germany into its bloc politics resulting in the division into West and East Germany in 1949. In 1949 western Germany became the Federal Republic of Germany (FRG). The Germans had a voice in this new state which was a federal parliamentary democracy with a social

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<sup>1</sup> Cominform- a Soviet-dominated organization of Communist parties founded in September 1947

market economy and free churches and labour unions. East Germany became the German Democratic Republic (GDR). This smaller eastern state had a dictatorship and its leaders of the Socialist Unity Party of Germany were puppets to the Soviet Capital.

As a way to prevent further war in Europe and also to bring France and West Germany closer, the powers of Western Europe formed the European Coal and Steel Community in 1951 by the Treaty of Paris which later evolved into the European Common Market and ultimately into the current European Union. The devastated European powers felt that economic cooperation and integration, and a common market for important natural resources would result in economic development and stability and prosperity.

In 1955, West Germany (FRG) became the most prosperous economy in Europe after experiencing an 'economic miracle' also called *Wirtschaftswunde*. The Federal Republic of Germany, under Chancellor Konrad Adenauer, improved relationships with France, the United States, and Israel. It also joined the North Atlantic Treaty Organization. In 1948, the western Allies were concerned about the deterioration economic situation of Germany that they decided to further extend the Marshall Plan and its aid to West Germany which played a key role in West Germany recovery. There was a currency reform and the deutsche mark was introduced and this halted the inflation in the west. East Germany however, had a different story. Its economy stagnated as it was under the control of the Soviets and the secret police controlled the everyday life of the people. More often than not, the economy of East Germany was aligned to meet the needs of the Soviet Union. There was steady inflow of refugees from the East to West Germany during this time.

Germany was at the heart of the Cold War. One of the major crisis of the Cold War, 'the Berlin Blockade' of 1948 happened, when the Soviet Union blocked the land access routes to West Berlin. The Soviet Union did not agree with the currency reform introduced in West Germany and initiated the blockade. The United States and its allies had to airlift supplies to West Berlin for 11 months to prevent it from falling into the hands of the Soviet Union. After the Federal Republic of Germany (FRG) and the German Democratic Republic (GDR) were formed, they became the intermediary between the Soviet Union and the United States. However because of the aforementioned economic difference there was a lot of refugees' inflow to the west of Berlin. This massive departure to the FRG could not be tolerated or allowed by the leaders of the socialist camp. Hence, on the night of 12 and 13 August 1961 a stone wall with barbed wire was built along the border of the two Berlins. (Goldstein and

Pevehouse 2011: 31)

The Federal Republic of Germany which was a member of the European Coal and Steel Community and also member of NATO, had an economy that was faring better than the eastern Soviet controlled economy. Western Berlin had a wall built all around it to separate it from the East Berlin and the rest of the Soviet controlled Germany. Truman's Marshall Plan was also extended to West.

#### ***1.4 India and Non-Alignment in the Cold War Years***

Now coming to Asia and more specifically India situated in South Asia, one sees a different image of this nation. The end of the Second World War also increased the process of decolonization in the world. The Great powers were readily able to let go of the colonies after the War ended. Independence was granted to India from the United Kingdom in 1947, Indonesia became free from the Netherlands on 27 December 1949, the Philippines from the US on July 4 1946 and a number of other nations. Because of its experience with colonialism and imperialism, India was determined to master its own fate in the international system. Immediately after the Second World War, the international system was dominated by the Cold War and India wanted neither and chose not to join any camp.

Pandit Jawaharlal Nehru, India's first Prime Minister after Independence declared "I am on my country's side and nobody else's".

"We propose, as far as possible, to keep away from the power politics of groups, aligned against one another, which have led in the past two world wars and which may again lead to disasters on an even vaster scale. . . . We seek no domination over others and we claim no privileged position over other peoples. . . . But we do claim equal and honourable treatment for our people wherever they may go, and we cannot accept any discrimination against them. We believe that peace and freedom are indivisible and the denial of freedom anywhere must endanger freedom elsewhere and lead to conflict and war." (Jawaharlal Nehru's Speeches 1957: 189)

Nehru was the first to articulate Non- Alignment for India. This movement was so that India preserves her freedom of action in the international sphere and not to align in any alliance especially those led by the United States and the Soviet Union. Another principle tenet of Non- Alignment is nonviolence and cooperation to settle any disputes internationally. V K Menon, an Indian Diplomat coined the term 'non alignment' in his speech at the United



Nations in 1953. The Non-Aligned Movement was based on five principles or *Panchsheel* of; Mutual respect for each other's territorial integrity and sovereignty; Mutual non-aggression; Mutual non-interference in domestic affairs; Equality and mutual benefit; Peaceful co-existence. Newly independent India craved to play an active role in the world politics by following a policy of non-entanglement. By the concept of Non-Alignment, India carved out a significant role for itself in world affairs as the leader of the newly independent countries of Asia, Africa and South America.

The vision of the early leaders of independent India, like Nehru, laid the basic foundation of India's foreign policy. Their beliefs form the basis of India's foreign policy; a belief in friendly relations with all countries of the world, the resolution of conflicts by peaceful means, the sovereign equality of all states, independence of thought and action as manifested in the principles of nonalignment, and equity in the conduct of international relations (Jha 2000: 50). In fact, the footprints of Nehru's definition of foreign policy are seen till date. His strategy regarding India's role in world affairs remain consistent over forty years with some slight changes here and there.

In the initial decades after independence, India's foreign policy can be seen to have gone through three distinct phases. The first being an idealistic stage which it inherited from its freedom struggle. Idealism in international relations refers 'to any idea, goal, or practice considered to be impractical...the bases of such judgments are rarely made explicit, but they usually rest on a pessimistic reading of human nature along with an historical judgment on the difficulty of peaceably achieving radical change in world affairs' (Wilson 2011: 332) “.

This phase was also characterized by India's role in the NAM. At times, India acted in ways that were not beneficial for its national interests. For instance, India opposed colonialism and US policy which worked against its national interest because the US then tilted towards its enemy Pakistan. The second phase was a stage where India did not play a very dominant role internationally. Prime Minister Indira Gandhi at the time was more focused on national interests and tackling threats in India's neighbourhood. During this period India had its nuclear test and the state of Bangladesh was created from Pakistan. India continued pursuing its agenda in the NAM; however, this was also a period of closeness with the Soviet Union. Though many say that, by signing the Treaty of Peace, Friendship, and Cooperation with the Soviet Union in 1971, India tarnished its image as a Non Aligned nation. Indira Gandhi's era ended with her assassination. Rajiv Gandhi led the way of the new phase of India's foreign

policy. He aimed to speed up economic development by building new bilateral relations with other countries. Rajiv Gandhi also aimed to allay the fears of India's neighbours by adopting a big brother of maintaining cooperation with its neighbours and also maintaining a low political profile (Asthana 1999:167). The young legacy was continued through the next decades.

During the Cold War, India followed a policy of economic self-reliance with a strong leaning towards socialism and 'third worldism' (Mohan 2012). India inherited a lot of economic problems at the time of independence. Though there were many plans brought forth by the government to guide its economic development and alleviate poverty, India was experiencing slow growth rate and by the end of Nehru's term there was serious food shortages despite hoped for progress and increase in agricultural production. India's trade deficit of the 1950's increased in many fold by 1960s. India had a budget deficit problem and hence could not take loans from abroad or from the private sectors.

The image of India during the Cold War is that of a newly independent country that is trying to make a mark in the world by not aligning to any of the Bloc politics. India was against colonialism and racism and stood for the freedom of a country to make its own choice of actions in the world affair. It was the leader of the Non-Alignment Movement. Economically India was doing badly and suffering slow economic growth rate and development.

### ***1.5 India-Germany historical relations***

So the structure of the Cold War geopolitics was given: Germany in the western bloc and India as a Non Aligned country; Germany as a developed country and India as a developing country. So how did the two nations engage in this given framework of the Cold War structure? This research will seek to answer this question in the following chapters.

Bilateral relation is the engagement between two sovereign nations and the relation can cover a gamut of political, economic, security and cultural aspects. When countries engage in a bilateral relation they can also conclude certain special agreements such as free trade agreements (FTA) or foreign direct investment (FDI), Defence or nuclear agreements. The principles of bilateral relations will differ in every relation since most agreements are signed according to the specific characteristics of the contracting countries to give preferential treatment to each. National interest of the countries is the basis of a bilateral relation where countries seek to maximize the benefits from the relations with the other countries. Foreign

policy is governed by national interest. The character of the relationship and the agreements made between these nations is all based on such national interest. National interest and objectives depends on a nation's security, economics, policies, and the position of the nation globally, etc. These interests are made known to the public in the major public speeches and policy documents of the countries and their treaties and agreements with other countries.

### ***1.6 National Interest and Foreign Policy***

Foreign policies are adopted by a state to enable it to cooperation with other governments, international organization and people and work towards achieving peace, prosperity, advance economic prosperity, promote human rights, development etc. Foreign policy of a nation is driven by national interest to benefit economically, politically or culturally. The term 'national interest' is defined differently by different political scientists. Italian political scientist thinks that “in modern times determining national interest is a political process and a democratic expression of what citizens want from their government” (Parsi 1998). National interest can be objectively determined and are based on the decisions of the decision makers of the nation. It is “things of benefit to nation: actions, circumstances, and decisions regarded as benefiting a particular nation” (Krasner 1978).

At its most fundamental level, the national interest is generic and easy to define: all states seek to preserve their political autonomy and their territorial integrity. Once these two interests have been secured, however, national interests may take different forms. Some states may have an interest in securing more resources or land; other states may wish to expand their own political or economic systems into other areas; and some states may merely wish to be left alone. Generally speaking, however, the national interest must be defined in terms of power. National power has an absolute meaning since it can be defined in terms of military, economic, political, diplomatic, or even cultural resources

The Cold War bloc politics did not change the interest of the member states who still engaged with rival nations even as they belonged to the western and eastern bloc. Nations search for economic or political complementarities in another nation so that they seek to gain the maximum out of a bilateral relation with it. As Lord Palmerston (1860) declared “Nations have no permanent friends or allies, they only have permanent interests”. For instance the Soviet Union fought alongside the United States during the Second World War II but as discussed earlier this friendship did not last as they turned to deadly enemies in the Cold War lasting for a long duration. National interest and not friendship is the legs that partnership

stands on. National strategies are determined by national objectives which are in turn determined by national interest. If the national interests of the two nations converges and also complement each other it increases the chance for the partnership to be stronger.

This is how the relation of India and Germany was maintained during the Cold War. India was in fact one of the first states to end war with Germany in the World War II. It waived off all compensation payments which Germany had to pay for war reparation so as to lessen Germany's burden. During the Cold War India maintained diplomatic relations with both East and West Germany. The main ingredients of this relationship between these two countries were trade, technological expertise, technical education and cultural exchanges. Germany was supportive of education development in India that in 1956 it helped established the Indian Institute of Technology Madras, a premier institute in technological education and research. The Indian and German governments signed an agreement to increase cooperation and supply of technology and resources to this institution to help in its expansion over the decades. India and Germany have identified many areas of mutual interests and thus have great hopes from one another for a lasting partnership.

### ***1.7 The End of the Cold War***

With the end of the Cold War in 1989, the entire structure of international affairs changed. The Berlin wall came down in 1989 and Germany was reunified in 1990, while India was at the start of its economic liberalization. India's foreign policy saw a drastic shift from the previous years. Whereas earlier it was highly idealistic and even a little sympathetic towards socialism during the Cold War, now it has adopted a more realist approach to international affairs. The realist model seems the best option to adopt in the pursuit of national interest. Of course we see a little pinch of liberalism and idealism mix in as India still wants to strengthen its role in NAM. India's economic potential was unleashed after the liberalization in 1991. It became more market oriented and opened more to foreign investments. India became an emerging economy in the world after liberalization. The Indian economic model of state-led socialism collapsed at the same time as the disintegration of the Soviet Union. Some Indian scholars argue that India's decision to liberalize its economy had a far important impact on its foreign policy than the end of the Cold War (Ganguly and Mukherji's 2011:55). On the one hand, we have India a newly liberalized country and on the other side a newly unified Germany. When the Cold War ended in Germany some scholars were saying that Germany

would maintain its traditional policy of acting as a "tamed power" or a "civilian power"(Hans Maull 1990).

Because of the geopolitical arrangements in the early 1990s, we have two states that were already engaging with each other in the Cold War or even before the Cold War. One state had just opened up its economy to the world and the other had just united into one. A space had been created for both countries to re-engage and build a relation with one another where both will seek to gain from this improved bilateral relation. By the early 2000 India and Germany were speaking of improving this relation and changing it to a specialized Strategic partnership. A partnership with the Germany may help India achieve most of its strategic goals especially in the fields of economics, space and high technology and facilitate the growth of India into a developed nation. The ingredients to make this partnership have just been opened wide which is an improvement from the elements of engagement during the Cold War. India needs capital and the Germany being an economic giant in Europe, needs markets. Germany has been a supporter of India's fight against terrorism and even offered technological assistance and cooperation in this field. The strength of any relationship between nations depends on the convergence of interests on the nations in question. Germany is interested in India only if the partnership supports and promotes its very own national interests in Asia. Therefore while we study this partnership it is also imperative to seek what impact this relation will have on Germany. The commonality of interests and values of Germany and India will make India a suitable friend to Germany.

India is aware of the value of having a bilateral relation with a nation and has renewed and strengthened its efforts to built new relations or transformed the existing ones. India is also willing to engage with other growing powers, For instance BRICS, G20, EU, Brazil, China, Association of Southeast Asian Nations (ASEAN), South Africa etc and not to limit itself only to the United States. Both India and Germany are demanding a radical reorganization of the United Nations.

### ***1.8 Strategic partnership***

Since the word Strategic Partnership has gained a lot of prominence in the international sphere after the end of Cold War, a little in depth study of this term will be beneficial. The “strategic partnerships” seems to be the new feature. The growing use of this concept is directly proportional to the lack of accuracy concerning its meaning. When the word

“strategic” is used it relates to something with the aim of reaching goals. Therefore, a strategic partnership can be viewed as a cooperative relationship between two countries that share a common desire to reach high-priority goals. However, in reality many relationships are one-sided. A country obtains a privileged status of a strategic partner, with the objective of obtaining a strong global position as a means of showing that they too are relevant in the international arena.

Since the concept of “strategic partnership” has gained wide recognition in the last few years, some authors started acknowledging this expression and it has become of more relevance in the International Relations vocabulary, but interestingly there is some uncertainty regarding its meaning. “Strategic partnerships are a political category that no EU document or statement clearly defines” (Grevi 2010). Khandekar (2011) also says that “The notion of an ‘EU strategic partnership’ has yet to be defined by the European Union itself in any official document and years of debate have not yet managed to unravel why a group of ten lucky countries ... are clustered together under the ‘strategic’ banner’. Peña argues that ‘sometimes concepts with a strong mediational effect but hard to precise in a concrete way are used. One of these is ‘strategic partnership’ (Peña 2010). He further points out that the concept is commonly used among companies and also in the security area but that it is in the international economic relationships that its range is less easily understood, arguing that the use of the expression seems to be more an instrument to bring attention to high political meetings than to implement effective substantial agreements. But these definitions are general and do not cover the kind of ‘strategic partnership’ that EU has with other countries.

The lack of definition or precision regarding the “strategic partnership” concept would not be of great concern, if it did not generate relevant problems. Take for example the EU which has a strategic partnership with many countries. Its foreign policy defines its relationship with other major global players. India, Russia, Brazil, China, South Africa, Ukraine, Canada, Mexico. The European Council emphasized the relevance of developing strategic partnerships for the security of the European Union:

“[T]here are few if any problems we can deal with on our own. The threats described above are common threats, shared with all our closest partners. International cooperation is a necessity. We need to pursue our objectives both through multilateral cooperation in international organizations and through partnerships with key actors’ (**Treaty of European Union 1992: Article 21**)

. Hence, it becomes very difficult to differentiate between Strategic partners and bilateral or multilateral relations. Also how is the strategic relation with the EU different than having a partnership with the individual members say Germany?

### ***1.9 Indo -German Strategic Partnership***

In the recent years the political relations have grown significantly between India and Germany. In May 2000, at the dawn of the new millennium, both countries adopted the 'Agenda for the Indo-German Partnership in the 21st Century'. The Agenda agreed upon regular meetings, especially for foreign ministers to endeavour to meet every year. These interactions usually take place along with high-profile delegations from both sides.

To endorse such a relationship, on 23 April 2006, a 'Joint Declaration' was signed by Federal Chancellor Angela Merkel and then Indian Prime Minister Manmohan Singh for a 'strategic partnership'. The Indo-German pact focused on our future cooperation into the fields of energy, science and technology, and defence. During Chancellor Merkel's visit to India on 31 October, 2007, a similar Declaration was signed which noted the substantial progress made in Indo-German relations and set ambitious goals for their development in the future. Thus, a promising future for both countries lay ahead with the signing of the Indo-German pact.

The Indo-German relationship or partnership is based on similar and complementary interest with regards to specific issues and core areas of national interest. India maintains a special relationship with countries such as the UK, USA, France, Russia, Japan and Germany. Hence each partnership focuses on a specific character or issues. Germany on the other hand is India's longstanding and good friend. Germany being India's largest trading partner in Europe has the potential to develop and improve India in many ways. Hence, India gains more from such a partnership. Germany helps and encourages India in many fields.

Germany has been constantly supporting education and cultural development in India through various financial institutions. One of Germany's contributions to India is the establishment of the Indian Institute of Technology Madras in 1956. Germany continues to assist India through the supply of technology and resources to help expand the institution. The two countries discuss bilateral and global issues of interest through several institutionalized arrangements viz. Strategic Dialogue, Foreign Office Consultations, Joint Commission on Industrial and Economic Cooperation, Defence Committee Dialogue and Joint Working Group on Counter-Terrorism, etc

### ***1.10 Definition, Rationale & Scope of the Study***

Very little work has been done on the Indo-German bilateral relationship during the Cold War period and in the post-Cold War period, even though the bilateral relationship has been upgraded to a Strategic Partnership. Therefore, it makes for a very good research topic to examine how the Indo-German bilateral relationship has changed in the post Cold War period. The research primarily looks at the time period 1990-2013. One witnesses a gradual shift in both the countries' Foreign policy after 1990 towards increasing engagements with other countries. In the case of India, the economic liberalization in 1991 had a profound impact on its foreign policy. Germany had just witnessed the fall of the Berlin wall which no country had suspected, thus uniting eastern and western Germany and Berlin. In this context this research seeks to explore the nature of the bilateral relation between India and Germany in the Post-Cold War period; how Germany and India engage each other in this context and to answer some questions like how substantial and sustained the cooperation has been in the last 20 years. It will evaluate the key challenges confronting the post cold war India-Germany bilateral relation and partnership, before making a number of concluding observations.

### ***1.11 Research Questions***

This research aims to answer some of the significant questions such as:

- 1) What has been the nature of the political and economic relations between India and Germany until the year 1990?
- 2) How has the shift in geopolitics after the Cold War transformed the bilateral relation between India and Germany?
- 3) What has been the nature of the economic relations considering three important factors; trade, aid and investments during the post-Cold War period?
- 4) How has the shift in perception on both the German and Indian side lead to a Strategic Partnership between the two countries?
- 5) What do India and Germany, respectively, expect from a strategic relationship and what can be done to fulfill these expectations?
- 6) What are the challenges and prospects of Indo-German relation?

### ***1.12 Hypothesis***



This research will be based on the hypothesis that the Post-Cold War geopolitics has offered new opportunities and avenues for cooperation thereby transforming the Indo-German bilateral relations to a Strategic Partnership.

### ***1.13 Research Methods***

This study will primarily use the inductive method of analysis and use a realist approach to examine the Indo-German bilateral relationship. This proposed study is composed of three inter-woven periods of research which are evolutionary phases of Foreign policy, they are; the Cold War period, the post-Cold War period, and the turn of the new century.

The theory of realism convincingly explains the event of the Cold War and the events that led to its end. Realism also indicates that when leaders feel threatened and insecure, they will tend to increase their security by pursuing ambitious military and diplomatic strategies. Hence this research will seek to apply this theory to the events that led to India and Germany expanding their relation in the post Cold War period and how this relation then moved into the strategic Partnership level.

In the international arena this theory declares that nation-states are the primary agents of maximization of power. This theory in the real sense reduces the political-ethical principle that might is right. At best for present usage, “Neo-Realism”, described in Waltz’s book, *Theory of International Politics* published in 1979, describes the current foreign policy adopted by India and most modern nations. It argues for “a systemic approach: the international structure acts as a constraint on state behaviour, so that different states behave in a similar rational manner, and outcomes fall within an expected range” (Waltz 1979). In other words, Neo-realism tames the nation-states through the anarchical structure and control and balances their power in the international arena.

Mearsheimer’s conception of anarchy means that states constantly in the struggle for power and are caught in an inescapable security competition. Therefore, pursue for peace is kept at a distance since states will not cooperate with each other in the existing structure (John Mearsheimer 2001). However, Waltz and Mearsheimer some of realism’s most powerful theoretical analysts, explores static structure and not dynamic change and history. Realism in the modern sense is well-equipped to handle not only political ruptures but economic problems as well. With the end of the Cold War, many nation states are faced by economic problems such as the Soviet Union. If realism is to be taken as an international tool, then, it is well-suited to emphasize the strategies which shaped the Soviet leaders in dealing with systemic economic problems relating to military spending and fiscal mismanagement, but

conditions of the United States and the West are factors of relative power, in the traditional power sense, which did override the events in ending the Cold War.

The study will make use of primary and secondary data. The collection of primary data is entirely based on sources like German and Indian policy documents, Parliamentary proceedings, Speeches by the Prime Ministers and Government officials and Institutions and conference papers, policy papers of government, agencies and research organizations will be used. Interviews and speeches of policy framing individuals and leaders could be used to draw inferences. The secondary data for the case study is based on studies and analyses about Germany and Indian foreign policy, books written by experts and researchers, working papers and articles from journals/periodicals, newspaper articles, media briefings and monographs could be used to substantiate statements and arguments. Economic Journals, Declarations, documents and Reviews of Germany and India would be analyzed for the research work. Economic policies ODA, FDI, economic aid etc will be closely scrutinized to understand if they are means to some unknown end.

#### ***1.14 Chapterization***

The first chapter deals with the relation between India and Germany going back to the 1945 when the Second World War ended and how it was maintained throughout the Cold War even as they both belonged to different groupings -Germany in the Western Bloc and India as the leader of the NAM. It will discuss the phases of uneven development of the relationship from its inception through the Cold War until the end of it.

In the next chapter the research will analyze the changing Political engagement between India and Germany in the post Cold War Era. It will particularly dive into the situation after the end of the Cold War in which the changing geopolitical dynamic created for an avenue that provided for cooperation between India and Germany. It will also situate the Strategic Partnership between both countries, which has lead to enhancing the political engagement.

Then the enhanced economic relation between India and Germany since 1990 will be explored in the following chapter. In particular, this chapter will focus on the economic cooperation, science and technology, technological transfer. Furthermore, the importance of Germany and India's cooperation in economy will be discussed, where this relation stands today and how beneficial is the enhanced cooperation between both parties. The concluding chapter will provide a summary of the main findings of the thesis. It will discuss the future development of the relationship of the two countries. It will discuss the key challenges and

opportunities to develop a better and enhanced economic and political relationship in the future.

## **CHAPTER 2**

### **THE HISTORICAL DEVELOPMENT OF INDO-GERMAN RELATION (1949-1990)**

#### ***2.1 Introduction***

In 2011, India and Germany celebrated 60 years of a successful diplomatic relation. 2011-2012 was celebrated as the year of Germany with the motto 'Infinite Opportunities: Germany and India 2011-2012' and the theme "StadtRäume – CitySpaces". This festival was carried out in five major cities in India namely Mumbai, Delhi, Pune, Bangalore and Chennai. 'The Indo-German relationship is devoid of conflicts in the present and of difficult experiences in the past' (Heimo Richter 2000:3). This relation of India with Germany was officially established in 1951 when India became one of the first countries to recognize the Federal Republic of Germany (FRG). While many countries had a state of war position with the post war Germany, India decided to establish formal relations with it. This relation was based on common values that hold the essence of the two countries that is democracy and the rule of law. There was no colonial or historical baggage between these two and this helped significantly strengthen the relations throughout the 20<sup>th</sup> century. The first Consulate General was established in Bombay in 1951, the year of diplomatic recognition. This consulate became a fully fledged embassy in New Delhi in the next year 1952. Germany's first ambassador took up office in Delhi in 1952. Although there was a period of negligence during the Cold War when Germany belonged to the western camp and India was following Non Alignment. This relation picked up where it left off in 1991 after German reunification and the end of the Cold war and Indian economic liberalization.

In fact this relation can be traced as far back as the late 19<sup>th</sup> century when the 'Imperial German Consulate' (Kaiserlich Deutsches Generalkonsulat) was set up in Kolkata in 1845 and later in Mumbai in 1856. These consulates were used as headquarters for the Consular representatives and officials and their jurisdictions included Bombay presidency, the district Mangalore of the Madras presidency, the native states of these districts, the central provinces,

the native states in central India. During the world war, Hitler adopted an ancient Indian symbol, the swastika, as his own. The Nazi Party (*Nationalsozialistische Deutsche Arbeiterpartei*) used the swastika in all party flags and badges. In his 1925 work *Mein Kampf*, Adolf Hitler explained the hook cross and "those revered colors expressive of our homage to the glorious past and which once brought so much honor to the German nation." The swastika was used synonymously with Nazism so much so that when the World War two ended this symbol was stigmatized and removed from every public building and its use prohibited in many western Countries as well as in Germany. Hitler was obsessed with the concept of a pure Aryan race that invaded India thousands of years ago and then settled and established a rigid caste structure in the society. 'The myths and legends of ancient Vedic-Hindu India have imparted a tremendous influence on Germany' (Palash Ghosh 2012).

Mathias Tietke a historian and a yoga enthusiast identified in his book, *Yoga in the Third Reich: Concepts, Contrasts, Consequences* identified one of the senior command responsible for the holocaust Heinrich Himmler as fascinated and obsessed with the Indian Hindu culture and even read the Bhagavad Gita as a blueprint for his cruelty justifying his actions as "unscrupulous killing for one's 'higher purpose' (Tietke 2011). In 1844, a German philosopher Friedrich Wilhelm Joseph Schelling emphasized in his teaching sessions a passage of the Bhagavad Gita. This passage from the fourth chapter highlighted that a person's identity is not defined by his actions and even if they commit evil acts, they can still remain untainted and unaffected by ones' own actions. Heinrich Hummler read this lecture and took this passage to heart. Tietke also mentioned in his book that yoga was used in the death camps to teach the prison guards so they are able to find inner peace. 'It is associated with mental equilibrium, the search for wisdom and inner peace and is not considered to be about force or persecution'. S.S. leaders who were captivated with yoga, they even used yoga's history and philosophy to justify the Holocaust. The Nazi Party's *Schutzstaffel* S.S Captain Jakob Wilhelm Hauer wrote "yoga can internally arm us to prepare us for the forthcoming battles".

During the World War 1 India was under the British colonial rule and was forced to contribute soldiers for the Allies and assist them in their war efforts. Radicals and extremist Indian Nationalist sought the help from organizations abroad to thwart and rebel against the British raj in India. At the time exiled (or in some cases self exiled) Indian nationalist had formed the *Ghadar* party in the United States in 1913 by the Punjabi Indians and the India Independence Committee (or in *Das Indische Unabhängigkeitskomitee*) founded by Indian

students in Germany in 1914. These radical Indians along with the Ghadar Party and the India Independence Committee formulated a series of plans to create unrest and stimulate a full scale Indian mutiny within the British Indian Army. These plans discussed at the beginning of the World War one were to be executed on February 2015. It got strong support from the German consulate in San Francisco, the German Foreign Office in Germany, and even got support from the Irish republican movement and the Ottoman Turkey as well. The main aim of all these plans was to overthrow the British Raj from the Indian subcontinent. However the British intelligence infiltrated the Ghadarite movement and thwarted this plan. These plans later came to be known as the Hindu- German Conspiracy.

A prominent Indian freedom fighter Netaji Subhash Chandra Bose escaped from his house under the surveillance of the British with the help of the Wehrmacht military intelligence, Abwehr, to Germany in 1941. Bose was determined to get India's freedom met with top Nazi officials like Heinrich Himmler, Hermann Goering including Hitler himself to allow selected Indian soldiers to take part in the police training course as he was captivated by the Nazi police force. Romain Hayes in his book *Bose in Nazi Germany, 2011* speaks of how the Indian Legion or in German *Indische Legion*, a military unit was raised in Germany in 1942 during World War 2. It consisting of Indian students and Indian expatriates in Europe and prisoners of war. Joseph Goebbels, the Propaganda minister in Nazi government wrote in his diaries that Bose is the 'best horse in our barn' (Joseph Goebbels' Diaries 2008).

Winston Churchill announced 8th May 1945 as VE (Victory in Europe) day. This marked the end of the war. Germany lost the War and was stripped of all its war gains and territories and lost its former glory. Germany was paid to compensate for the war and pay reparation of upto 10 billion dollars<sup>2</sup>. After the Potsdam conference in 12 August 1945, Germany was divided into four military occupation zones with France in the Southwest, United States in the south, Britain in Northwest and Soviet Union in the East. The Cold War split Germany into the western Federal Republic of Germany formed by combining the three occupation zone of France, Britain and United States and east German Democratic Republic, the zone of the Soviet Union. India gained its independence in 1947 and was amongst the first state to end the state of war with Germany and even waive off any of its compensation in an attempt to reduce Germany's burden even though India had lost almost twenty four thousand soldiers in

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<sup>2</sup> Cost of Defeat Time Magazine Monday, 8 April 1946.

the World War 2 against Hitler. India built official relations with the west Federal Republic of Germany in 1951 and with eastern German Democratic Republic in 1972 after the Hallstein doctrine was abandoned. This doctrine states that if any state that recognises the GDR, the FRG will automatically end all diplomatic relations with it. This policy was later abolished in 1969.

Both India and Germany had to deal with the division of their country. Pakistan split from India in 1947 and became an Independent country. Germany was split into east and west with different ideologies. They had to deal with creating a new identity for their nation and had to search for their geopolitical standing in this new order after the World wars. Jawaharlal Nehru, India's first Prime Minister was sympathetic to the German cause and called for its reunification at some time in the future (Ram Yadav and Thomas Bärthlein 2010). He went to Germany in 1956 and met with its Chancellor Konrad Adenauer on 10 October, 1960. This is the highest level of bilateral exchanges that signifies the highest expression of friendly relation. The outcome of the 1956 visit was the creation of Indian Institute of Technology Madras. The Government of Federal Republic of Germany offered assistance to India to set up a higher technical institute and signed the first Indo-German agreement in Bonn in 1959. Germany has helped in the expansion of the Institution over the decades by increasing its supply of technology and resources.

Despite the Cold War Politics the relation between India and Germany have improved and deepened in some sectors like Science and Technology and Education whereas in others it was virtually nonexistent. The German commitment and contributions in the development cooperation sector helped in achieving the close bond between India and Germany. There has not been any colonial or historical baggage between the two countries. There has been an active cultural exchange and High level state visits that complement and tighten this relation more so after 1990 with the fall of the Berlin Wall and India getting liberalized.

However, it is not true to say that the Cold war strategies did not effect this relation at all. Germany was deeply rooted in the Cold War Bloc politics. India vowed to remain neutral and uninvolved. In Bandung, Indonesia in 1955 India hosted the first large scale Asian-African Conference. Twenty nine countries met and formed the 'third force' or the Non Aligned countries. In fact this Cold War politics confined this relation and limited it mostly to economic and that too it played a subordinate role and its fullest potential was not met. Security and Defence cooperation did not exist at all. In the Cold War, the Federal Republic of Germany political connection with India was low and the policy was described as 'benign

neglect' (Dietmar Rothermund 1995:474). Also in 1971 when India supported the movement for liberating East Pakistan from West Pakistan which led to the creation of Bangladesh, Germany criticize India and claim that this in direct opposition of the Non Alignment Policy (Ram Yadav and Thomas Bärthlein 2010). The Germans were also against India's first nuclear test in 1974 in the Pokhran army base in Rajasthan. The Germans questioned how a poor country like India could afford to be the 6<sup>th</sup> country in the world to successfully carry out nuclear test (Ibid).

An in-depth explanation of Indian foreign policy and the German foreign policy will be dealt with to understand the global scene during the Cold War that created a space for India and Germany to engage with each other in some sphere even though Germany was in the midst of the Cold War Bloc politics and India was a leader of Non Alignment Movement. This chapter traces the relations of India and Germany from the year the formal relation was established between the two countries.

## ***2.2 India's foreign policy during the Cold War period***

Cold War was a period of intense rivalry between USA and Soviet Union. Both sides aimed at gathering allies from Africa, Asia and Latin America and divide the world into east and west. The Cold War era dictated the terms of India's foreign policy (Atul Kumar 2010:106). India under Jawaharlal Nehru adopted the policy of Non-Alignment which sprung out from the five principles popularly known as the *Panchsheel*. The policy of Non-Alignment basically means not having any military alliance with any super power bloc i.e., USSR and USA. However, India maintained closed ties with USSR and had a strong leaning towards it. India during the Cold War period adopted a socialist ideology in its foreign policy (Walsh 2006:207). This was seen in its readiness to accept the Soviet Union as a counterbalance to the West. The Indo-Soviet Treaty of Friendship and Cooperation was signed in August 1971, it became an exponent of the Indian Ocean Zone of Peace designed to limit the boundary of the Cold War in the Indian Ocean. This treaty of friendship was India's answer towards Nixon's policy of Sino- American rapprochement. The US has become fascinated with China and supported Pakistan during 1971 War (Chary 1995: 132).

Numerous factors are responsible for shaping India's foreign policy some is historical, cultural, geographical and economic. Historically, India joined the Commonwealth of Nations after it gained its independence from the United Kingdom in 1947. Through this union it was able to assist other colonized countries like the Indonesian National Revolution



to fight for independence. India wanted to stand against colonialism and imperialism after having suffered through it herself. India raises her voice against injustice which occurs anywhere in the world, for instance, when Indonesia fought for independence from Dutch domination in 1947 (Ghosal 1999:107). She was also against the illegal merger of Namibia under South Africa and the infamous apartheid policy in South Africa. India also supported the inclusion of communist China in the United Nations (Mitra 1962: 1767). India's fight for independence did not lead to a peaceful era, by gaining independence it had to part with a large chunk of its territory. This often led to disputes with Pakistan particularly over Kashmir.

India's Foreign policy embodies various principles; these include preservation of national interest, achievement of world peace, disarmament, independence for Afro-Asian nations. India attains these objectives through principles such as the *Panchsheel*; non-alignment; anti-colonialism, anti-imperialism, anti-racism, and strengthening the UN. The five steering principles of India's Foreign policy are: mutual respect for each other's territorial integrity and sovereignty; mutual non-aggression; mutual non-interference in each other's internal affairs; equality and mutual benefit and peaceful co-existence. The *Panchsheel* expresses at best the principles of peaceful co-existence (Ogden 2014:10).

India under Jawaharlal Nehru adopted the policy of Non-Alignment which basically means not having any military alliance with any super power bloc i.e., USSR and USA. Non-alignment is not isolationism which the United States followed during the World War (Khanna 2007:45). George Shwarzenberger defines NAM as a 'policy of keeping out of alliances'. It was a vigorous concept which came to be accepted by many Third World countries, it provided an opportunity for them to protect their sovereignty and retain their freedom. NAM emerged gradually through various stages starting from the initiative taken by Nehru to convene the Asian Relations Conference in New Delhi in 1947. A further step was taken by a Conference held in Bandung (Indonesia) in 1955 which consisted of 29 Asian and African countries (Ibid). This congregation pledged for colonial liberation, peace, cultural, economic and political cooperation. From Bandung, the next conference was held in Belgrade in 1961 where discussions were held to project an alternative to Cold War Bloc politics and for the newly formed independent countries to assert their independent and sovereign rights (Brecher 1968:3).

With the demise of the Soviet Union, there was an evident domination from a unipolar America followed by a decade of globalization and smashing of economic doors of markets

that were previously closed (Cox 2012). There was integration between states where an interconnection would benefit them. With the change in dynamic many scholars have questioned the relevance of NAM. However it can remain a relevant platform for third world countries to echo their concerns and engage in a dialogue with the developed countries. The NAM is also regarded as a powerful instrument for South to South cooperation. It is essential in today's world for the third world countries to enlarge their bargaining power vis-a-vis the developed world. Finally, with the help of the developing countries the NAM has provided a forum to fight for reform of the UN and change it according to the requirements of 21st century.

India since independence has always followed a policy of disarmament; she has been against the use of nuclear weapons and stood for global security. India contributes to the UN in terms of ideas, resolutions, initiatives and acting as conduit for difference of opinion. India suggested the formation of a UN Peace Fund in 1950, mainly for reduction of arms. India's abhorrence to nuclear weapons was highlighted right from 1954, when it gave a call for an end to all nuclear testing. India advocated for a Comprehensive Nuclear Test Ban treaty and was took active part in the Treaty at the Conference on Disarmament in Geneva, it later refused to sign because of its dissatisfaction with the final draft (CTBTO website, 2012)<sup>3</sup>. She became the first to comply for a Partial Test Ban Treaty in 1963.

India did not view areas of security and development as an important component of its foreign policy. Until it faced direct military conflict with China in 1961 and with Pakistan in 1865,1971 and 1999 India viewed security as part of Global peace and order (Munni 2001:19). With every conflict India learnt that security lies in its hands and started working towards achieving it on its own. India even had its won nuclear test in 1974 called the smiling Buddha and was the sixth country to do so.

India formed the Six-Nation Five Continent Peace Initiative with the help of Greece, Argentina, Mexico, Sweden and Tanzania in 1984. Four years later in 1988 a joint declaration was held with the help of President Gorbachev of the Soviet Union and the then Prime Minister Rajiv Gandhi, for a plea against the use of nuclear weapons. In the same year, Rajiv Gandhi proposed an Action Plan for a nuclear weapon free and non-violent world order. The Action Plan was to be observed in three stages so that elimination would be

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<sup>3</sup> CTBTO Official website (Comprehensive Test Ban Treaty Organization, Preparatory Committee), 'Ten Years Since India And Pakistan Conducted Nuclear Tests', 2012.

complete by 2010 at the latest; it was to be binding on all nations. The United States rejected this plan and confirmed India's suspicion that the west would always 'use nuclear weapon into their military calculations while paying lip service to the dream of complete disarmament' (Dikshit 2010). India also signed a treaty on the use of Chemical Weapons on January 14<sup>th</sup> 1993. In the same year India declared a resolution for an all Comprehensive Test Ban Treaty (CTBT) along with the US. However, as stated earlier India refused to sign the treaty after some dissatisfaction with the fact that the treaty also failed to tackle the issue of security. The unfair treatment of the CTBT could be linked to India's conduct of nuclear tests in 1998 because many have viewed India's policy of disarmament as a negative development. Nonetheless, India continues to exert its policy towards a non-nuclear and disarmament policy.

### ***2.3 German Foreign Policy during the Cold War***

At the end of the Second World War Germany became a divided nation. The Allies, the victors' of the war, divided Germany and its capital Berlin into four zones each occupied by America, Britain, France and the Soviet Union. This division was to be a temporary solution until Germany was: demilitarization, denazification, democratization, decentralization, and deindustrialization (five Ds" decided upon at Yalta Conference). The allies did not accept any of the German institutions as being legitimate; the Allies would administer this region till a recognized Government can be set up. The Potsdam conference stated that there was to be "a complete disarmament and demilitarization of Germany" and Germany would be governed along the lines of democratic basis. Though it was declared publicly that the unity of Germany was desirable the spirit of the Potsdam conference, to allow Germany to be independent after these goals were achieved, was broken. The Cold War had escalated by this time and the two opponents America and the Soviet Union would support reunification only if it served their interest. The United States, Britain and France agreed to use a common currency in their zone and introduced the Deutsche mark in 1948 which went a long way to stopping the rampant inflation prevalent then. The USSR did not agree with this currency reform and declined to participate in it also they withdrawing from the governing body in March 1948. The introduction of the new currency created a lot of economic problems for the Soviets in their occupied zone which was already lagging behind. They then initiated the Berlin blockade blocking all road, railway and canal access of West Germany to West Berlin. The Soviet offered to remove the blockade if they removed the newly introduced currency from the other three zones. The Western allies answer to this was by airlifted food and

supplies to West Berlin for eleven months. The three zones of America, Britain and France were combined in 1949 to create the Federal Republic of Germany (FRG). The Soviets responded to this act by establishing the German Democratic Republic in their occupied zone. After an anti Nazi leader, Konrad Adanaeur was elected as the first Chancellor of the FRG in 20 September, 1949 the Western allies slowly transferred power to western Germany officials and formally ended their occupation in May 5, 1955.

Germany was the frontier state between Soviet Union and the west during the cold war. It was the center of the conflict where the tensions between the two ideals were played out. It could not run away from the cold war politics due to this geopolitical position. Germany was looking to use this position to its advantage by changing its foreign policy from one of competition with its neighbours to that of cooperation and coordination. Germany stands to benefit most if there is cooperation in Europe which is why Germany was the leader and the main country that pushed for a greater integration of Europe economically and politically.

American presence in Europe during the Cold War prevented enemy states in Europe, like France and Germany, from competing amongst each other and from struggling for hegemony. America also pushed for greater and deeper engagement in Europe as this is only beneficial for everyone as a strong and prosperous Europe will prevent it from falling into the Eastern Camps' snares. This was also the purpose of America's Marshall Plan or the European Recovery System of 1948 which gave thirteen billion US dollars in economic support to help Europe rebuilt and strengthen their economies a. This plan was extended to West Germany in 1949. A prosperous Europe will help prevent the spread of Communism. Instead of focusing on border protection and power politics Western Europeans concentrated in economic well being and integrating their economic and political systems. Communities like the European Coal and Steel Community (ECSC), the European Atomic Energy Community (EAEC or Euratom), and the European Economic Community (EEC).

The European Coal and Steel Community was established in 1952 after the Treaty of Paris with the aim of achieving regional integration. It was signed by France, West Germany, Italy and the Benelux countries (Belgium, Netherlands and Luxembourg). This community would create a common market for coal and steel thereby reducing competition between these countries over natural resources particularly in the Ruhr region. Robert Schuman the foreign Minister of France proposed to create this Community in 1950 to prevent future wars form happening in Europe especially between Germany and France. His main motivation was to "make war not only unthinkable but materially impossible" (The Schuman Declaration, 1950). The European Atomic Energy Community was set up in 1957 with a purpose of

setting up a special market for nuclear energy in Europe and the European Economic Community was set up in 1958. Later called the European Community in 1993, this community was created to bring economic integration between the six founding fathers.

West Germany was experiencing major economic miracle or *Wirtschaftswunder* during the year 1957. This can be attributed to various reasons like introducing the Deutsche Mark to replace the Reichsmark, Chancellor Konrad Adenauer and his Minister of Economics, Ludwig Erhard were efficient in imposing practices to bring economic growth. "The spirit of the country changed overnight. The gray, hungry, dead-looking figures wandering about the streets in their everlasting search for food came to life" (Wallich 1955:71). And even though Germany wanted an invisible role in the European Economic Community its economic strength easily translated into power.

Konrad Adenauer became one of the main instigators for the close relation between West and West Germany. Adenauer deeply believed that the future of West Germany was in its integration with the West and its institutional structures and completely breaking away from the Third Reich or Nazi legacy. Adenauer's 'west-oriented' foreign policy was called as *Westpolitik* and its main goals were defined as: 'Cooperation with West and making West Germany member of Western organizations; restore confidence for the country through making West Germany a reliable partner; give priority for improving relations with France and realize European integration through which West Germany could achieve its foreign, security and economic policy goals. Actually, the main facets of *Westpolitik* can be summarized by two concepts: the supranationalization and westernization of West Germany's foreign policy' (Gul 2013:14).

Willy Brandt the foreign minister of FRG in 1966 insisted that the West and East Germany should maintain normal relations. Brandt became the fourth Chancellor in 1969 and developed the policy of 'neue Ostpolitik' which in German means the "new eastern policy" to reconcile Western Europe to Eastern Europe particularly West Germany to East Germany. This policy was influenced by Egon Bahr, who in 1963 proposed "change through rapprochement"<sup>4</sup>. Ostpolitik led to the Treaty of Warsaw where Germany and Poland devoted to non violence and acceptance of the Potsdam's Oder-Neisse line as the existing border and the Basic treaty in 1972 in which the FRG and the GDR where devoted their efforts into developing their relations and maintaining a normal relations on the "basis of equality, guaranteeing their

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<sup>4</sup> Rapprochement comes from a French word *rapprocher* which means 'to bring together'. In international relations it means to bring together two countries by cordial relations.

mutual territorial integrity as well as the border between them, and recognizing each other's independence and sovereignty" (Solsten 1999:110).

German Foreign Policy also followed the 'Westbindung' policy which means western orientation. This policy integrates the country's arm forces with North Atlantic Treaty Organisation (NATO) and a strong cooperation and collective security with European Economic Community. NATO was an 'intergovernmental military alliance' mutual defence group with the aim of containing communist expansion of the Soviet Union into Europe. After the end of the Second World War there is a deep aversion in Germany to use military power (Nomos and Khaos 2014). Germany's unwillingness to use military means, even at the last resort, as a foreign policy tool handicaps its ability to play a larger foreign policy role in crisis management. Under huge American pressure West Germany decided to join North Atlantic Treaty Organization (NATO) in 1955, four days after the official end of the military occupation in FRG, thereby marking its complete integration with Western Europe defence system.

Even though Western Germany had an aversion to military action it also began to feel the need of a collective system. So NATO was probably the answer to its defence. Germany was all for being part of a collective and cooperative organization where its role and decision is part of a major voice. It will not be blamed in case there is an error in the decision. Multilateralism and not unilateralism was Germany's answer as it wanted a back role in any security decisions. 'Together with Westbindung, restraints in using military force, and a trading state orientation, Germany's preference for multilateral setting is known as one of the central elements of its foreign policy' (Bauman 2002:3). According to Robert Keohane (1990:731), multilateralism is the 'practise of coordination national policies in the groups of three or more states'. Germany wanted to remain largely a 'civilian power' and for this role multilateral integration is the best way to conduct its foreign policy relations (Maull 2001).

European Integration gave Germany time to recover from the wounds of War and division. The Guidelines for German foreign and Security policy should be 'cooperation, integration, dialogue, and confidence- building' (Kohl 1988:787) The Bundeswehr, the German military army was established in 1955 to assist the NATO against the Soviet military threat; this was met with strong resistance from France. There was a great fear amongst the allies of another Hitler misusing this German military so it was kept under close watch and it had to follow the concept of 'citizen in uniform'<sup>5</sup>. 'With the Bundeswehr, the federal republic of Germany

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<sup>5</sup> 20committee.com web article, 'Why Germany Refuses to play a Bigger Role in NATO', June 22, 2014.

makes an important contribution to the common Western Security. In the fields of conventional defense, its contribution is by far the biggest one. This contribution is the basis of our weight in the alliance and of our claim to crucially co-determine its policies' (Genscher 1989:274).

#### ***2.4 Consequences of Cold War Foreign Policy on Indo-German relations***

The Bloc politics and the lack of any economic growth and development in India led Germany to be indifferent to India for many years during the Cold War. The ingredients of this bilateral relation were very low key and were fixed to economic and educational and cultural exchanges. India was not very reliant on the relation with Germany though they tried not to have any diplomatic friction with it like for instance recognizing the German Democratic Republic only in 1972 when the Hallstein Doctrine was removed in 1969. India had a deeper and more extensive relation with the Soviet Union which in fact dominated the bilateral relations of India during the Cold War. Although India followed the Non Allignment policy in the Cold War period, Nehru was able to get both the blocs to assist and give financial and even technical support to India.

The foreign policy of India had to shift after the fall of the Soviet Union whose interest it has invested during the Cold War. India had to respond quickly and adapt promptly so as to use this situation to its advantage. Though Germany was quite slow to see India's potential then through the following years they began to see opportunities in trade, science and technology and defence cooperation with India and pushed for an 'Agenda for German-Indian Partnership in the 21st Century' in 2000. The economic relation between the two then grew and expanded in the twenty first century.

#### ***2.5 The Economic Relations during Cold War***

The economic aspect has always been the backbone of the Indo-German relations. Their first contact with each other was because of economic reasons which dates back as far as the 16<sup>th</sup> century when trading companies from Germany's Augsburg and Nuremberg created an entirely new sea route around Africa towards India in hope of finding precious stones and spices (Ministry Of External Affairs 2013). Soon after, a number of German companies thriving to trade with India were set up. In 19th century, Werner Von Siemens, founder of the German company Siemens built the first telegraph line between Kolkata and London, via

Berlin. This was completed in 1870. Other important company was the Bayer Group of Companies which was set up in Mumbai India in 1896 as 'Farbenfabriken Bayer and Co. Ltd.'.

After independence, India's economic policy was influenced by their imperial experience in the hands of the British. Hence it tended to shy away from anything exploitative. Its policy was protectionist and stressed more on import substitution where India should rely on its internal goods and substitute foreign goods.<sup>6</sup> There was state monitoring and state intervention of all business. There were central regulations and planning, complex license regulations and the 'license raj' (Sunil Ram Gaikwad, 2012:50, Vol 1: issue 2). The Indian Government attempted to cut its economy from the outside world. With the high tariff and complex licensing it became very difficult for foreign goods to reach the Indian markets. There were absurd restrictions and the state would decide what and how much the firm would produce and how much investment was needed and in which sector<sup>7</sup>. During the period of the Cold War, India preferred technology imports than financial collaborations. Even the FDI were seen as a way of getting industrial technology (Nagaraj 2003:4). India's foreign investment policy was restrictive to the point of crippling its technical capability and this resulted in the loss of opportunities to export labour intensive manufactures.

As stated earlier Germany and India played for different ideals in the Cold War period and yet they maintained an economic and cultural relation even though it was low key. Realism could be used best to describe why such a trajectory is taken up by countries. "National interest' is what drives a country to behave the way it does. It is the military or economic goal of the country. Germany maintained its relations with India because it was in its interest to do so.

'This Federal Government has sometimes been accused of paying too much attention to "German interests". I cannot see why this should be an accusation. Foreign policy is, among others, the policy of asserting one's interests. ... Like all our neighbors, we Germans have sensibly understood national interests. The crucial point is how you define and how you pursue these interests. The latter is especially important, since in the era of globalization nobody can be successful with purely national policies. ... Thus, German foreign policy should be a policy of "enlightened self-interest' (Shroeder 1999:575), he goes on to add that "one should not deny one's interests, and one should make them heard." Just as Germany

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<sup>6</sup> BBC News, 'India: the economy', 3<sup>rd</sup> December 1998.

<sup>7</sup> Ibid.



trying to hide its power in the multilateral communities was servicing its purpose. Germany was using multiculturalism as a tool of foreign policy as an influence seeking strategy (ibid). Some leaders claim that multiculturalism was used as a confidence building measure to avoid distrust of Germany's neighbors. Helmut Kohl maintained that 'this serves to legitimize the confidence our partners have placed in our [EC] presidency. It also serves to improve our prospects for an active Ostpolitik. We thus alleviate our partners' concerns about a German special path, and we secure their support'.

India's National interest is safeguarding its economic interests. Independent economic policy was key to independence in world affairs. That is why India took technical and economical benefits by forming development corporations with other nations like Germany and the Soviet Union and the United States so that it can gain considerably. India also wanted to play the lead role in world politics from the very beginning, particularly as a voice of the poor nations in the forums dominated by the developed nations. India wanted this dominating role both in South Asia and in the Indian Ocean that is why it followed the Non alignment movement so that it could be the face of neutrality during the Cold War<sup>8</sup>. Since the time of its independence India has always followed a normative approach to international politics: multilateralism, global disarmament, international peace, eradication of colonialism and racism and a One World policy (Chiriyankandath 2004).

During the Cold War, India stood as a leader of Non alignment Movement and it was against bloc rivalries and the race for nuclear armaments (Chaulia 2002). Yet despite its fight for a more equal world, the values that India stood and worked for were ignored. India was not visible as a Global actor in the international system for three decades (1960s-80s). India was poor and was suffering a weak economy. India was seen as a poor and developing country which the West saw as not worthy of engaging (Bava 2007). During the cold war, India and Germany pursued a 'subsistence' level of diplomacy in their bilateral relations (Singh 2001). Of the two nations one took full part in the cold war and the other stayed out of it completely. Indian foreign policy got a stamp of being non-aligned and occasionally tilting towards Soviet Union. Both India and Germany continued in their Cold War frame of mind even though efforts at reconciliation were made during the 1970s and 1980s.

## ***2.6 Conclusion***

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<sup>8</sup> Beyondcapital. Wordpress.com, 'Defining "National Interests" in Indian Foreign Policy', October 30 2005.

There are many instances of collaboration between Germany and India that have helped India's economy moved forward. The Rourkela steel plant was set up in Rourkela, Orissa with the help of West Germany in 1955. It is one of the largest public steel plants which are operated by Steel Authority of India. Through this collaboration, a milestone was reached in India's path to industrial transformation. Pandit Jawaharlal Nehru pictured this plant as the 'temple of modern India'<sup>9</sup>. In 1957, the Government of India invited a German aircraft designer Kurt Tank to join the Hindustan Aeronautics. There he worked the first military aircraft for India, the Hindustan Marut fighter Bomber. Earlier on Tank was a Director at the Indian Institute of Madras and taught many enthusiastic students one being Abdul Kalam, who would later go on to become the President of India.

In the field of development cooperation India has been Germany's most important partners in Asia. The Indo German Joint Economic Commission set up in early 1980s deals with matters of bilateral trade and investment under the joint chairmanship of federal ministers of economics and the Indian minister of finance. This Commission that saw its birth during the Cold war is still growing strong with its 17th meeting being held on 2010 in Delhi and emphasized on trade and investment and also technological collaboration.

Some of the main Indo-German economic agreements include: 'The Indo-German Trade Agreement came into force on 31 March 1955; Exchange of Notes on the protection of German investments in India on 15 October 1964; Agreements on cooperation in scientific research and technological development of 1971 and 1974; Agreement for the Avoidance of Double Taxation, which came into force on 19 December 1996. [This is to prevent income and capital from being taxed twice]; Agreement for the Promotion and Protection of Investments, which came into force in July 1998 [the purpose of this agreement aims to develop a greater investment environment by Germans or Indians companies or individuals in the territory of the other country]' (Confederation of Indian Industry 2010).

The ingredients for bilateral relations between India and Germany was limited and restricted to economic cooperation, Science and technological exchanges. Germany placed a little importance to India this could be seen from the fact that despite India's president Pandit Jawaharlal Nehru visiting Germany twice in the Cold War era in 1956 and 1960 there was no high level visit from any German President or Chancellor to India. It is with the economic liberalization and the subsequent 'Hindu growth rate' of Indian economics that Germany

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<sup>9</sup> Temples of Modern India, Archives of *The Financial Times*, published: Aug 16 2003

began to see its potential in reestablishing and re-linking its relations with India. At the turn of the century there has been great development in deepening this relation especially after signing the Agenda in 2000. Now the ingredients of this relation have expanded towards political, defence and security, cultural and economic exchanges. This relation is based on the foundation stone of mutual respect, understanding and support. It is complementary in that India and Germany both contribute their particular and unique strengths to moving this relation to a strategic partnership. There are many Indo–German events, Organizations, Joint declaration, Intergovernmental organizations and institutions followed by high level visitations that would mark this relation in the later years that shows increasing intensity of Indo-German ties and that will be dealt with in the next chapter.

## CHAPTER 3

### INDO-GERMAN POLITICAL RELATIONS POST-COLD WAR PERIOD

#### *3.1 Introduction*

The political relations between India and Germany date back to the 1950s. India was amongst the first to end the state of war with Germany in 1951. India was also amongst the first country to recognize the Federal Republic of Germany (FRG) and establish diplomatic relations with it. India was sympathetic to the German desire for reunification. Throughout the years of friendship, mutual understanding and collaborative assistance have been the bench mark of this relation. This relation is marked by the continuous high profile visitations and consultations between Berlin and New Delhi. Prime Minister Nehru himself visited West Germany twice in 1956 and 1960 and these highest level bilateral visits have given the relations considerable impetus. After the end of the Cold War, both India and West Germany 'dropped their self restraint and came out with a greater degree of self- assurance' (Manfred Haack 2000: 11). When the Foreign Ministers of the two countries met in May 2000 to sign the Agenda for Indo-German Partnership in the 21st Century, they set out the main areas where bilateral relations can be improved and intensified. The coordination covers a wide range of issues from political to economic to landmark cultural events. Some issue areas are climate protection, fighting terrorism, reform of the United Nations and enhanced cooperation in Science and Technology and Defence. India and Germany places the same value on democracy and rule of law. This relation grew stronger in 1990s following India's liberalization and the end of Cold War and Bloc politics and the unification of Germany. The policy that both countries followed was geared toward further intensification of 'our excellent relationship in all fields' (Heimo Richter 2000:5). Richter, Ambassador of Germany to India in 2000, also claimed that the Indo German Relationship is 'devoid of conflicts in the present and of difficult experiences in the past'. Both countries are demanding the expansion of the UNSC as both are seeking permanent seat here and in response to this, they created the G4.

There are many institutionalized arrangements and cooperation to discuss bilateral and global issues of interest. Some of these arrangements are the Strategic Dialogue, Foreign Office Consultations, Joint Commission on Industrial and Economic Cooperation, Defence Committee Dialogue and Joint Working Group on Counter- Terrorism, etc. It is these complementarities that allows for a successful partnership between the two.

Germany has been seeking slowly increasing its role in international politics after unification. Its foreign policy has increasingly been preoccupied at the European level by deepening and widening. Germany is realizing that there is increasing interdependence of nations as well as expansion of global concerns which affect people all over the world. German policy now follows a 'few maxims: Convincing instead of threatening; integrations instead of dominating and; getting partners instead of guarding against enemies' (Haack 2000:14). German foreign policy aims at expanding its participation with both regional and international organizations and strengthening their capacity to act.

India's foreign policy has been guided by the principles of *Panchsheel* and for a long time focused on security and development (S D Munni 2001). After the conflicts with China in 1962 and Pakistan in 1965, 1971 and 1999 India is increasingly concerned with its neighborhood especially given the unsettled borders with Pakistan and China. There has been infiltration of terrorism into India and it witnesses the catastrophic consequences. India is fighting terrorism across the border of Pakistan and Afghanistan. One of the basic lookouts of any of India's bilateral relationship is that the other partner assists India in this fight against Terrorism. Germany has the best technological knowhow and can contribute to the fight of terrorism. So in this area there is massive potential to be gained from India's relationship with Germany.

The Federal Republic of Germany introduced the Hallstein Doctrine in 1955 and by this doctrine West Germany or Federal Republic of Germany would not maintain diplomatic relations with a country that recognized the German Democratic Republic. This policy was however abolished in 1969 and therefore India was able to have diplomatic relations with state the German Democratic Republic from 1972. This relation between the two continued even during the Cold War but at a minimal level. It would have been a different relation altogether if Germany had not belonged to any Cold War Bloc. It would have been a deeper relation because there is no colonial baggage or troubled history between the two. Due to the Cold War however, there was 'benign neglect' of each other (Rothermund 1995).

### ***3.2 The Geopolitics at the End of the Cold War***

Even though India had been following a policy of Non Alignment, it had a strong leaning towards the Soviet Union even signing a Treaty of Peace, Friendship and Cooperation in 1972. The Soviet Union was India's largest weapon supplier and India's foreign policy was greatly influenced by the Soviet Union. The Cold War ended in 1990 with the collapse of the Soviet Union. The breakdown of the Soviet Union greatly affected the Indian Foreign policy. India had to rethink its foreign policy and what its role would be in the years to come. India had just liberalized and opened its economy to the outside world in 1990 and also India realized that globalization is the key to economic growth and development. India also realized that to be a great nation with massive influence, a nation has to be considerably wealthy (Anderson 2001: 765- 776).

India's position in the new world order began to rise in the following two decades the 1990. In that same time the relation between India and Germany also began to grow and expand so much so that Germany began to see the full potential of having India as a partner. Germany viewed India as a textbook example of the 'possibilities of globalization' (Franz Josef Jung 2007). India's rapidly growing economic development was a point of attraction for the German industrialists. The two countries upgraded their relation by signing the 'Agenda for German-Indian Partnership in the 21<sup>st</sup> century' in May 2000. This provided a framework for all the future engagements between the two and the main focus of cooperation was in the economic, cultural and scientific fields. However in addition, new fields of cooperation were also identified to address the global challenges and joint efforts to bring peace, stability and security that fulfil each other's interest and further strengthen this partnership.

A ten-point agenda in the agreement provided for future conduct between the two countries. The first point of the agenda was to improve the bilateral relations between the two through dialogues and meeting and also exchanges of High level official visitations. Next on the agenda was security policy and disarmament. Along with the commitment to disarmament and non proliferation, India and Germany aimed to engage in conflict prevention and confidence building through research institutes and dialogue on security cooperation. With regards to the economic aspect of the agenda, there was a commitment by India to open up markets, to overcome administrative barriers and procedural complexities so as to enhance the economic relation. There was also the agreement to strengthen the scientific, research and technology cooperation. Both the governments dealt with cultural relations, the expansion of

air traffic, and to cooperate on environmental issues and media policies these were discussed in the successive fifth, sixth, seven and eight points on the agenda. The ninth point on the agenda discussed their desire to reform and restructures the United Nations especially with regard to membership of the Security Council. The last point was especially important in the years to come as it dealt with terrorism. This was before the 9/11 events and before terrorism came to the global scenario. Germany and India had already agreed to counter threats of terrorism and organized crime<sup>10</sup>.

International terrorism poses a challenge to freedom of all societies in the world. It is also a major threat to democratic values and beliefs. New problems of proliferation of weapons of mass destruction, internal and regional conflict, destruction of the environment and global epidemics are also a cause a major concern for all nations. India and Germany expanded cooperation to all these spheres. By signing a Strategic Defence Cooperation in Berlin in 2006 between president Manmohan Singh and Defence Minister Franz Jung, this relation was expanded to the defence aspect which had been a weak leg of the strategic partnership between the two. The dialogue of 2006, besides strategic defence cooperation, also included areas of defence technology cooperation and military-to-military cooperation. ‘Along the lines of this notion of common responsibility for security and peace we count on India as an important partner and ally in the world. The strategic partnership between Germany and India is thus in the service of our two nations and of peace in the world’ (Franz Josef Jung 2007).

The Dialogues of 2006, 2007 brought out a Joint Statement between India and Germany that are essentially of the same character that is to deepen, strengthen and promote the relation in multiple fields of engagement. There is a strong belief between both governments that a “stronger partnership between India and Germany, two major democracies in Asia and Europe, enhances global cooperation and security” (Ministry of External Affairs GOI 2007).

Germany is highly appreciative of India’s path to modernity in the 21<sup>st</sup> century without compromising on the values of democracy, freedom and peace. This sends an important message to other Asian countries. It is therefore beneficial to both India and Germany to coordinate closely on issues such as security, development, trade and climate protection

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<sup>10</sup> A pdf-version of the agenda is available at <http://www.auswaertigesamt.de/diplo/de/Laenderinformationen/Indien/Links/000518-AgendaStrategischePartnerschaft.pdf>.

which has a global effect. President Guack of Germany (2014) considers India to be a 'key partner in the region'.

Strategic partnership is a special relationship between two countries. A strategy is a plan of action to achieve a long term aim. When the "strategic" enters into a relation, it relates to something with the aim of reaching additional goals. Therefore, a strategic partnership can be viewed as a cooperative relationship between two countries that share a common desire to reach high-priority goals. It is intentionally designed to reach a goal set within a time frame. Strategic Partnership is a signaling device aimed at enhancing the level of cooperation and engagement. It works on the parameters of an already existing relation that needs to be enhanced and invigorated. Strategic Partnership is a relationship that involves two actors that are powerful and capable of taking strategic actions together (Emerson 2001:103). However, the concept itself is very vague and ambiguous there is no clear definition of Strategic partnership (Pena 2010:45). Vahl (2001) stressed on the importance of elements of common values, common interest and mutual understanding to make any partnership successful.

The Indo-German relationship or partnership is based on similar and complementary interest with regards to specific issues and core areas of national interest. India maintains a special relationship and a Strategic Partnership with countries such as the UK, USA, France, Russia, Japan and Germany. Hence each partnership focuses on a specific character or issues. Germany on the other hand is India's longstanding and good friend. Germany being India's largest trading partner in Europe has the potential to develop and improve India in many ways. Hence, India gains more from such a partnership. Germany helps and encourages India in many fields through its development cooperation.

### ***3.3 Indo-German Development Cooperation***

Indo-German development collaboration is well incorporated in the foreign policy of India and Germany. Both countries are equally committed to achieving the Millennium Development Goals (MDGs); further, their goal was to tackle global challenges in the fields of climate and environment. Germany views India as one of the Global Development Partners that have a key role to play in solving global development issues. Germany's unremitting support for India's policies was geared towards social and regional balanced growth. With tangible steps towards this direction, with the help of Germany's assistance the Indian



institutions, is determined in developing the rural areas, especially for the promotion of the undersized enterprises through various financial institutions. German development cooperation seeks to improve access of the rural poor to financial services, thereby supporting broad-based rural growth, poverty reduction and equity.

India's rapid economic growth has caused serious environmental damage. India is now the world's third largest emitter of climate-damaging gases. The exploitation of natural resources and pressure on resources is enormous in India.

In order to make this collaboration more effective, the German Government has agreed with the Indian government to concentrate its work on the following sectors: energy supply, energy efficiency, renewable and access to energy to reduce poverty, environmental protection and the conservation of natural resources, adapting to climate change, biodiversity, industrial and urban environmental protection, sustainable economic development including developing the financial sector and social security; social security systems, rural financial system development, promoting the private sector and employment (Indo-German Joint Statement, 2007)

Germany's development cooperation measures are executed by the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) and the KfW Development Bank (KfW Bank Group) on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). Since development cooperation with India cannot be divorced from economic and political developments in the country, many projects are carried out in close cooperation with business associations (Chambers of Commerce) and small and medium-sized businesses' self-help organizations. The public-private partnerships (PPPs) initiated in 2009 between private-sector companies and official development actors are making a positive contribution to German development cooperation.

The year 2008 marked 50 years of Indo-German development collaboration. It began in the 1950s, this development cooperation with India grew rapidly in a short span of time that it became the largest recipient of German development assistance. For instance, the construction of the Rourkela Steel Plant in Orissa was a hallmark of this intensive cooperation in 1960. Later, both countries set up one of India's premiere educational institutions - the Indian Institute of Technology in Madras in 1959.

### ***3.3.1 Development Assistance and Corporate Social Responsibility Initiative***

Corporate Social Responsibility (CSR) enables harnessing the strengths of the private sector to meet the challenges of sustainable development. Growth of business needs to be accompanied by environmentally and socially responsible behavior, i.e. adhering to the globally accepted values of good governance – accountability, transparency, responsibility and responsiveness towards all stakeholders. Moreover, this should also be seen as a vital element to ensure competitiveness of the business in the long run<sup>11</sup>.

The project is helping a number of enterprises to carry out pilot schemes. It uses a cluster approach to instill responsible business behavior in groups of micro, small & medium Enterprises (MSMEs), by demonstrating how such practices are directly linked to the profitability of the firms and clusters. The project is currently working with three clusters consisting of business organizations representing 100 energy-intensive steel foundries, helping them to integrate CSR into their core business practices. The firms have begun implementing a range of simple measures, such as energy efficiency and safe and hygienic working conditions. In collaboration with the German international cooperation agency GIZ's MSME Umbrella Programme, the number of clusters is now set to rise to 18, involving 25 business organizations.

A proud moment for this project was the launch of the Corporate Social Responsibility Voluntary Guidelines 2009. Comprehensive national guidelines have been formulated by the Guidelines Drafting Committee, which was set up as part of the multi-stakeholder platform on CSR created by the project in 2008.

### ***3.3.2 Social Security Programme***

The Indian Ministry of Labour and Employment works hand in hand with the Indo-German Social Security Programme (IGSS) for the execution of the Unorganized Sector Workers' Social Security Act, it helps to improve the social security system for workers in the unorganized sector and their families. The private insurance companies with the help of the cooperation introduced health insurance as part of its scheme, and these partnerships will be an outline for further courses in the programme. The Directorate General for Labour Welfare at the Indian Ministry of Labour and Employment is the main component of the programme,

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<sup>11</sup> German Missions in India Website, "Indo-German Corporate Social Responsibility Initiative", 2015.

it is the body which is responsible for implementing the Unorganized Sector Workers' Social Security Act<sup>12</sup>.

This programme ran from April 2011 to June 2014 with special focus on those living below the poverty line. The programme has four components; health insurance, old age pensions, and life and accident insurance. The fourth component of the programme will support an Indo-German social policy dialogue and promote consistency between different social security systems.

### ***3.3.3 Encouragement of Medium and Small Enterprises***

Only 60 percent of the incremental working capital needs of the undersized enterprises are met by banks. The supply of finance for investments (e.g. equipment and machinery) also falls awfully short. Worst hit by this gap is the so-called “missing middle,” the segment not covered by existing initiatives targeted at micro enterprises and more mature SME. The limited product and service offerings from banks also constrain access, especially for first generation entrepreneurs and start ups, which tend to require more specialized products which meet their financing needs<sup>13</sup>.

Within the structure of Indo-German Development Cooperation, these gaps are being addressed with the help of cooperation with the Small Industries Development Bank of India (SIDBI). Established in April 1990 under an Act of Parliament, SIDBI is the principal financial institution for promoting, financing, and developing the MSME sector, and acts as a nodal agency for governmental programmes in this area. SIDBI provides indirect assistance to the MSME sector through refinance to primary lending institutions such as commercial banks, state finance corporations and state industrial corporations. It also provides direct financial and technical assistance to its target group.

In a way, the extensive and longstanding cooperation between KfW and SIDBI is a natural outcome of their respective mandates. From the 1990's through chains of credit lines, the KfW has shared its standards and interests in promoting SME with SIDBI, thus helping address critical financing gaps.

With assistance from KfW, SIDBI has launched specialized promotional programmes for energy efficiency and cleaner production investments, e.g. in the area of “green finance”. More recently, further support to SIDBI for developing new risk capital products to finance

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<sup>12</sup> German Missions in India Website, “Indo-German Social Security Programme”, 2015.

<sup>13</sup> Ibid.

innovative activities in SME, with a special focus on products and services in the area of energy efficiency and environment, has been initiated.

### ***3.3.4 Rural Financial Institutions Programme***

Development cooperation also dealt with the issues of poverty reduction and social infrastructure from the 1990's. The Rural Finance Programme under the Indo-German development supports the National Self-Help Group (SHG)-Bank Linkage Programme and the reform process of the Cooperative Credit Structure (CCS) in India. The programme aspires to create an all-encompassing financial system enabling multiple rural households to avail financial services. The implementing partner for the programme is the National Bank for Agriculture and Rural Development (NABARD). The National SHG-Bank Linkage Programme is the largest and fastest growing microfinance programme worldwide.

The executing partners on the German side are the KfW Development Bank and Germany's international cooperation agency (GIZ). The expertise of the German Cooperative and Raiffeisen Confederation (DGFV) and other professional institutions is utilized for the programme. Deliberate collaboration with KfW and other bilateral and multilateral development organizations, in particular the Asian Development Bank (ADB), operates as an important cooperative banking reform programme. Under German Financial Cooperation (FC), concessional loans amounting to 130 million Euros have been extended to the Government of India for funding the Revival Package for rural cooperatives (German Missions in India 2015).

### ***3.4 Collaboration in the Energy Sector***

To boost and enhance cooperation between India and Germany in the energy sector, the Indo-German Energy Forum (IGEF) was established by the Indian Prime Minister and the German Chancellor in 2006. IGEF appears to be a high-level two-pronged dialogue between decision-makers of the German Federal Ministry of Economic Affairs and Energy and the Indian Ministry of Power along with the various industrialists to discuss important topics related to renewable energy, and energy efficiency. The Forum meets yearly at the secretary level. In 2008, the Indo-German development cooperation agreed upon the conservation of Energy as one of the major area of focus. India's enactment of the Energy Conservation Act 2001 is a major step towards regulating energy demand in order to maintain growth as well as improve the quality of life for all. The Act intervenes positively at all levels of society, such as energy-

intensive large industries, manufacturers of household appliances and industrial equipment, residential households, as well as engineering consultancy enterprises and power stations.

### ***3.4.1 Green Energy Corridors***

The amalgamation of new and green power plants in the transmission network is a requirement for ensuring a sustainable and environmentally stable energy supply in India. Both governments signed a Joint Declaration of Intent on the occasion of the second Indo-German Government Consultations in Berlin, Germany, on 11 April 2013 in the presence of Prime Minister of India Dr. Manmohan Singh, and the Chancellor of Germany Dr. Angela Merkel.

The integration requires transmission infrastructure for the evacuation of power as identified in the comprehensive transmission plan called “Green Energy Corridors” prepared by POWERGRID Corporation of India (PGCIL) in 2012. In this context, Germany expressed its willingness to consider providing concessional loans of up to one billion Euros over the next years through the KfW under the Indo-German Financial Cooperation. In the past years, 750 million Euros have been devoted by the German Government towards financing the Green Energy Corridors Project. Germany is also providing technical assistance for forecasting, balancing, market design and network management in connection with the grid integration of renewable power under the Indo-German Technical Cooperation to be realized through the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*

### ***3.4.2 Solar Energy***

A strong thrust towards the development of the solar energy sector in India has been given by the Indian Government when it launched the Jawaharlal Nehru National Solar Mission (JNNSM). The construction of a 125 MW solar PV power plant at Shivajinagar, Sakri, in the Dhule district of Maharashtra was completed by the Maharashtra Power Generation Corporation (Mahagenco). Financial support from Germany’s KfW in this project came in the form of concessional finance and the full 125 MW capacity is in operation since March 2013.

Mahagenco’s Sakri Solar Power Plant is one of the largest in India and also one of the largest in the world. The plant is supplying 240,000 households in Maharashtra with clean power resulting in the reduction of CO2 emissions equivalent to taking 40,000 cars off the road

annually. The total project covers an area of around 400 hectares of idle land that is not suitable for agricultural usage.

### ***3.4.3 Hydropower Energy***

The use of Hydropower has great potential to make a dual contribution towards closing the gap between energy demand and supply in India and towards slowing down the growth in green house gas emissions. It is a reliable and a cost-efficient source of renewable energy and can either be used to cover base load or peak demand.

The Indian government is committed to harness the great potential of hydropower. The German government through the KfW is supporting this endeavor through long term concessional financing and complementary technical assistance. In all its endeavours, KfW ensures that projects are implemented in an environmentally and socially sustainable manner. KfW has promoted the rehabilitation and modernization of the Hirakund hydropower plant in Odisha. Currently KfW finances the Hydro Electric Projects in Shongtong Karcham, Budhil and Himachal Sorang in Himachal Pradesh and the Pare HEP in Arunachal Pradesh.

### ***3.4.4 The Indian Renewable Energy Development Agency (IREDA)***

Several lines of credit were established to improve the opportunities for the long-term financing of investments in renewable energy sources. Loans were used for refinancing twenty six wind energy projects (94 MW), three bagasse-based cogeneration projects (53 MW) and five solar photovoltaic plants (169 KWp) for which IREDA created target-oriented financing opportunities. These loan funds were utilized to promote two bagasse-based cogeneration plants (47 MW) and two small hydro power projects (29 MW)<sup>14</sup>.

The above financial assistance to IREDA has been accompanied by a total grant component of 1.5 million Euros for technical assistance. These measures shall in turn improve IREDA's risk management and strengthen the capacity of IREDA staff in the field of solar project financing and environmental and social appraisals.

### ***3.4.5 Energy Efficient Housing***

The industrial sector is not the only sector that is consuming increasing electricity in India, most of which is still being generated from coal. A major contributor to this demand comes from India's rising middle class. The government is also intent on managing existing resources more carefully. One area where this potential can be realized is buildings, as in

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<sup>14</sup> IREDA 27<sup>th</sup> Annual Report, 2013-2014.

Germany. Insulated walls, double or triple glazed windows and efficient building technologies can conserve much of the currently wasted energy.

In order to set up a similar system in India, KfW initiated in 2010 a collaboration between the Fraunhofer Institute for Building Physics and The Energy and Resource Institute (TERI) in New Delhi to adapt an existing German calculation model for the energy assessment of buildings to the conditions in India. This research partnership was launched in 2010 and features as a task force in the Indo-German Energy Forum, which is being sponsored by various German and Indian ministries. KfW is at the same time extending a line of credit of 50 million Euro to the National Housing Bank (NHB), which channels the funds to commercial banks which provide loans for energy efficient homes. The so-called "KfW Efficiency House" label is firmly established in Germany and on high demand in the real estate market. Buildings whose energy consumption is 30 to 60 per cent or below the standard receive such a label and qualify for the low-interest KfW loans in German. The energy efficiency label is to be applied in India like in Germany along with the corresponding financial support <sup>15</sup>.

#### ***3.4.6 Biomass Power Generation in India***

This project aims to accelerate the adoption of environmentally sustainable biomass power and cogeneration technologies in India. It endeavors to promote innovative biomass projects of combustion, gasification, methanation, and cogeneration technologies for electricity generation. Germany's KfW Development Bank is implementing the project in cooperation with the IREDA. The KfW has extended a loan of 20 million Euros to IREDA for the project through its third Line of Credit to promote energy efficiency and renewable resources projects in India.

This project has strengthened IREDA in fulfilling its promotional role and financed MIPs to serve as a reference for future funding from commercial banks. It has contributed towards increasing the share of renewable energy capacities in India, thereby reducing greenhouse gas emissions.

### ***3.5 Environment and Climate Change***

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<sup>15</sup> German Missions in India Website, "Energy Efficient Housing (NHB) - Setting Standards as in Germany", 2011.

The Indo-German Development Cooperation sought to enhance the sustainable use of natural resources for the protection of environment. German development cooperation with India has traditionally focused on environmental and climate protection. It focuses on climate change and makes adjustments in agriculture, forestry, water and livelihoods in rural and semi urban areas. The Indo-German pact agreed upon working towards international environmental goals. Both sides are working on projects to promote renewable energy, energy efficiency and climate protection.

Huge challenges are faced by India in terms of urban and industrial environmental protection. Issues such as sustainable protection of soil, water and air and preserving biodiversity are of global importance. To meet these challenges, a political dialogue with India is being conducted by Germany. The then Federal Environment Minister Gabriel in November 2008 and his Indian equivalent opened the first Indo-German Environment Forum in New Delhi.

In 2013, joint projects worth 1 billion Euros were approved with the help of intergovernmental negotiations. Major portion of the fund is to be used for projects in the environmental and renewable-energy sectors. The 'Green Energy Corridors is a special priority area of German development which helps to increase the use of renewable resources. This would enable India to efficiently use its power grid through the integration of renewable energy sources in existing transmission networks. Since 2008, the Federal Government's International Climate Initiative, supports and sponsors the various projects in India. The main focus of these projects is also on renewable energy and biodiversity. The required funding comes from the auctioning of emission certificates in Germany.

India became the first major country to accept the world wide International Renewable Energy Agency (IRENA) in March 2009. In addition to its IRENA membership, India also became a founding member of the Renewables Club, which was launched in June 2013 in Berlin.

### ***3.5.1 Development Cooperation on Environment***

With India's rapid economic growth it has led to a surge in industrialization, urbanization and increased pressure on natural resources. This has put pressure on environment through increased pollution and increased resource degradation, which also acts as a threat to human existence. India is aware that much has to be done to preserve the even scarcer natural resources. Germany is the leader in environment technology. Hence there is much scope for



cooperation in this field (Richter 2000). One of the major concerns of the Indo-German development cooperation is the threat towards environment and climate change. The Indo-German pact focuses on natural resource management and urban environment protection, climate change adaptation and mitigation, and innovative green technologies.

Since 1998, Germany and India signed a Memorandum of Understanding for cooperation in the field of environmental protection and this has also expanded to management of waste, water and renewable energies.

### ***3.5.2 Environmental Programmes***

Through the **Indo-German Environment Partnership** (IGEP) the Indian government receives assistance from the *Deutsche Gesellschaft fuer Internationale Zusammenarbeit GmbH* (GIZ). The programme achieves to develop resource efficiency and sustainable development.

The aim of the IGEP is to support the decision makers at national, state and local level for the improvement of urban and industrial environmental management through the use of innovative techniques. The programme also aims to bring about development of policy focusing on environment and climate policy which would include economic growth decoupled from resource consumption.

The programme works in cooperation with public and private sectors at the national, state and local levels, and also includes into its fold the Ministry of Environment and Forests, Ministry of Urban Development, Ministry of Housing and Urban Poverty Alleviation, Pollution Control Boards and NGOs, industry associations.

The IGEP helps its partners in establishing sustainable environmental infrastructure in urban and industrial areas. Its main focus is on: (a) Sustainable urban and industrial environmental management and climate protection, and (b) Legal regulations and policy level initiatives on national, state and urban level that support the dissemination of innovative solutions for a sustainable environmental management.

With changing climatic conditions it adds pressure to the poverty in the rural areas in India because of the massive deterioration of natural resources that it involves. Through innovative approaches which have been implemented in the last few years in the Natural Resources Management (NRM) Sector it has led to far-reaching experiences which enables to cope with tremendous dry conditions and a deteriorated natural resource.

To cope up with these problems since 1992, the **Indo-German Watershed Development Programme** (IGWDP), implemented by the National Bank for Agriculture and Rural Development (NABARD) and leading Indian NGOs like Watershed Organisation Trust (WOTR), and assisted by the German Government through KfW sponsoring massive projects covers over 300,000 hectares of dry lands across the states of Maharashtra, Andhra Pradesh, Gujarat, and Rajasthan, with an investment of over 70 million euro. The fund covers 352 projects which are implemented different levels. On the micro-level (villages and households), the IGWDP had major impacts on substantial increase in people's income, the improvement of the resource base and enhanced community confidence.

IGWDP has the highest efficiency of all analyzed programmes in Maharashtra, according to World Bank, 2005 study. With huge costs per hectare and other expenditure in various programmes like the Watershed Development Projects and IFPRI Research it seeks to enhance the problems faced by India. The project was made possible with the help of local decision-making and governance structures. That is why many village committees are established which co-ordinates with *Panchayati Raj* Systems, through the implementation of projects and funds and its working within a transparent and reliable framework by forging links with district and state government systems, and more prominently, through the empowerment of poor communities.

In January 28 and 29, 2015, under Federal Environment Minister Barbara Hendricks and Indian Environment Minister Javadekar, Energy Minister Goyal, Water Minister Bharati and Urban Development Minister Naidu a meeting was held to hold talks on climate and environmental protection, energy policy and sustainable urban development. An agreement was made to permanent bilateral working groups on water management, waste management and urban development. These bilateral working groups would also involve competent ministries and selected stakeholders, including from the regional and local level for better managing of resources. The goal of the working groups is to hold regular meetings and to intensify the exchange of expertise <sup>16</sup>

The Federal Environment Minister Hendricks during her visit to New Delhi stressed:

"I am delighted that we have launched three new Indo-German working groups. Both the political and the business sides will do their utmost to support the Indian

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<sup>16</sup> German Missions in India, 'German Environment Minister visits India for Indo-German Forum', Jan 27, 2015.

Government's efforts in the areas of climate and environmental protection and sustainable urban development. This will broaden the existing, very successful cooperation between our two governments on climate and environmental protection, in particular on renewable energies and energy efficiency, and will help us to move forward together sustainably."<sup>17</sup>

With the commencement of the second Indo-German Environment Forum, both environment ministers expressed their satisfaction with the proceedings; it brought together approximately 250 participants from politics, industry and civil society. The main focus of the two-day event was on four areas: waste and circular economy, water management, resource efficiency and sustainable urban development. The participants discussed potential solutions and the necessary framework conditions. The Asia-Pacific Committee of German Business and the Federation of Indian Chambers of Commerce and Industry which were the two prominent environment ministries, organized the Environment Forum.

The bilateral meeting between Hendricks und Indian Environment Minister Javadekar also covered negotiations on international climate in preparation of the Paris UN climate change conference in December 2014, talks were also held on a new international climate agreement, in accordance with the UN summit in New York in September. From 2015 onwards new sustainable development goals were to apply globally. India plays an important role both in the climate agreement negotiations because being one of the countries in transition with enormous economic growth it has much influence in the Group of 77 (G77), a loose association of developing countries.

### ***3.6 Defence***

Signing of a defence pact in 2006 between India and Germany marks the beginning of consolidation of the Indo-German Defence Cooperation. The agreement also extended to include a further component in the defense settlement i.e. the military policy. This new push in the agreement was given by German Defense Minister Dr. Franz Josef Jung and his Indian counterpart Mr. Pranab Mukherjee. An Agreement concerning Bilateral Defense Cooperation was signed between the two Ministries of Defense (MoD). A Memorandum of Understanding (MoU) was signed between the German and Indian Defense Ministers, it provided for the establishment of three bilateral working groups. The first working group focuses on strategic and policy matters which deal with military issues, the second group deals with martial cooperation between our armed forces. Finally, a third group looks after

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<sup>17</sup> Federal Ministry for Environment, Nature Conservation, Building and Nuclear Safety, 2015.

defense technology and defense business cooperation, which means exchange of information and projects related to defense research and development technology. The High Defense Committee (HDC) which meets once a year at state secretary level looks after the specific defense needs and cooperation measures of both the countries.

The MOU agreement envisioned a deeper collaboration between the India and Germany, not only did it raise issues related to military but also spoke widely about development of joint defense productions and technology transfer. For instance, members of the Indian Army Mountain Infantry with the help of the German army training will get to experience the topography of the Alps of Germany. To name a few others, joint military training also included training of leaders, medical service during operations and logistics.

Germany has one of the largest manufacturer of small weapons. Many projects have been launched for the modernization of the armed forces on a large scale. In this regard, two recent related modernizing projects have been introduced; the Indian Air Force (IAF) aircraft is designed for a low life-cycle cost, with high performance and potential. Moreover, the Indian defense industry stands to gain considerably from such collaboration.

Huge potentialities exist in the Indo-German collaboration in the defense sector. Germany's has a good reputation in the world as well as in India. The phrase "Made in Germany" represents a seal of quality that stands for innovation and progressive technology. India continues to be a long-term strategic partner and is ever ready in offering far-reaching technology transfer. For this reason, German defence companies could play an extensive role in helping India achieve its objectives of a self-reliant equipped armed force with the latest technology to meet future challenges.

### ***3.7 Indo-German Strategic Dialogue***

The strategic dialogue that has been taken up by both the countries not only concentrate on security matters, India's nuclear policy, disarmament and non proliferation but encompasses the assessment of the political situation in the sensitive areas of the world and other questions of the importance and common interest and concern . The dialogue provides the opportunity to share views and concerns regarding the events in the world. 'In the ultimate analysis, there is one basic reason to engage in this dialogue: our common interest in preserving peace and stability in the respective region' (Richter, 2000:9).

Germany's strategic dialogue with India encompasses major global issues related to current events such as terrorism, climate change, poverty reduction and reforming the UN, especially the Security Council. This collaboration also takes into account the prevailing trade and commerce in both the countries. These issues have been addressed by the German President Horst Köhler while holding talks with his Indian counterpart. His visit to India opened various paths for the Indo-German cooperation. Through mutual cooperation both countries sought to bring about unity in cultural diversity while ensuring national sovereignty at the same time. At the present moment India and Germany form important players on the global scale. The main objective of such collaboration is to embark on a policy of tackling global challenges such as international terrorism, climate change and establishment of a sustainable economic order.

Prime Minister Modi asked the international community to treat terrorism as 'sensitively' as nuclear proliferation; he showed his inclination for cooperation with Germany in the fight against terrorism. They have been cooperating in this fight since 2000 even before 9/11 terrorist attack occurred. Both governments took the same stance in 2003 with regard to War on Iraq. They held that no troops should be sent to Iraq (Christian Wagner, 2005). After the Mumbai terror attack in 2008, the Indo-German dialogue on security and defence intensified dramatically. Federal Foreign Minister Frank-Walter Steinmeier visited India only days after the attack and offered German help and support in the investigation of the crime and for future counterterrorism measures. There were also other assistance offers from Germany to send German intelligence officers to India in 2008 and further to discuss the exchange of information on terrorist activities and offer a new programme for the training of Indian police officers in Germany.

Since 2012, the Indo-German cooperation has helped tackle issues such as the Af-Pak terrorism. Chancellor Angela Merkel and Prime Minister Manmohan Singh echoed their concerns for better security in the Af-Pak region and that terrorism should be tackled on all fronts. In 2015, Prime Minister Modi, with reference to Pakistan, pleaded for various countries of the world to put pressure on countries which provide shelter to terrorists. He even stated that a comprehensive strategy must be adopted and if Germany and India work together, they would be able to detect the sources of the weapons and such countries and governments can be isolated. Merkel too said that Germany and India have agreed on a united fight against terrorism, calling it a global challenge.

On the issue of the UNSC reforms, both countries, in this 2015 meeting, were of the opinion that the body should reflect contemporary reality of the world and were hopeful of a positive result. Both countries have been working together in obtaining a permanent seat in the UNSC. Germany and Japan were advocating their claim to the permanent seats as early as the 1990s. India and Brazil later made their claim to the permanent seats based on the fact that Brazil is the largest country and the largest economy in South America. India claimed to be the second largest country based in population in the world and the third largest contributor of troops to the UN missions (Jonas von Freisleben, 2008). Their debate was that the Cold War has ended and with it emerge a new world order with new power structure. However, the structure of the United Nations Security Council still adhered to the power structure that existed after the end of the Second World War. To make their claims more legitimate and to have greater leverage, these four nations decided to unite and form the G4. There have been fresh negotiations in The General Assembly for reforming the UNSC in 2009 but till date no compromise has been reached. The current Permanent members are hesitant to surrender their veto rights. So the challenge is that the new member may get entry into the Security Council but will not get a veto.

On February 5 2015, draft legislation was passed in Berlin to counter the threat of ISIS attack. It restricted jihadists from travelling abroad and prevented them from joining militant operations. The bill was drafted by Germany's Justice Minister Heiko Maas, a Social Democrat, it was drafted in line with a UN resolution from last September on foreign fighters, people who are recruited in foreign countries to fight elsewhere. This bill will serve as a tool for limiting terrorists attacks by preventing the export of jihadists to the Middle East and punishing those involved in collecting donations for such groups. These are recent steps taken in the light of terrorists attack in Paris which killed 17 people. With the foundation laid by the existing law, around 300 jihadists have been punished in Germany so far for various crimes and prosecutors at the federal and state levels. Currently, 200 cases are still being investigated for the suspicion of violation of the rules.

### ***3.8 Institutional linkages***

Links between the two countries has been maintained by several institutions, arrangements are made to discuss various issues which are of common interest. Institutions such as the

Joint Commission on Industrial and Economic Cooperation, Foreign Office Consultations, High Technology Partnership Group (HTPG), High Defence Committee, Indo-German Energy Forum, Indo-German Environment Forum, India-Germany Committee on Science and Technology and Joint Working Groups (JWG) discuss various bilateral and global issues. At the present moment, the Indo-German collaboration has intensified its cooperation on future developments. Germany continues to support the Indian government in the field of economic and technical development through financial aid and assistance in the use of clean energy.

The desire to have collaboration with India arises from the fact that India is a fast growing economic country in the 21<sup>st</sup> century. Numerous consultations have been made at the invitation of the Indian government. With the help of these **Indo-German intergovernmental consultations** a new standard in this strategic partnership has been set.

The first intergovernmental consultation was held in New Delhi on 31 May 2011. In April 11 and 12 2013 the then Prime Minister Manmohan Singh and five members of his cabinet visited Germany and a second round of intergovernmental consultations were held with their counterparts in Berlin. The success of the second round intergovernmental consultations led to talks of the next round of consultations in 2015, which is to be held in India. Besides formal consultations, an increasing number of Indian and German parliamentarians have established direct contacts with their respective counterparts.

These contacts for the past decades have nurtured a good German-Indian Friendship. This is seen in the formation of groups such as the **Indo-German Parliamentary Friendship Group** was founded in 2003. This group was active within the Lok Sabha with E.N.S.Natchiappan acting as the chairperson. Since 2003, the exchange has significantly intensified through reciprocal visits of parliamentary delegations.

In 1991 the Indo-German Consultative Group (Deutsch-Indische Beratungsgruppe) was formed between the Heads of Government of India and Germany. Independent personalities from both countries meet annually in order to exchange ideas and take initiative for the development of Indo-German relations. The group consisted of 40 high-ranking Indian and German personalities from all sectors of society, such as business, culture, media and academia, as well as from parliament and government.

This Group evaluates the situation of recent developments in the domestic, political and economic sphere of both countries, for instance, the European crisis and its global implications. It also discusses the state of academic exchanges in various fields and evaluates how it effects the Indo-German relation. Discussions are also held on problems faced in the financial sector. It seeks to bring about development in urbanization, agriculture and energy efficiency and security. Finally, this group discusses issues related to gender, religion, social status which is important at the present age in India as well as in Germany.

The relation between India and Germany has entered a milestone with the two celebrating the Year of Germany in India from autumn 2011 till February 2013. This year marked the 60 anniversary of the day India recognized and established diplomatic relations with the then federal Republic of Germany on March 7 1951. Official the event was titled ‘Germany and India 2011-2012: Infinite Opportunities’.

The formation of the **Federation of Indian Chambers of Commerce and Industry (FICCI)** dates back to 1927; it is one of the oldest and largest organization in India. It is a non-profit which draws its membership from the corporate sector, both private and public, including Small and Medium Enterprises (SME’s) and Multinational Corporation (MNC’s).

By opening a Europe Division in India the FICCI has tried invigorate Indo-EU bilateral relations it is platform for conducting business and to explore opportunities. The Government of Indian ministries, Economic and Trade Missions and embassies in New Delhi conduct the agenda of the FFICCI it also works in collaboration with the European Commission to outline the agenda business investments and issues related to environment and climate change.

**The Joint Commission on Industrial and Economic Cooperation** led by the Finance Minister from India and the German Economics Minister, serves as a regular meeting ground for Indo-German discussions on trade, investment, technological collaboration. Bilateral Agreements between India and Germany are: Agreement on Avoidance of Double Taxation (DTAA), which came into force in 1996; Agreement on Promotion and Protection of Investments (BIPPA), which came into force in 1998 and; Agreement on Social Insurance, which came into effect from October 1, 2009.

The Joint Working Groups (JWG) consists of eight functioning semi groups, these groups look after Agriculture, Automotive, Infrastructure, Energy, Coal, Tourism, Vocational



Education and Standardization for safe product use. Two new groups on Water Management and Waste Management have been recently set up.

Federal Chancellor Angela Merkel and Indian Prime Minister Manmohan Singh during the Second Indo-German governmental consultations created the **High Technology Partnership Group (HTPG)** in April 2013 in Berlin; this group caters to the growing expansion of trade and cooperation of high technology.

India-Germany High Technology Partnership Group had its first meeting in Berlin on 9 Sep 2013 and the purpose of this group is to conduct meetings on the use of high technology. Discussions also took place on issues related to export control. Preparations were also made for the second round, which would include ministries and a high level business segment.

In 2006 India-Germany Defense Cooperation Agreement was signed which provides a framework for a two-pronged approach on defense cooperation. Meetings of the **High Defence Committee (HDC)** take place annually at the Defence Secretary level, in New Delhi and Berlin. The security policy of both the countries has been enhanced due to new challenges faced by both. The security policy intensifies the Indo-German collaboration through increase exchange of views which would ultimately extend to greater cooperation in the military and armaments field. Collaboration in the defense sector meant rapid exchange of information increase exchange of technology in the form of arms procurement projects as well as project related to developments and arms technologies.

### **Committee on Science and Technology**

The aim of the Indo-German Committee on Science and Technology is the use of nano-materials, machine translation and synchrotron in both countries. This Committee holds meeting regularly with the purpose of deepening the cooperation and agreements in various fields of technology. Probing areas of mutual interests include, promoting exchange and distribution of information and scientific opportunities through joint workshops, seminars and symposia, Creation of an Indian Diaspora with the aim to establish linkages and interaction leading to collaborations, promotion of joint collaborative projects and programs under science and technology arrangements. Further discussions were held on expanding avenues for training in specialized areas of research and development with the aim of providing access to other amenities and facilitate transfer of technology and product development.

The **Indo-German Working Group on Counter-Terrorism** agrees to intensify views on combating terrorism as well as a realistic approach in this connection. Talks also include issues related to international cyber crimes. Views were also exchanged on man-made and natural disaster protection issues.

The JWG intends to strengthen cooperation to reduce risk on nuclear and radiological terrorism. Both Countries stand to reaffirm their shared commitment towards promoting the full and effective implementation of chemical, biological and toxic Weapons. They express their full support for non-discriminatory and internationally and verifiable treaty banning the production of nuclear weapons or other nuclear explosive devices. Thus, both countries emphasize that the implementation of the Comprehensive Test Ban Treaty would stand out as a substantial gain for global non-proliferation efforts.

### ***3.9 Conclusion***

Even though the Cold War politics and the lack of political growth and development in India made Germany treat India with indifference, the relation was maintained throughout the Cold War. The geopolitics of 1990s was affected by the end of the Cold War and the breakdown of the Soviet Union and the economic liberalization of India, this allowed for a reinvigoration and strengthening of this relationship. India realized that it needed to strengthen its 'economic muscle, which translates into economic diplomacy. Like any relationship, however, this was not without its limitations and challenges. Bilateral trade relations have reached an impressive 20 billion trade volume in 2012 but it is still lagging behind many other countries. For a long time the relation between the two was that of India depending on development assistance from Germany. After liberalization India attracted German investments.

The India-Germany relationship was limited by the absence of a meaningful defence relationship. It was as late as 2006 when they signed the Defence cooperation and took a longer time for the cooperation to come in practice. Germany was against India's nuclear test in 1998. However, India's voluntary commitment to not carry out any more nuclear tests is a positive sign for Germany. Prime Minister Vajpayee declared that India will not become involve in a nuclear arms race. Even though many of the Joint statements may at time seem

rhetorical, the developments and the outcome of cooperation in the last few years are moving in the positive directions. The full potential of this relation has not been uncovered yet. The strength of the ministry of foreign affairs in India is relatively smaller than that of its counterpart. Further India concentrates more on the other partnerships with the United States, France, China, Japan etc.

Another field which may be beneficial to this partnership is the exploration of alternative and renewable sources of energy. German engineers and research have an expertise in this area and have done pioneering work. Exchange of information in this regard can be beneficial for India. India is face with a formidable challenge of meeting the energy needs of a population above one billion. India needs to grow and develop economically but without harming its environment and without adding to the pollution. It requires access to clean, convenient and reliable energy for all. Germany has agreed to support India's Green Corridor project by loaning one billion Euros to India after their 'Joint Declaration of Intent' signed in April 11, 2013.

India was looking for a position of influence in the post Cold War structure of power. In order for its position to be effective and meaningful it had to be backed by capabilities and value system (Munni 2001: 25). India wanted to strengthen its economic standing and redevelop its bilateral relations. Economic power can be a great incentive and bargaining tool in diplomacy. The economic mutuality and complementarity between Germany and India has helped the relation moved from a 'from cautious beginning to robust partnership' (Rothermund 2010). Germany's foreign policy from the 1990s has changed its route and seems to be moving towards a 'civilian power'. Hans Maull (2000) described a civilian power as one which relies on cooperation and dialogue and non military instruments to achieve its international goals. Germany seemed to think that collaborative efforts and relationship is more beneficial to achieving its national interest than individual efforts. Germany has no desire to 'go it alone' (Joschka Fischer, 2000). Foreign Minister Fischer further added that Germany 'regard multilateralism as supremely important. Germany can achieve its foreign policy goals only in cooperation with its allies' (Ibid).

The government of India and Germany accord the highest priority to the exchange of high level visits to intensify the bilateral relation. There are many high level talks and consultations which results in Joint Statements to move the partnership forward. They are both committed to the aim of global disarmament and non proliferation and also advocate strong conflict prevention measures. Cooperation in science, research and Technology has been one of the main pillars of Indo German friendship. There is cooperation in reforming the United Nations and cooperation in the fight against terrorism and drug abuse. This relationship has not even reached its fullest potential and still has the space for further engagement that could be beneficial for both the parties and improve their standings in the global structure.

## CHAPTER 4

### ENHANCED ECONOMIC RELATION BETWEEN INDIA AND GERMANY SINCE 1990

#### *4.1 Introduction*

In the backdrop of the Cold War until the year 1990 India followed a rather restrictive foreign policy. The foreign private investment policy was restrictive it relied more on bilateral and multilateral loans with long maturities. Even the foreign direct investment that was allowed in the country at that time was seen as a means of getting industrial technology that India was unable to acquire through licensing agreements and capital goods import. India preferred technology imports as compared to financial and technical collaborations. Development banks largely met the external financial needs for importing capital equipment.

However, by 1985 following such restrictive trade practices, India had started having problems of balance of trade deficit. By the end of 1990, the economy was in serious economic crisis and the Indian government was so close to defaulting. The Reserve Bank of India had refused foreign exchange reserves and now was at the point of barely financing three weeks worth of imports. The Government responded immediately to secure an emergency loan of \$2.2 billion from the International Monetary Fund to cover balance of payment debts by pledging 67 tons of India's gold reserves as collateral.<sup>18</sup>

Indian Economy was now at a crucial stage where it had to decide if it should open up its economy to foreign investors. Its foreign exchange had reached all time low. With this as the context the Government of India (GOI from henceforth) decided to take a chance and open up its economy. The government ushered in reforms, in accordance to the IMF bailout, which led to liberalized economy. This was a time for the once 'self reliant India' to seek aid and financial help from outside (Weinraub 1991).

That year and the following years Indian Government welcomed foreign investors and reduced import tariffs and relaxations on controls. Within a year, the FDI started to flow inwardly and with it came drastic changes. There was instantaneous improvement of India's financial and economic situations. The monsoons were good and with it the increased output from agricultural sector. India became a progressively globalizing country with needs for

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<sup>18</sup> World Bank, "1991 Country Economic Memorandum", Country Department: India.

economic modernization which requires rapidly rising trade, huge inward FDI and technology supports. It would be difficult to achieve this role without America and Europe playing some role in the FDI flow. For a prosperous Germany, which depends so heavily on its foreign trade, only 'prosperous partners can be good customers' (Richter 2000). Germany welcomed these reforms in India and began to look at the potential of India.

As Germany was reunified in 1990, the economies of the two Germanys (one a socialist and one a capitalist economy) became one. Because of this difference, the reunified economy had its own sets of problems with starkly contrasting picture. According to Ghaussy and Schafer (1993), Western Germany's market economy was highly developed and was also leading as an exporter. It experienced "faster-than-projected real growth" (1991 CIA World Factbook 1991) essentially for the increasing demand in eastern Germany for western German goods. The Federal Republic of Germany's (FRG) legal, social welfare and economic systems have been extended to the east. Eastern Germany also had an economic restructuring like privatizing industry, establishing clear property rights, getting rid of the aging industries with its crumbling infrastructure and also the unfolding environmental hazards. However, removing communist era institutes proceeded very slowly.

There were major historical changes in the world is seen in 1990s: First, the liberalization of the Indian economy; second, the German Unification on 3 October, 1990; the disintegration of the Soviet Union; the end of the Cold War and the United States emerging as a unipolar power. After East German and West German Unification, Germany became not only the gravitational centre of European power politics but also represents a significant global force and one of the economically strongest countries of the world. 'Germany was the emergent major power in the centre of Europe, a powerhouse of economic and scientific modernity. It had a chance to use this power peace fully and constructively. It spectacularly failed so to do. Now, at the end of the twentieth century, it was again a major power in the centre of Europe' (Ash 1994:408). The 1991 reforms in India, which rapidly integrated Indian economy with world economy, opened a path towards crucial development for India.

This third chapter therefore seeks to answer the important research question of how has the shift in geopolitics after the Cold War transformed the bilateral relation between India and Germany providing a space for them to enhance economic cooperation that leads to a win-win situation whereby both the countries seek to gain. In particular, this chapter will focus on the economic cooperation, science and technology, technological transfer. Furthermore, the importance of Germany and India's cooperation in economy has been discussed. It also deals

with the reforms in India, the nature of the economic relations considering three important factors; trade, aid and investments during the post-Cold War period and the challenges and prospects of the Indo-German economic relation.

#### ***4.2 Reforms in India in the 1990's***

The restrictive policy on trade and investment that India had been following till 1990 had hindered its technical capability, specially resulting in a loss of export opportunity of labor intensive manufactures as compared to other successful Asian countries. For instance, Foreign Exchange and Regulation Act (FERA) 1974, stipulated foreign firms to have equity holding only up to 40 percent, exemptions were at the government's discretion (Reserve Bank of India Report 2006).

With the change in the scene in 1991, India was now a liberalized and getting to be a globalised economy. Globalization can refer to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. 'Globalization is a process in which the restrictions of geography on social and cultural arrangements are clearly seen to be receding. Economic and political factors are interlinked' (Clark 1999). Globalization "is the process of world shrinkage, of distances getting shorter, things moving closer. It pertains to the increasing ease with which somebody on one side of the world can interact, to mutual benefit, with somebody on the other side of the world" (Larson 2001:9). What this means for India is the opening up the economy to foreign direct investment by providing facilities to companies to invest in different fields of economic activity in India, removing constraints and obstacles to the entry of MNCs in India, allowing Indian companies to enter into foreign collaborations and also encouraging them to set-up Joint Ventures abroad.

There was a change in priorities in the Indian context. India sought to consciously 'benchmark' its policies against those of the rapidly growing south-east Asian economies to attract a greater share of the world FDI inflow (Bajpai and Sachs 2001). Over the decade, India not only permitted foreign investment in almost all sectors of the economy except agriculture and real estate, but also allowed foreign portfolio investment which made a distinction between foreign investment from the erstwhile technology acquisition effort. Further, laws were changed to provide foreign firms the same standing as the domestic ones.

To implement the structure of this liberalized economy there was an internal change of decentralizing the central government and thereby transferring more power to the individual state government. The 'licenced raj' system was abolished. The reforms helped the Indian economy to grow at a faster rate; in recent past more than 100 of the 500 fortune companies were operating in India. Undoubtedly, India's greater integration with the world economy was reflected by the trade openness indicator, the trade to GDP ratio, which increased from 22.5 percent of GDP in 2000-01 to 34.8 percent in 2006-07. If services trade is included, the increase is higher at 48 percent of GDP in 2006-07 from 29.2 percent of GDP in 2000-01, reflecting greater degree of openness (Asia Institute Research Series 2006:11).

### ***4.3 German Economy in the 1990's***

Germany was unified in 1990 and this marked the coming together of two Germany's, the Federal Republic of Germany and the German Democratic Republic. Because this unification brought together two very different economies the western capitalist economy and the eastern socialist economy, this marriage brought its own set of problems. David Marsh points out that Germany went through an unexpected and 'unanticipated social and economic trials of unification'. Germany carried a burden which is 'less by the burdens of the past than by the burdens of the present' (Marsh 1994: 20). The newly unified German economy presents a starkly contrasting picture. With its advanced market economy and role as a leading exporter Western Germany experienced faster-than-projected real growth largely because of demand in eastern Germany for western German goods. Western Germany has a highly urbanized and its population is highly skilled and enjoyed high living standards, abundant leisure time, and comprehensive social welfare benefits. Western Germany is relatively poor in natural resources, coal being the most important mineral. Western Germany's world-class companies manufacture technologically advanced goods. The region's economy is ripe, it's manufacturing and service industries credits for the dominant share of economic activity, and raw materials and semi manufactured products constitute a large proportion of imports. In 1989 manufacturing accounted for 31 percent of GDP, with other sectors contributing lesser amounts. In recent years, gross fixed investment has accounted for about 21 percent of GDP. In 1990 GDP in the western region was an estimated \$16,300 per capital (Siebert 1994: 293).

In contrast, eastern Germany's obsolete command economy, once dominated by smokestack heavy industries, has been undergoing a wrenching change to a market economy. Industrial production in early 1991 was down 50 percent from the same period the year before, due



largely to the slump in domestic demand for eastern German-made goods and the ongoing economic restructuring (Siebert 1994). The FRG's legal, social welfare, and economic systems have been extended to the east, but economic restructuring like privatizing industry, establishing clear property rights, clarifying responsibility for environmental clean-up, and removing Communist era holdovers from management is proceeding slowly so far, deterring outside investors. The region is one of the world's largest producers of low-grade lignite coal, but has few other resources. Eastern Germany was trying to bring its poor quality of statistics in line with West German practices.

The most challenging economic problem of a united Germany was the reconstruction of eastern Germany's economy, specifically, finding the right mix of fiscal, regulatory, monetary, and tax policies that would spur investment in the east without derailing western Germany's healthy economy or damaging relations with Western partners. The biggest danger at one time was the soaring unemployment in eastern Germany, which could climb to the 30 to 40 percent range, could touch off labor disputes or renewed mass relocation to western Germany and erode investor confidence in eastern Germany. Overall economic activity grew an estimated 4.6percent in western Germany in 1990, while dropping roughly 15 percent in eastern Germany (Ghaussy and Schafer 1993:115). Because of the challenges presented by this unification the economy of Germany fell in the 1990s which is why many a times it was referred to as 'the sick man of Europe' (The Economist 2004). It was only after the Recession that it became Europe's Economic Superstar (Dustman 2014:167-188).

On the one side, the fall of the Berlin Wall in 1989 and the dramatic cost of reunification burdened the German economy in an unprecedented way, leading to a prolonged period of dismal macroeconomic performance. On the other side, it gave German employers access to neighboring East European markets that were formerly locked away behind the 'Iron Curtain'<sup>19</sup> and that were characterized by low labor cost, yet stable institutions and political structures. The dramatic improvement in the western German figures resulted from the opening in eastern Germany of a large new market of 16 million persons and the simultaneous availability of many new workers from eastern Germany. This meant that western Germany not only had a vast new market but also a growth of over 1 percent in its workforce, as sharp an increase as since the days of the economic miracle. It also increased its capital base because eastern German deposits were placed in western German banks that

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<sup>19</sup> Winston Churchill speech in March 1946, 'From Stettin in the Baltic to Trieste in the Adriatic an "Iron Curtain" has descended across the continent' in regards to the Soviet Union dominated area.

had come east and because those deposits moved back to the central German financial market at Frankfurt.

#### ***4.4 Indo-German Economic Relations from 1990s***

As a newly industrialized country India was looking for collaboration with several countries. The country seeks to strengthen its diplomatic and economic ties with the United States, China and Europe. As a newly unified country, Germany was looking to expand its market economy. During the Cold War, India maintained diplomatic relations with both West Germany and East Germany. Because of the fall of the Berlin Wall and the reunification of Germany and also the economic standings of a liberalized India, a space for improving and reengaging the already existing relations was created. “Globalisation cannot move our countries closer geographically, but it has brought Indians and Germans closer together than ever before in our shared history” (President Joachim Gauck 2014:1).

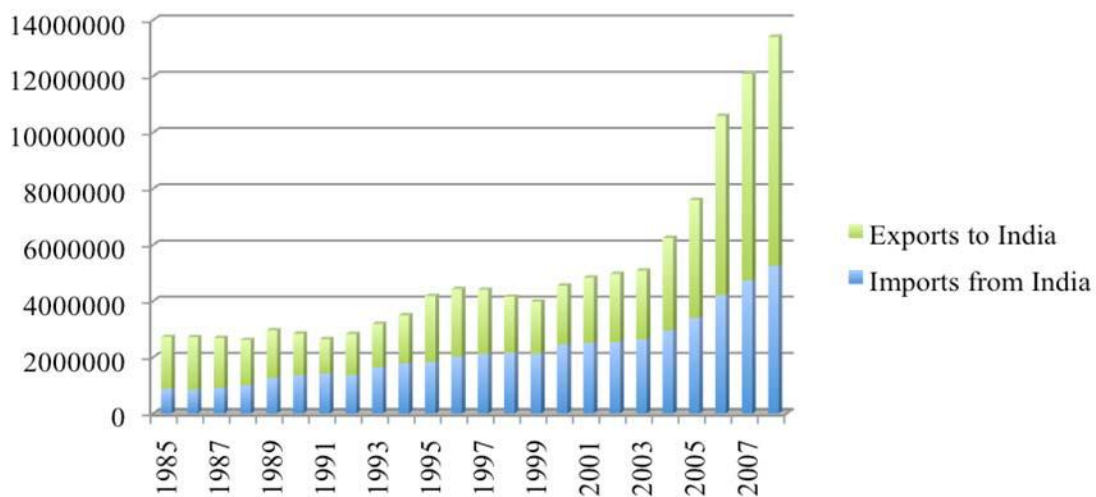
The principal bilateral economic agreements between India and Germany include: double taxation agreement, which came into force on 19 December 1996; agreement on the promotion and protection of investments, which came into force in July 1998; trade agreement of 31 March 1955; agreements on cooperation in scientific research and technological development dating from 1971 and 1974.

Since 1991, the volume of trade between both the countries has increased steadily and significantly. Germany is India's largest trading partner in Europe and Germany has consistently been among India's top ten global trade partners. India was ranked 25<sup>th</sup> in Germany's global trade during 2014 accounting for about 1 percent of total German trade. Bilateral trade in 2014 was valued at € 15.96 billion. Apart from traditional sectors, knowledge-driven sectors hold good potential for collaboration. There is considerable scope for co-operation in the fields of IT, biotechnology, renewable energy, green technology, urban mobility & development and the entertainment industry (Embassy of India 2015).

In 2006, the Indo German Chamber of Commerce which was set up in 1956 celebrated its 50 years of economic relations between India and Germany. This relation is marked by the continuous growth in trade volume. The trade was comparatively low until 1990. This is because of the protectionist policy that India was following. As discussed earlier, the opening

up of its market to the world, India encouraged more countries to look at it in a different view and to see it as an economic potential. This trade volume continued to rise throughout the 1990's except during 1998 and 1999 when India conducted a series of five nuclear tests in May 1998 (Ministry of External Affairs Press Release 1998). This resulted in sanctions by many major states like the United States and Japan including Germany. This sanction by Germany disrupted the trade volume during those years and caused a fall in it. An example of the net Trade volume between India and Germany is given below:

Figure 1: Annual trade volume between India and Germany, 1985–2008 (in thousand Euros)



(Source: Institute of Peace and Conflict, 2008)

As can be seen from above table, bilateral trade has been improving and prospering at the turn of the century and even flourishing in 2008 despite the economic crisis in Europe. By the end of 2008, trade reached a high level of 13.4 billion Euros and today it stands at 15.95 billion Euros (2014). However, one important development of this increasing trade is also the

asymmetrical growth. There is a trade imbalance between the two where Germany is India's largest trading partner in European Union and the 11th largest trading partner globally but India only ranks at the 28 position for Germany worldwide and fifth amongst Asian exporters to Germany.

The following is a table on the Indo-German Bilateral trade as taken from the Ministry of Commerce and Industry Government of India.

Table 1: Indo-German Bilateral trade (2000-2006)

INDO-GERMAN TRADE							
	2000 (Mill. DM)	2001 (Mill. DM)	2002 (Mill. EUR)	2003 (Mill. EUR)	2004 (Mill. EUR)	2005 (Mill. EUR)	2006 (Mill. EUR)
Indian Exports	4747.3 (+14.5)	4891.8 (+3.1)	2522.3 (+0.5)	2636.6 (+4.5)	2957.1 (+12.2)	3396.5 (+14.9)	4175 (+22.9)
Indian Imports	4076.8 (+12.8)	4512.2 (+10.7)	2420.5 (+4.6)	2443.1 (+0.9)	3289 (+34.6)	4201.8 (+27.7)	6365 (+51.5)
Total	8824.1 (+13.7)	9404 (+6.6)	4942.8 (+2.5)	5079.7 (+2.8)	6246.1 (+23)	7598.3 (+21.6)	10540 (+38.7)
Trade Surplus for Germany	(670.5)	(379.6)	(101.8)	(193.5)	331.9	805.3	2190

(Source: Federal Statistical Office, Wiesbaden)

Table 2: Indo-German Bilateral trade (2007-2013)

Indo-German Bilateral Trade (fig in USD million)				Source: Ministry of Commerce and Industry, Gol		
\Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Indian Exports	5,121.53	6,388.54	5,412.89	6,751.18	7,942.79	7,246.20
<b>%Growth</b>		<b>24.74</b>	<b>-15.27</b>	<b>24.72</b>	<b>17.65</b>	<b>-8.77</b>
Indian Imports	9,884.83	12,006.02	10,318.18	11,891.37	15,601.13	14,325.79
<b>%Growth</b>		<b>21.46</b>	<b>-14.06</b>	<b>15.25</b>	<b>31.2</b>	<b>-8.17</b>
Total Trade	15,006.36	18,394.56	15,731.07	18,642.55	23,543.93	21,571.99
<b>%Growth</b>		<b>22.58</b>	<b>-14.48</b>	<b>18.51</b>	<b>26.29</b>	<b>-8.38</b>

Trade deficit for India (in US dollar)	4,763.30	5,617.49	4,905.29	5,140.19	7,658.34	7079.59
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The last row has been added with the trade deficit of India to show the asymmetrical trade between India and Germany where the former suffers a deficit and the latter gains in surplus.

Another table from the Federal Statistical Office, Wiesbaden, sums up this bilateral trade relation:

Table 3: Indo-German Bilateral Trade (2013-2015)

	2012	2013	2014	2015 (Jan-March)
Total Trade	17.37	16.10	15.96	4.45
Indian Exports	6.99	6.91	7.03	1.98
Indian Imports	10.38	9.19	8.92	2.47
Balance of Trade	-3.39	-2.28	-1.89	-0.49

(Source: The Federal Statistical Office, Wiesbaden)

Table 4: Indian Exports and Imports to Germany.

Major Indian Exports to Germany	Textiles, Metal & Metal Products, Electro Technology, Leather & Leather Goods, Food & Beverages, Machinery, Pharmaceuticals, Auto Components, Chemicals, Gems & Jewellery and Rubber Products
Major Indian Imports	Machinery, Electro Technology, Metal & Metal Products, Chemicals,

Imports from Germany	Auto Components, Measurement & Control Equipment, Plastics, Medical Technology, Pharmaceuticals, Paper & Printing Materials
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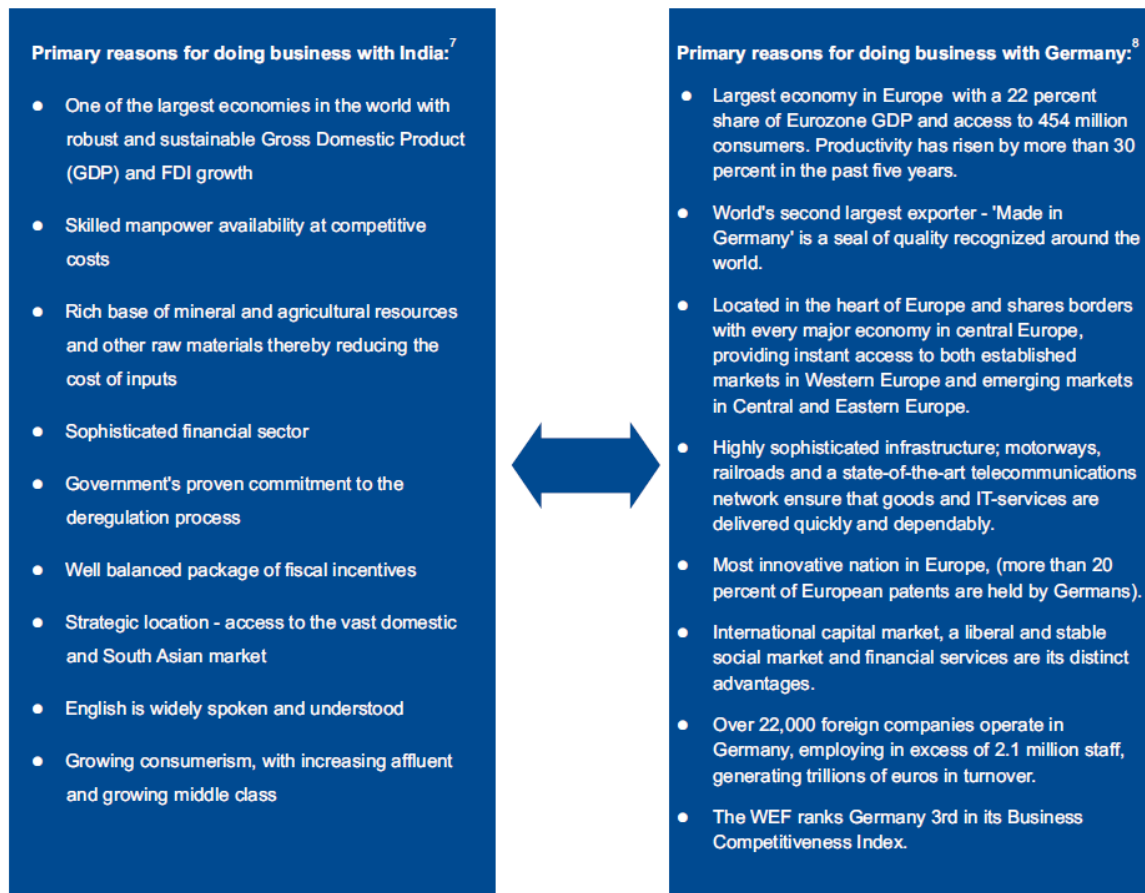
(Source: The Federal Statistical Office, Wiesbaden)

In the tables 2, 3, 4 and 5 India has a negative balance of trade. India is lagging behind and the trade balance is heavily in favour of Germany, although, the overall the trade is expanding massively.

There have been a series of meetings and consultations that have instrumental in achieving such high goals such as the Agenda for German-Indian Partnership in the 21st Century in 2000, Joint Statements in 2006 and 2007, first **Indo-German intergovernmental consultations in 2011 in Delhi and Second Indo-German Intergovernmental consultations 2013 (third is scheduled to be held in October 2015 in India)**. **The partnership is also strengthened by high level visits between India and Germany like the five-day State Visit of the German Federal President Horst Köhler (then) to India in February 2010, Angela Merkl's visit in 2007 and again in 2011 where she received the Jawaharlal Nehru Award for International Understanding for the year 2009. In this year she also launched the 'Year of Germany' in India in New Delhi. In February 2014, President Joachim Gauck made a State visit to India. President Dr. Manmohan Singh (former) visited Germany in 2006, 2010 and 2013. Indian Prime Minister Narendra Modi paid an official visit to Germany in April 2015.**

According to KMPG and FICCI, 2007, the following are the reasons why these two countries trade with each other:

Table 5:



(Source: KMPG and FICCI , 2007)

#### ***4.5 German investment in India***

Germany is the 8th largest foreign direct investor in India since January 2000. German FDI in India during January-November 2014 was to the tune of US\$ 995.7 million. Germany's total FDI in India from August 1991 until November 2014 amounted to US\$ 7.80 billion. There are more than 1600 Indo-German collaborations and over 600 Indo-German Joint Ventures in operation (Federal Statistical Office 2015). Although, Germany has always been an important source of FDI towards the world, yet German investment in India lagged behind in 2003. In total, German FDI out flows, India's share was only 0.3 percent below that of China being 1.1 percent, while USA and EU occupied 33.6 percent and 45.2 percent respectively.

If the year 1990 is taken as a base then it is seen that all data connected with trade and FDI reached its peak in the 1990s at 1996-97 (Kroll 2001: 84). Concentrating on Germany alone, its annual investment multiplied around 100 times during the seven year period from 1990-97. And the Indo-German joint ventures quadrupled. However, at the same time Germany

also lost its strong position from 15 per cent share of FDI down to 4 per cent in 1997. This is because though German investment increased, the global investment in India multiplied 400 times in that very same period and the number of cooperation increased by almost nine times on an overall basis (Kroll 2001: 84). During the first ten years of liberalization the Indo-German trade volume has increased more than fivefold from 3187.56 million US \$ to 16495.36 million US \$ with the annual average growth rate of 23 percent. It is a substantial growth in overall trade between the two countries. But India's exports to Germany stand at a low level as compared to other partner countries. Due to denial of market access and high standard, regulations maintained by Germany as well as EU, India often faces constraints for its exports. These regulations restrict the trade as non-tariff barriers.

The bureaucratic hurdles, procedural delays and unsatisfactory infrastructure were among the factors inhibiting greater flows of FDI to any country like India in its initial years of liberalization. However, now-a-days India has one of the most transparent and liberal FDI regimes among the emerging and developing economies. Inward FDI has taken off. The financial services sector attracted the largest FDI flows amounting to US \$ 3.9 billion in 2007-08 and FDI inflows also increased sharply into the construction and manufacturing sectors (RBI Annual Report 2007-08). So, there is a greater prospect for Germany's FDI to India, especially into the banking, insurance, infrastructure, energy, mining and manufacturing sectors. According to the Business Monitor survey, conducted on behalf of the Indo-German Chamber of Commerce (IGCC), German investors in India take a positive long-term view of the Indian market and continue to invest in their operations to tap growth opportunities. 27 per cent of all surveyed managers indicated plans to strongly increase their investment activity in India during the next three years. 46 per cent plan a moderate further increase. Only 28 per cent want to keep their investment activity at a constant level. None of the respondents plan to decrease investments in India or to withdraw from this market. Top sectors attracting FDI inflows in India are Transportation industry, electric equipment, metallurgical industries, fuels, services sector. Chemicals, construction activities, trading, automobiles are other important sectors.

#### ***4.6 Science and Technological cooperation***

During her visit to India in 2007, Chancellor Angela Merkel highlighted another aspect of Indo-German partnership, "a core issue during my trip is our cooperation in the field of science and technology. We are going to deepen the strategic relationship in certain areas of



research and want to attract more Indian students to come to Germany’ (The Federal Government Press release 2007).

Indian Industry also is now looking at investment into some sectors in other countries. The biggest sector for such investment is in the area of information and Technology, so India has a great opportunity to investment in Germany into IT sector. As evident from table below, there were more than 8 thousand technical collaborations approved by Indian Government during last 18 years. Germany ranked 2 with number of 1115 collaborations and 13.38 percent share of India's total approvals, only behind from U.S.A. which occupied the share about 23 percent with number of 1832 collaborations (Ministry of Commerce and Industry GOI 2010).

Table 6: Country-Wise Foreign Technology Transfer Approvals; (Aug.1991 to Aug.2009)

Rank	Country	No. of Technical Collaborations Approved	% age with Total Tech. Approvals
1	U.S.A	1831	22.67
2	Germany	1115	13.80
3	Japan	879	10.88
4	U.K.	874	10.82

5	Italy	488	6.04
6	Other Countries	2892	35.79
	Total of all Country	8080	100

(Source: Ministry of Commerce and Industry, Govt. of India.)

Scientific and technological cooperation with India dates back to the late 1950s and is based in part on two intergovernmental agreements, signed in 1971 and 1974. Indian science, particularly space research, IT and biotechnology, enjoys an excellent reputation in Germany, and vice versa. Since the 1990s, there have been regular meetings at state secretary level, at which important projects and cooperation priorities are discussed. The next meeting was scheduled for November 2014 in New Delhi. In this meeting of 2014 called the Indo-German Conference on Bio-inspired Chemistry 2014 (IGCBIC-2014) in Bangalore the focus was on bio inspired systems like the bioinorganic, bioorganic and biophysical chemistry (Indian Institute of Science website, 2014).

The German House of Research and Innovation (DWIH) officially opened in New Delhi on 27 October 2012. The idea of bringing together 15 German scientific and research institutions under one roof is designed to make it easier for Indian and German scientists, researchers and students to establish contacts with one another. The Federal Foreign Office's decision to set up one of only six German Houses of Research and Innovation /German Science Centres (DWIH/DWZ) worldwide in Delhi underlines the great importance accorded to India as a science and research partner. With its 15 consortium members, the DWIH in New Delhi is the largest of the six Houses.

India's importance as a cooperation partner in the scientific sector is also reflected in the high-level visits between the two countries. The first Indo-German intergovernmental consultations, which were held on 31 May 2011 and co-chaired by Federal Chancellor Merkel and then Prime Minister Singh, produced nine of the eleven bilateral agreements on education and research. The focus here was on bilateral research cooperation in biotechnology, the environment, materials sciences and vocational training. At the second Indo-German intergovernmental consultations on 11 April 2013, a declaration of intent to

build strategic university partnerships was signed along with agreements between individual universities and research institutes.

Germany's only bilateral research promotion centre worldwide is in India. The Indo-German Science and Technology Centre (IGSTC) in Gurgaon near New Delhi is being co-funded by Germany and India from 2008 to 2017, each country contributing an annual EUR 2 million. Officially launched during then Federal Research Minister Schavan's visit to India in September 2008, it promotes bilateral application-oriented research projects involving industrial partners from both countries. The IGSTC organized nine international workshops in the first quarter of 2014 alone.

India has a major stake in several large research institutions in Germany. India has contributed some EUR 30 million to the multinational FAIR particle accelerator. FAIR is the Facility for Antiproton and Ion Research GmbH in Darmstadt. India has also invested substantial sums in licenses for use of the DESY (Deutsches Elektronen-Synchrotron) particle accelerator in Hamburg. 'Particle accelerator research is key element in India's vision of nation building' (Monica Bobra and David Harris 2006:20). With this accelerator technology India can take advantage of its abundant supply of thorium which occurs naturally and accounts for 30 percent of the world's thorium supply. Germany is India's second most important research partner worldwide, after the United States (The Foundation for National Security Research 2011). This fact is reflected in the large number of joint Indo-German scientific publications.

The Max Planck Society's cooperation with India, based on an agreement with India's Department of Science and Technology, is gaining considerable momentum. In 2013, there were more than 730 research stays by Indian scientists at Max Planck institutes, an increase of 40 per cent over the past seven years. With 120 participants, Indians made up the largest foreign group at the International Max Planck Research Schools in 2011. The Max Planck Society operates two joint research centers: the Indo-German Max Planck Center for Computer Science (IMPECS) at the Indian Institute of Technology in New Delhi and the Indo-German Max Planck Center on Lipid Research at the National Centre for Biological Sciences in Bangalore (Max Planck Gesellschaft website 2013).

Indian researchers rank amongst the leading countries after the United States, China, the United Kingdom, Italy and France who are awarded the Alexander von Humboldt Foundation

scholarship programmes and prizes. The German Research Foundation (DFG) has had its own offices in New Delhi and Hyderabad since 2006. As part of research cooperation between the DFG and the Indian National Science Academy (INSA), some 490 Indian researchers have so far spent time in Germany. The Fraunhofer-Gesellschaft opened a permanent office in Bangalore in November 2012.

#### ***4.7 India and Germany as Trading Partners***

Germany is India's principal trading partner in the EU. Since India embarked on a course of reform in 1991, the volume of trade between the two countries has increased rapidly. In recent years, however, there has been a slight decline in bilateral trade owing to the Indian's sluggish economic growth (Federal Foreign office website 2015). In 2013 and 2014, bilateral trade shrank by 7.4 per cent compared with the previous year, to EUR 16.1 billion. German imports from India fell by 1.5 per cent and German exports to India by 11.5 per cent compared with 2012. India ranks 24th overall among Germany's trading partners, and 25th in terms of imports and exports. Conversely, Germany ranks ninth as a supplier of goods to and eighth as a buyer of goods from India. Germany's trade surplus of around EUR 3.4 billion in the year 2012-2013, shows that there is a strong demand in India for German goods, especially capital goods (see table 2, 3, 4 and 5).

Figure 2 sums up India's bilateral trade with Germany from 2009-2013.



(Source: Ministry of Commerce and Industry, GOI)

#### 4.8 Germany's Exports to India

German exports to India are an integral part of the bilateral economic relations between the two nations, India and Germany. There exists an intensive cooperation in the field of economy and the year 2005 witnessed the celebration of the 500 years of the establishment of Indo-German trade relations which dates as back as the 16<sup>th</sup> century (Deutsche Welle (DW) website, 2007). Germany is India's largest trading partner in European Union reaching up to 21 percent of the total trade between India and the EU. Germany is also the seventh largest trading partner with about 5% of Indian international trade accounting to 4.94 billion Euros in total (German Missions in India website 2011).

Table 7: Ranking of Germany's trading partners in Foreign Trade (Year 2014)

Rank	Exports	Imports	Turnover (exports + imports)	Foreign trade balance (exports-)

							imports)	
	Country	In 1000 Euros	Country	In 1000 Euros	Country	In 1000 Euros	Country	In 1000 Euros
1	France	101957236	1 Netherlands	88194193	1 France	169414518	1 USA	47488692
2	USA	96076986	2 China	79639585	2 Netherlands	161328349	2 UK	41865280
3	UK	84107214	3 France	67457282	3 China	154143345	3 France	34499954
25	India	8924920	27 India	7056953	25 India	15981873	27 India	1867967

(Source: *Statistisches Bundesamt* Federal Statistical Office, Wiesbaden 2015)

The three main exports from Germany to India are machinery with €2.9 billion (31 percent), chemical products with €1.2 billion (13 percent), and data processing, electronic and optical equipment sectors with €894 million. Another significant export product is metals and vehicle parts worth of €614 million and €534 million respectively (German Missions in India, 2011). German exports to India are not only important in terms of goods exported by Germany, but its significance lies in the high exports accompanied by large flows of investment and technology to India. From the beginning of trade relations with India, Germany was more a supplier of goods than equal traders. Whenever there was high export to India it was always supplemented by generous flow of investment and technology. This is especially true in 1991 when India got liberalized. The increased in German exports is always accompanied with new admirable investment and technical cooperation programs. The best example is the Germany's first and biggest aid project, the steel plant at Rourkela, in India. Since the post liberalization era in India the German exports to India has been boosted for an increase in the new investment and technical cooperation projects.

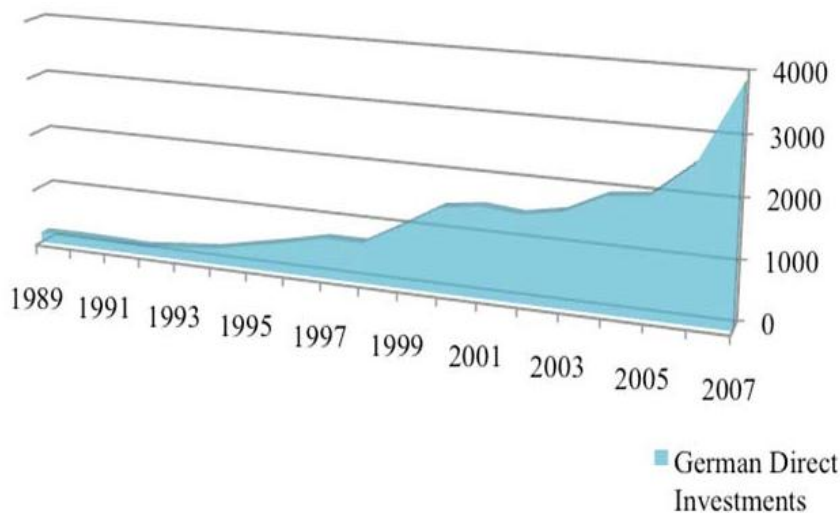
The German Exports to India is facilitated due to the liberalization policies of India along with her democratic form of government, a well defined political system and legal framework, efficient entrepreneurs, talented engineers and world class scientists, all of these ensuring lasting business opportunities for the foreign countries. German Exports to India has been encouraged with India sourcing less raw materials, semi-finished goods, and primary products and on the other hand it had been importing finished goods from Germany.

Important items of German Exports to India are like machinery, electro technology as well as plants and metal products followed by aircraft, measurement and control equipment, plastics and plastic products, chemicals and pharmaceuticals and automobile products and components. Of these machinery exports to India comprises one third share of total German Exports to India.

#### ***4.9 German Investment in India***

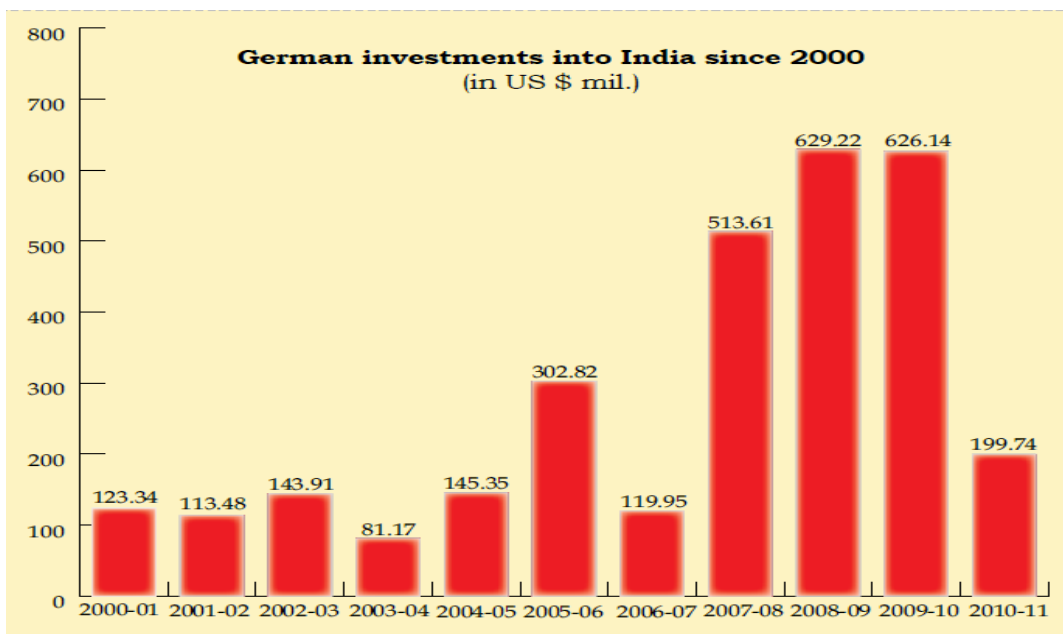
As mentioned earlier amongst the foreign investors in India, Germany ranks 8<sup>th</sup>. India is a lucrative center for foreign investors and in terms of foreign investments, German Exports to India in total from April 2000 to January 2015 has been 7.34 billion US dollars (EEPC India 2015). At present there are 1600 Indo-German collaborations more than 600 Joint ventures and a robust German export of investments to India have been in practice. Since April 2000 to 2010, a cumulative figure of \$3051 million has been invested by German firms into India. Despite the recession, German investors continued to show great interest in India during 2008-09, when they invested an all-time high amount of \$629 million, showing an increase of 32 per cent over 2007-08. In 2009-2010, the dollar figure fell to \$626 million, even as the investment into India grew marginally. In line with the negative growth of total Foreign Direct Investment in India, Foreign investments from Germany also fell recording only USD 200 Million (German Missions in India 2011).

Figure 3: German Direct Investments in India, 1989–2007 (in million Euros)



(Source: Institute of Peace and Conflict Studies, 2009)

Figure 4: German investment inflows from 2000-2011.



Source: Department of Industrial Policy & Promotion, Govt. of India

But this is predicted to grow. According to the Business Monitor survey, conducted on behalf of the Indo-German Chamber of Commerce (IGCC), German investors in India take a positive long-term view of the Indian market and continue to invest in their operations to tap growth opportunities. 27 per cent of all surveyed managers indicated plans to strongly increase their investment activity in India during the next three years. 46 per cent plan a moderate further increase. Only 28 per cent want to keep their investment activity at a constant level. None of the respondents plan to decrease investments in India or to withdraw



from this market. From April 2000 to September 2012 the FDI inflow from Germany has been close to 5.05 billion US dollars (FICCI 2012).

‘Top sectors attracting FDI inflows in India are transportation industry, electric equipment, metallurgical industries, fuels, services sector. Chemicals, construction activities, trading, automobiles are other important sectors. Maharashtra with 57 per cent share of German investments remains to be the most attractive destination of German investments in India. Pune has lately become the hotbed for German investments. Karnataka and Gujarat are other important destinations. Delhi and Andhra Pradesh have, however, experienced a drop in the investments from Germany. Southern states like Tamil Nadu and Karnataka are seen to be gaining popularity due to the conducive investment environment. As per the database on registered German companies with the IGCC, there are 1,280 German companies in India, which have created more than 200,000 jobs’ (German Missions to India website 2011).

#### ***4.10 India’s Exports to Germany***

India stands 26th on the list of sourcing countries for Germany and 21st among important destinations for German exports (as in 2010). Since the introduction of the Euro in Germany, Indian exports have risen steadily over the years. In 2006, it achieved a new milestone at €4.2 billion. 2007 and 2008 witnessed an upward swing with Indian exports to Germany touching the figures of €4.7 billion and €5.3 billion respectively. And then recession came. In 2009, Indian exports to Germany declined by 3.3 per cent to touch €5.1. However, again in 2010 one saw a significant growth in Indian exports to Germany. With an increase of 21.3 per cent, the total exports reached €6.2 billion. With 24 per cent of the total value, textiles accounted for the largest share of Indian exports to Germany worth €1.5 billion in 2010. At the second spot were chemical products with €585 million, followed by data processing, electronic and optical equipment with €579 million. The fourth and fifth spots were taken by machinery with €418 million and leather products with €396 million (German Missions in India website 2011).

Figure 5: Indian Exports to Germany.

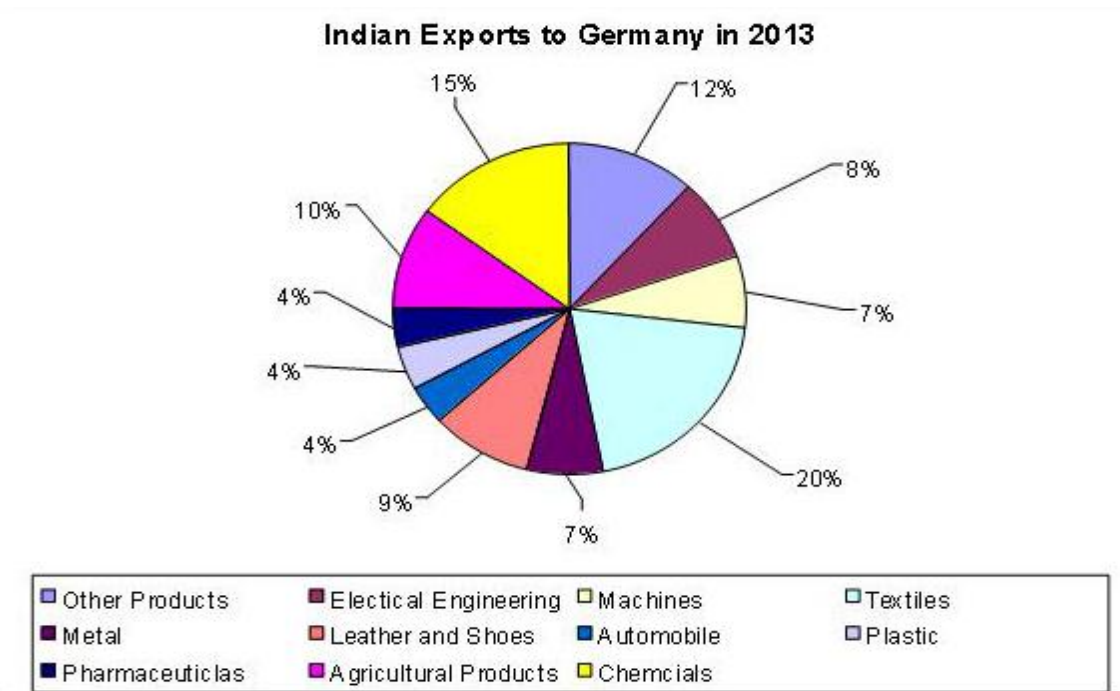
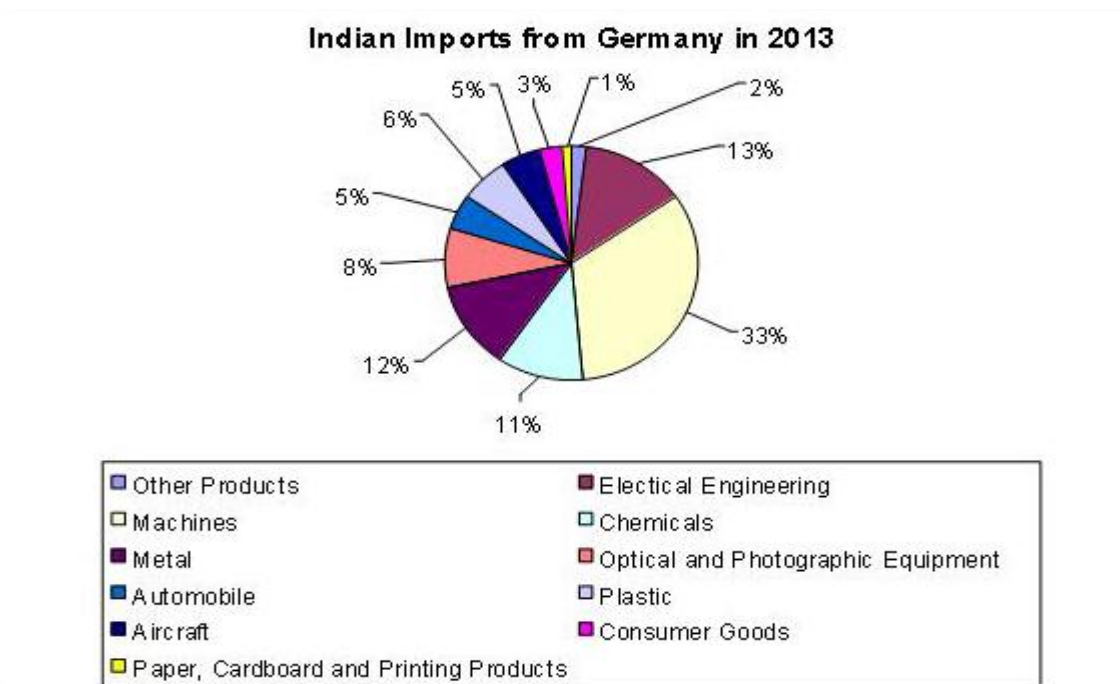


Figure 6: Indian imports from Germany in 2013.



(Source for 11 and 12: Ministry of Commerce and Industry, GOI)

Table 8: Top ten importers from India, by value of trade in US dollar (million) and share of total

Country	2012-2013 (Apr- Sep)	%Share (2012-2013 (Apr- Sep))
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Country	2012-2013 (Apr- Sep)	%Share (2012-2013 (Apr- Sep))
USA	19704.05	13.87
UAE	18601.71	13.09
SINGAPORE	6652.77	4.68
CHINA	6417.32	4.52
HONG KONG	6137.9	4.32
SAUDI ARAB	4636.29	3.26
NETHERLANDS	4458.24	3.14
U K	4112.26	2.89
GERMANY	3491.77	2.46
BRAZIL	3042.64	2.14

(Source: Department of Commerce, Government of India)

The bilateral trade relations between India and Germany have remarkably increased over the years and both Indian and German firms have had their share of investment. Post recession period Indian exports to Germany have seen an incredible growth in 2010, recording a total increase of 21.5 percent. The figures of total exports have touched to Euro 6.2 billion (Business Maps of India 2015). ‘The Indian Textile industry generally comprises of manufacturers, wholesalers, suppliers, and exporters of cotton textiles, handloom, woolen textiles etc. Germany is one of the foremost importers of handmade fiber textile of India. Indian textile export to Germany resulted for the highest share and it amounted to Euro 1.5 billion in 2010’ (ibid). These commercial ties have resulted in a cordial relation between the two countries. The year 2005 marked the celebration of the two nations of 500 years of establishment of Indo-German trade relations.

80 percent of India’s leather is exported to the US and Europe, out of which 14 percent goes to Germany, 13 percent to UK and 9 percent to the US. The Indian leather export industry shares a great deal of business with Germany for exporting its leather items (Department of Commerce Annual Report, 2012-2013). Apart from the leather industry, the Kolkata based Hindustan National Glass & Industries (HNG), has purchased a German company, Agenda Glass, (AG) for an unknown amount. HNG is India’s largest maker of glass, its total share in the market is about 55 percent. The new company bears a new name as HNG Global GmbH.

A contract was signed on May 11th 2011. The main centre for glass production in Germany is Saxony Anhalt, as ensured by HNG. The excellent conditions provided by the high quality raw materials would be of huge benefit for HNG (Hindustan National Glass & Industries website 2015).

One of India's major trade organizations is the CeBIT 2011, Hannover Germany, which deals with Electronics and Computer Software Export. Its Electronics and Computer Software Export *Promotion Council* (ESC) has more than 2,300 members, they took part in the grand international trade fair of the CeBIT held from March 1-5th 2011 at Hannover, Germany. This trade fair was held to showcase the technological process used across the world. The trade fair's main purpose was to help associated exporters to expand their business internationally. The main target group were users from industry, skilled trades, banks, services sector, government agencies, science and all passionate about technology. The number of Indian participants in the CeBIT under the ESC banner was roughly 20. The number of Indian participants clearly shows their interest in investing in the EU region, keeping Germany as the main target. Technologies on display at the CeBIT trade fair were business process management, business intelligence, vertical market solutions, managed services, internet solutions, web content management, ecommerce, web design and technologies and many others. A regular participant of the CeBIT for the past few years is ESC. The ESC has helped many Indian companies express their interests in setting up joint ventures to further their market association with the EU. Reports from the ESC have shown a noteworthy increase in ICT exports from India to Germany (ESC Annual Report 2011-12)

The ESC has been receiving large delegation from EU which takes active part in the INDIASOFT, a yearly IT exhibition and Conference. As per global standards INDIASOFT is one of the biggest IT networking events and in 2015 it was held in Delhi in February 12 and 13. The 2016 show will take place in Mumbai in March 10 and 11. Such collaboration would lead to further strengthening the IT relations between India and EU, Germany in particular. India is still in the process of convincing Germany to remove technology trade restrictions which would enable both countries to benefit from the high-end technology.

#### ***4.11 Indian Agro Exports to Germany:***

With Agriculture being the backbone of India, the huge export of agricultural products forms the significant part of the total export. Items that are exported to Germany are floricultural products, walnuts, dried and preserved vegetables, poultry products, processed meat, natural

honey etc. The cut flower forms the chief share of the floricultural products. The main floricultural items exported are Cut flowers, flowering and ornamental plants, bulbs, tubers, rhizomes, chicory, orchids, mosses etc are the, main. Germany consumes around 5.41 percent in the floriculture export market of India (Business Map of India 2011).

These exports to Germany would naturally improve the Indian agricultural products in the form of quality packaging and steady delivery and maintenance. Over the years with the growth of E-commerce and globalization the nature of the Indian Agro Exports to Germany has changed with regards products of agriculture, horticulture and floriculture. During the severe winter season in Europe, India plays an important role as the exporter of cut flowers for the European market.

India also exports snow peas from the farmers of Punjab and onion along with other processed food items such as Button and wild mushrooms in fresh, canned and dried to Germany. India also exports wine to Germany amounting to 1.0 billion litres per year. If the infrastructure facilities like grading, packing, processing units, net houses, insecticides; organic farming, refrigerated vans, cold storage facilities, modern storage, and pesticide residue testing laboratories are improved over the years, India would be able to improve its trade relations with Europe.

#### ***4.12 Indian investments in Germany***

Germany has become a major investor in India; likewise Indian investment has been growing in the past decade with the help of Multinational Enterprises (MNE's). Indian investments started from mid-1960. Eighty four greenfield, where a parent company starts a new venture abroad, Indian investments were examined in Germany between 2000 and 2007. During the same period, many Indian companies were involved in 55 mergers in Germany. India an emerging country is one of the largest sources of FDI projects in Germany. Indian direct investment in Germany is still comparatively at a low level to the German investment in India. It is even lower compared to Indian investment in other European countries like Britain and France. Recently, Germany is attracting a lot of Indian companies who are impressed by German top-notch modern infrastructure, its highly educated and motivated workforce and the government subsidies (Indo-German Chamber of Commerce 2015).

India firms in 2008 invested an estimated amount of \$1.8 billion from \$825 million in 2007 and \$850 million in 2006 in Germany. By August 2010, India's FDI stock in Germany reached \$4.1 billion, which seems to go beyond the German FDI stock in India. There are

about 134 Indian MNEs in Germany' (German missions in India 2011). The major areas of Indian investments are Information and Communication technology, automobile sector, Pharma and Biotech and manufacturing. Some German states which have allowed Indian investments are the state of Hesse(29 per cent) followed by North-Rhein Westphalia, Bavaria and Baden Württemberg. This shows the presence of proximity to customer, availability of skilled labour, the main reason for choosing Germany is the R&D facilities. The important regions for Indian FDI are Karnataka and Maharashtra (33 per cent each), followed by Delhi at 20 per cent and Tamil Nadu at 15 per cent.

'Overall, there is every reason to believe that Indian FDI in Germany is a win-win proposition and is set to not only continue but even gain momentum in foreseeable future due to market growth in India and strong fundamentals in Germany' (Tiwari 2012:125). He further adds that 'Indian firms continue to display a preference for acquisitions in Germany, defending India's position as "the" leading emerging market investor there'.

#### ***4.13 Indian IT Exports to Germany***

At the turn of the century after the signing of the 'Agenda for German-Indian Partnership in the 21<sup>st</sup> Century', Indian Exports to Germany in the field of Information and Technology amounted to a growth of 48% which is 235 million Euros (VDMA India Office Newsletter 2014). In the preceding year, India exported around \$160 million computer software services and network infrastructure management and IT consulting services to Germany. Germany is the third largest end destination of all Indian IT Exports. Many Indian companies are distinguished outsourcing firms that also show a huge potential in the IT export market. An Electronics and Computer Software Export Promotion Council (ESC) was formed in order to increase the scope of Indian software exports in Germany. The Council sent a delegation to the CeBIT shows annually from 2002; the world largest international computer expo held in Hanover fairground in Germany, this greatly enhanced the Indian IT Exports to Germany.

India's collaboration with Germany proves to be a great platform for displaying its huge potential in technology in the German market. As an important centre for research and development, India supplies services and software export to various foreign countries. India has also achieved importance in other dimensions such as packaged software implementation, systems integration, network infrastructure management, and IT consulting.

With the German IT services market worth at 26.5 billion Euros, the Indian software firms have started expanding their boundaries to various European countries to further growth. Germany provides India with such a great opportunity because it accounts for 2.8% of Indian software export. The Hexaware Company has been swift in grabbing this opportunity. In 2004, this company contributed 15-20% revenues from the European market. At present moment, the clients of Hexaware are Citibank, Lufthansa Systems and Deutsche Leasing in Germany (Business Map of India 2015).

There are various factors which help in the growth of Indian IT Exports to Germany. These are increased specialization, availability of low cost, highly skilled, educated and fluent English-speaking workers in India. The Indian firms continue flourish due to the increasing demand on service exports from the foreign countries looking to outsource their operations. Germany provides some profit which leads to the rise of the Indian IT Exports to Germany, they do not require the purchase of hardware or software or the prerequisite of any technology infrastructure within the country, since the onsite exports are based on links with foreign collaborators, they do not require standard marketing and financing as competition within the open market would. Indian merchandise exports to Germany forms an integral part of the bilateral trade between Germany and India.

#### ***4.14 Center regulating the German Exports to India***

The body controlling Indo-German trade relations is the **Indo- German Chamber of Commerce** and Industry. Contacts between the two countries regarding trade have to be made through this body. The Indo- German Chamber of Commerce (IGCC) has gradually expanded to become the largest foreign chamber of commerce and trade in India. It has also become the largest German bi-national Chamber globally. The IGCC in 2006 celebrated its 50th year of trade and commerce relations. India joined hands with the Germans in the 2006 Hannover Fair, which is a well known largest technology fair. The goal set by the IGCC is to attain 20 billion EUR by 2012 (Elgato 2013).

The Indo German Chamber of Commerce and Industry is responsible for the promotion of Indo-German trade relations. The German Office for Foreign Trade is also another instrument for studying market regulations and other economic developments in India. Another task it performs is, it provides German investors with opportunities for investment in India.

The functions of the Indo- German Chamber of Commerce and Industry are divided into two broad divisions' standard services and specialized services. There are other notable services offered by the Chamber these are related to Legal Information, Debt Collection, Investment Opportunities, HR Recruitment Services, Market Intelligence Services, Event Management and Credit Rating. A new service is provided by the Indo- German Chamber of Commerce and Industry which is De-international which is flexible to suit the needs of different countries.

#### ***4.15 Institutional Linkages***

The **Joint Commission on Industrial and Economic Cooperation** led by the Indian Finance Minister on the one hand and the German Economics Minister on the other meets regularly. In 2010 September, it had its 17 meeting which was held in New Delhi. Discussions focused on trade, investment, technological collaboration. For better efficiency, Eight Joint Working Groups (JWG) has been set up to look after Agriculture, Automotive, Infrastructure, Energy, Coal, Tourism, Vocational Education and Standardisation/Product Safety. Two other new JWG have been formed on Water Management and Waste Management. The JWG on Agriculture recently met in New Delhi on February 12 2015. The Indo-German Environment Forum has been focusing on issues related to climate, energy, water and waste policies. It met recently in New Delhi from 28 -29 January 2015 (Ministry of External Affairs website 2014).

The **Indo-German Energy Forum** formed in 2006 mainly helps in strengthening bilateral cooperation in the energy Sector. 'Germany is India's largest energy partner in Europe and therefore there is need for sustained cooperation' (Sinha 2015). 'The latest figures of financial cooperation between the two countries give impressive evidence of Sinha's statement. In 2014, KfW, the German Development Bank signed promotional loans of 675 Million Euro to finance energy projects in India. With this financial commitment Germany became the largest donor for energy in India' (Indo-German Energy Forum Report, 2015). The main objective of the Forum is to promote cooperation in energy security, energy efficiency, and renewable energy, investment in energy projects and collaborations in R & D, which also means taking into account environmental challenges towards bringing about a sustainable development. This Forum also deals with Clean Development Mechanisms. It is assisted by four Working Groups viz: Energy Enhancement in Fossil Fuel Based Power Plants; Decentralized Distributed Generation Based on Biomass & Other Renewables and;



Energy Efficiency including Clean Development Mechanism. A new Sub Group "Green Energy Corridors" has been constituted. The Forum has its Permanent Office in New Delhi which has begun its operation since March 2010. The Indo-German Energy Forum held its sixth meeting 'RE-Invest in New Delhi from 11 to 13 February (Indo-German Energy Forum Statement 2015).

As mentioned earlier the Electronics and Computer Software Export Promotion Council (ESC) was created to form a colder link between India and Germany in the field of software export. The ESC sends a delegation from India every year to the CeBIT, Hannover fair. India has contributed to Germany's international trade by regularly participating in it. Germany, at present, stands as the world's leader in international trade fairs. Numerous Indian Companies have participated in major trade fairs held in Germany. India has participated as a Partner country in major trade fairs such as the Hannover Industrial Trade Fair held in April 2006, Frankfurt Book Fair held in October 2006, International Tourism Bourse in Berlin (ITB) in March 2007, Berlin Air Show in May 2008, Bauma Trade Fair in 2010 and lastly Munich fair in April 2010 (India at Hannover 2015).

The formation of the **Federation of Indian Chambers of Commerce and Industry (FICCI)** dates back to 1927; it is one of the oldest and largest organizations in India. It is a non-profit which draws its membership from the corporate sector, both private and public, including Small and Medium Enterprises (SME's) and Multinational Corporation (MNC's).

By opening a Europe Division in India the FICCI has tried invigorate Indo-EU bilateral relations it is platform for conducting business and to explore opportunities. The Government of Indian ministries, Economic and Trade Missions and embassies in New Delhi conduct the agenda of the FICCI it also works in collaboration with the European Commission to outline the agenda business investments and issues related to environment and climate change.

**The Joint Commission on Industrial and Economic Cooperation** led by the Finance Minister from India and the German Economics Minister, serves as a regular meeting ground for Indo-German discussions on trade, investment, technological collaboration. The Joint Working Groups (JWG) consists of eight functioning semi groups, these groups look after Agriculture, Automotive, Infrastructure, Energy, Coal, Tourism, Vocational Education and Standardization for safe product use. Two new groups on Water Management and Waste Management have been recently set up.

Federal Chancellor Angela Merkel and Indian Prime Minister Manmohan Singh during the Second Indo-German governmental consultations created the **High Technology Partnership Group (HTPG)** in April 2013 in Berlin; this group caters to the growing expansion of trade and cooperation of high technology.

India-Germany High Technology Partnership Group had its first meeting in Berlin on 9 Sep 2013. The purpose of this group is to conduct meetings on the use of high technology. Discussions also took place on issues related to export control. Preparations were also made for the second round, which would include ministries and a high level business segment.

#### ***4.16 Conclusion:***

It is clear therefore, that the trade and economic relation between India and its biggest partner in Europe- Germany has been growing and deepening throughout the years since the economic liberalization of India in 1991. However it is also true, as seen in this chapter that Germany was quiet slow to join the Indian wagon and to see India as a important trading partner till the turn of the century with the signing of the 'Agenda for German-Indian Partnership in the 21st Century' which provided for the foundation of the formal framework of this relation. German and Indian trade is continually growing though there is an asymmetrical trade where Germany is in a much more favorable position than India who also have trade deficit. Even so this is the best trade that India experiences with any other country in Europe. It is also important to remember that Germany is also a member of the European Union. So any rules laid down by this supranational power on its members will also apply to Germany. Many of the issues that India faces, in this bilateral trade, originate from the European Union norms. For instance, The EU anti-dumping policy and other punitive actions, refutation of market access, problems regarding visa and work permits, barriers caused by labour laws and taxation regulations problems have caused a major setback and hindrance on the flow of Indian exports to Germany. Visa related problems can be the inflexibility and the rigidity of a five day travel visa of giving the exact amount of days for travel which is difficult in the IT sector. The European Union does not allow bringing in data inside India BPO's because of the question of Data security (Confederation of Indian Industry 2010). The member states of the European Union have monopolies and prevent other service

providers from breaking into these countries. Indian investment in Germany is very low as compared to other European cities which provide better opportunities.

The Governments of Germany and India, however, are doing their best to overcome these challenges and work towards building a deeper economic and political integration. This is evident from all the high level visitations from both sides and even the creation of an Intergovernmental consultation. In the economic sphere development is encouraging and cooperation has extended to many other spheres. It all started with economic relations and was built on economic necessity and witnessed a positive progress that there was spillover to the other political, defence and security sector. Each of these trading partners are economic giants in their own regions, both have common values of democracy and rule of law. They complement each other and this helps further their relation. Germany has always been a strong supporter of Indian development and even assisted in its growth in energy or textiles, etc and India offers a big market that is growing leaps and bound. In such an optimistic situation forging a closer bond between the two great nations can only benefit them both.



## CHAPTER 5

### CONCLUSION

For a long time the international order accepted the bilateral structure of the Cold War period, but ever since the collapse of the Soviet Union and Communism there has been a restructuring of the international system. States notice the international order was like a piece of fabric with a beautiful front to camouflage the interwoven and inter connected dynamics that make it impossible for a nation to function in isolation. In a changing geopolitical context of the post-Cold War began the search for new relationship and partnership that will serve to benefit the interest of the concerned states.

This research has shown that after 1990, the world was even more intensely interlinked and interconnected by trade, travel, politics, communications, economic prosperity, human rights etc. There was a shift to a new world order in the post Cold War period that pushed countries in a race to enhance bilateral relations with the main aim of benefiting from this relation. At the turn of this century the world witnessed rapid globalization. Globalization meant the easy flow of capital, goods, technology across frontiers at a very fast speed. Today almost two trillion dollars flow throughout the world because of globalization. Development in one country immediately impacts the rest of the world in one form or another and this interconnectedness of the world has led to interdependence. Countries now seek to cooperate and connect with another country through many trajectories like for example India continues to do politics through not only north-south divide but also South- South Cooperation, North-South cooperation and even East-West Cooperation.

The structure of international politics has become more globalized and this in turn created the need to change the foreign policy of a country to meet this new structure. The migration from Cold War to Post Cold War era made it necessary to adjust its foreign policy in the international system. The Non-Alignment policy which India was following during the Cold War needed to evolve to meet the changes of the day, as it has lost its relevance. The military alliances that Germany was involved in during the Cold War like the North Atlantic Treaty Organization (NATO) lost its significance and had to adopt new roles. New roles meant making changes whether internal, like change in its economy or external like, its foreign policy relations. India and Germany needed a new foreign policy with a maximum benefit to its national interest.

Another change that is seen in this research is the rising popularity of Asia particularly China and India in the last two decades. The world witnessed a global shift of focus from the western world to the China and India. According to the National Intelligence Council of the United States by 2030, China's share in the global power will be equal to that of the US and India's share in the Global power will be equal to that of the European Commission. This power shift explains why countries find it beneficial to have a partnership with India cutting across geopolitical boundaries, geographical boundaries and boundaries of the Cold War.

The transition period from the Cold War to the Post-Cold War era saw the gradual reduced role and importance of the Non-Alignment Movement; globalization of politics which individually affects the foreign policy of a country and; the shifting power balance from the West to the East. The geopolitical reality and developments at the end of the Cold War created a space for re-engagement between India, who recently got liberalized and Germany who escaped the clutches of bloc politics which determined its foreign policy for almost a half century. This research has dealt with India's economic situation after the Cold War which showed that it was at a delicate stage. It was weakened and at the verge of bankruptcy India needed to restructure its economy especially after witnessing the fall of Communism, a system they have been closely following. The answer came in the form of liberalization in 1991 in which India opened its once closed economy to the world. India lost its largest trading partner when the Soviet Union fell. It was in India's interest to forge new ties, strengthen the existing ones, and exploit some of the old historical cultural links with East Asia and to restructure of India's bilateral ties. India's correspondingly adjusted policies and began looking for opportunities for cooperation that will be beneficial to its national interest.

Germany got unified on 9 November 1989 when the Berlin wall came down. Germany was deeply invested in the Cold War bloc politics which had divided the nation into the German Democratic Republic controlled by the Soviet Union and the Federal Republic of Germany controlled by the Western Allies. Germany was not bound by this alliance any longer and was free to form its own bilateral and trade relations. This geopolitics in the 1990's created a favorable environment for enhancing the relation between India and Germany. India and Germany had had relations from the end of the Second World War when India was the first country to recognize the Federal Republic of Germany in 1951 and establish official relations with it. However, due to the Cold War politics this relation was neglected and ignored for almost four decades. Though relations were maintained in some areas like trade, science and technology, its full potential was not realized. India and Germany has no historical and

colonial baggage's that can weigh down on this relation and could have been further developed if Germany had not been so deeply embedded in the Cold War and India in its Non Alignment policy.

Since liberalization, India experienced a very high rate of growth of 9.5 percent. Furthermore, India also witnessed an increase in Foreign Direct Investment FDI inflow. This economic growth was a game changer for India as other major powers began to see its potential and respected its economic worth. Backed by its economic power, India became a determined country for a wider visibility in the international power structure. India went ahead with its nuclear test in 1998 despite the United States effort in trying to get India to roll back its nuclear test. In 2001 the US reviewed its attitude towards India after realizing that India is a slowly rising power and a strong India can counter the rise of China in Asia. Many other countries followed suit by realizing India's potential. As seen in this research Germany began to work on developing a favorable relation with India. This effort ultimately resulted in the signing of the 'Agenda for German-Indian Partnership in the 21<sup>st</sup> century', which created a formal framework to this relation.

The interconnectedness and interdependence of nations seen in the post Cold War period led to globalization of foreign policy. Alliances and military collaboration lost its significance. A new framework of foreign policy came in the form of Strategic Partnership. This research went into an in-depth study of Strategic Partnership as a reliable political tool that is acceptable to all. A Strategic partnership is a performative instrument that brings actions. It existed during the Cold War but it was never articulated this way. A strategy is a plan of action which is intentionally designed to achieve a long term aim. In a partnership the partners involve are looking for a beneficial engagement base on complementarity and commonality of interest. It is a win-win situation for both the partners. Both Germany and India are using Strategic Partnership as a signalling device to show their willingness to enhance their level of cooperation and engagement. In this case the relation is already in existence and the aim of this partnership was to enhance the already existing relation. Strategic Partnership is advantageous because partners engage only in specific areas that can bring maximum benefit to their country which is unlike an alliance which is binding on its members to support each other in all strategic issues and in all situations. Strategic Partnership does not have a stigma of bloc alliances which India clearly opposes.

Each partnership is unique and different and it is not possible to compare one Strategic Partnership to the other. In some partnerships the main component is economic or political while as in other its defence or science and technology etc. For example India benefits from its Strategic Partnership with France for its defence, with Russia for its energy security and with Germany for its trade and economic corporation, as Germany is India's largest trading partner in Europe.

This research has adopted a realist aspect to show how states are driven by national interests to form bilateral relations. India and Germany has many agreements and initiatives to expand in the field of security, science and technology, democracy, energy, environment and trade. It was national interests that pushed India and Germany though geographically situated in different continents to build a relation in the Cold War even when it was at its weakest stage. Every nation is in a race for finding a partner to safeguard its interest. Foreign policy is a plan of action adopted by a country that consists of self interest strategies to secure its goals in international relations agenda. Though countries involve themselves in the new emerging trend of forming regional and intra-regional groups (like the European Union, SAARC, ASEAN) to deal with the new issues yet they continued to attach the same importance to the bilateral route in promoting relations in its periphery and beyond.

This research answers the questions that has been posed in the Introduction: what has been the nature of the political and economic relations between India and Germany until the year 1990; how has the shift in geopolitics after the Cold War transformed the bilateral relation between India and Germany; what has been the nature of the economic relations considering three important factors; trade, aid and investments during the post-Cold War period; how has the shift in perception on both the German and Indian side lead to a Strategic Partnership between the two countries; what do India and Germany, respectively, expect from a strategic relationship and what can be done to fulfill these expectations; what are the challenges and prospects of Indo-German relation. The answers flow in a systematic way in the chapters going from the historical relation to the political relations and economic relations between India and Germany.

The first chapter traced the Indo-German relations in the Cold War and how it was affected by the geopolitical structures of the world during the Cold War. However the ingredients for this bilateral relation during the Cold War were restricted only in spheres of economic corporation, science and technological exchanges. Pandit Jawaharlal Nehru visited Germany twice in 1956 and 1960 this resulted in German assistance in establishing the Indian Institute



of Technology in Madras. Yet there was no high profile official visit from the German side to India. This research showed that it was only in the post Cold War period that the relationship grew. The second and third chapter dealt with the political and economic relation between India and Germany post 1990 till date. It is seen that the migration from the Cold War to the Post-Cold War created a space for enhanced reengagement. 'Post-Cold War geopolitics has offered new opportunities and avenues for cooperation thereby transforming the Indo-German bilateral relations to a Strategic Partnership' is the hypothesis of this research and it is proven and justified to be true.

Chapter two of this research demonstrated that Indo-German relations grew in the post Cold War era from just political to include defense, security, cultural and economic exchanges. This relationship based its foundation on mutual respect support and understanding. The year 2000 marked a milestone in this political relation when the officials signed the 'Agenda for German-Indian Partnership in the 21<sup>st</sup> century'. In 2006 and 2007, there were intergovernmental consultations and Joint Declarations and high level state visitations. In 2011 Chancellor Angela Merkl came to India to receive the esteemed Jawaharlal Nehru Award for International Understanding to honour her efforts and dedication to bring about sustainable and equitable development. In 2013, she received the prestigious Indira Gandhi Prize for Peace, Disarmament and Development. 2011-2012 was celebrated as a year of Germany in India to celebrate 60 years of successful diplomatic relationship. This festival was carried out in major cities like Mumbai, Delhi, Pune, Bangalore and Chennai. There are many institutionalized arrangements and corporations to discuss bilateral and global issues like Strategic Dialogue, Foreign Office Consultations, Joint Commission on Industrial and Economic Cooperation, Defence Committee Dialogue and Joint Working Group on Counter-Terrorism, etc. It is these complementarities that allows for a successful partnership between the two. Germany and India are working towards reforming of the United Nations Security Council. They are demanding the expansion of the UNSC as both are seeking permanent seat here. In response to this they created the G4 with Brazil and Japan to support each other's claim for a permanent seat in the UNSC. In 2014, the new government of Prime Minister Narendra Modi put foreign policy in a priority. Other than improving relations with its neighbor and engaging with the extended neighbors in South East Asia Modi's foreign policy is also focused on improving relations with Global power. In April 2015 the Prime Minister visited Germany with the aim of enhancing the partnership with Germany at a global front. Later in the year, October 2015, Chancellor Angela Merkl will come to India for the inter-

governmental consultations to deepen the relations and to enhance the already prevailing Strategic Partnership.

Economic linkages are the main basis for the success of this relation. In the third chapter, the spill-over effect of a successful economic relation is seen to have flowed to other areas like defence and technological exchanges and know how, and even cultural exchanges. This chapter has traced the economic progress between India and Germany right from the end of the Cold War. A newly unified Germany did not immediately see India as a potential trading partner until the turn of the century.

This trade relation has seen its ups and downs and limitations, it is an asymmetrical trade relation where India experiences trade deficit. Many of the challenges to this relation is posed by the norms of European Union of which Germany is a member. Because Germany has to follow the rules of the EU like its Anti-Dumping policy etc, India faces hindrances to its trade flow. The EU rule also does not allow any data to be transferred to the Indian Business Process Outsourcing (BPO) because of data security. Data Outsourcing is where India has an upper hand and can add to the relationship yet it is the other members of the EU that gets first preference and monopoly making it very hard for India to break into these European countries. In comparison to the German investment in India, the Indian investment in Germany is very low although it is growing by the years. Germany has supported development and growth in India and assisted in energy and textile, science and technological sectors. India too is slowly gaining grounds in research and technological discoveries and they could meet as equal partners in information technology exchanges.

After looking at the Indo-German bilateral relation in such detail, this research could be used to evaluate India's foreign policy with other powers in the world it can learn from this relation on what makes a partnership successful and apply it to other partnerships. This research opens up the scope for further studies of looking at Strategic Partnership as a foreign policy tool.

It is seen from this research that a country cannot escape from the geopolitics of the world especially in this globalised era where there is so much interconnection and interdependence between nations. A country has to quickly adapt itself to the changes of the global structure just as India and Germany did at the end of the Cold War. Studies need to be done on how a country adapt its foreign policy to the changes so that it is not left behind like for example, Germany did not immediately see India's potential in the 1990's and lost out from benefitting as it was slow to join the Indian bandwagon. Whenever there is change in the international

structure there is a void created as a result of it. Countries need to acclimatize themselves to these changes. It is better to engage to this new arrangement than to ignore it since no country can escape the reality of the changing equations of global power. This research has fulfilled its purpose of investigating the geopolitical and geo-economical reality of the Post-Cold War era which was the main determinant of foreign policies of countries to strengthen their political and economic relations.

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## Annexure-II

Jawaharlal Nehru University  
Thesis/Dissertation Metadata Form

4

1.	Title	INDO-GERMAN BILATERAL RELATIONS IN THE POST COLD WAR PERIOD, 1991-2013
2.	Alternative Title, if any	
3.	Name of Research Scholar	EMDORINI THANGKHIEW
4.	Name of Guide/Supervisor(s)	1. PROF. UMMU SALMA BANA 2. 3.
5.	Name of Degree	MASTER OF PHILOSOPHY
6.	Level of Degree	
7.	Department/Centre	CENTRE FOR EUROPEAN STUDIES
8.	School	SCHOOL OF INTL. STUDIES
9.	Name of affiliated Institution for which JNU is granting the degree	
10.	Date of Submission	24. JULY 2015
11.	Subject Keywords	1. INDIA 2. GERMANY 3. BILATERAL RELATIONS 4. POST COLD WAR 5. STRATEGIC PARTNERSHIP
12.	Coverage (for time periods or spatial regions only)	
13.	Language of the thesis	ENGLISH
14.	File Format of thesis and accompanying material, if any (PDF, MPEG, etc.)	PDF, WORD



## Annexure-III

Jawaharlal Nehru University  
Consent Form for Digital Archiving

5

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Name of affiliated Institution for which JNU is granting the degree	"
Guide/Supervisor(s)	PROF. UMMU SALMA BAVA
Thesis/Dissertation Title	INDO-GERMAN BILATERAL RELATIONS (1991-2013)
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## Annexure-I

Jawaharlal Nehru University

## Thesis/Dissertation Authentication Certificate

Name of the Author (Research Scholar)	EMDORINI THANGKHIEW
Degree	MASTER OF PHILOSOPHY
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School	SCHOOL OF INTERNATIONAL STUDIES
Name of affiliated Institution for which JNU is granting the degree	
Guide/Supervisor	Prof. UMMA SALMA BAVA
Thesis/Dissertation Title	INDO-GERMAN BILATERAL RELATIONS IN THE POST COLD WAR ERA (1990-2013)
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