

## **International Relation between Germany and India**

Mr. Felix Ruben H. Rau

Berlin School of Economics and Law, Germany

### **Abstract**

Germany and India have a long standing good political and cultural relations. the international relationship between Germany and India is based on shared economic, cultural and strategic interest., India was the first country after World War II to end state of war with Germany and recognized the new Republic. The bilateral relations find expression in the number of Indian students enrolled in German universities which stands at 13,537 students in 2016 and Germany helped in the establishment of the Indian Institute of Technology in Chennai, Indo-German Science and Technology Centre in Gurgaon, and many other institutions and industries. This paper looks into few areas of cooperation between the two countries and the way forward for the future.

**Keywords:** International relations, Indo-German relations

## Introduction

### Origin and Nature

Germany and India can look back of a long period of international relationship. Since 17<sup>th</sup> century German Indologist have done research of the Indian culture. One of the most famous was Max Müller (1823 – 1900) who help implementing the *Goethe Institute Max Mueller Bhavan*. Currently six centres located in Bangalore, Chennai, Kolkata, Mumbai, New Delhi and Pune are offering German language courses and a chance for intercultural learning (goethe.de, 2018).

In 1939 Mahatma Ghani wrote a letter of freedom to Adolf Hitler (welt.de, 2015) to refrain from starting the second World War, a second letter was not even delivered by the British. In 1944 Indian prisoners of war, who fought for the British Empire were forming the “*Azad Hind*” *Legion Free India* under guidance of the, in 1941 towards Berlin escaped, nationalist Subhash Chandra Bose and the Nazi Regime (Hartog, 2001). Their goal was to end the colonial rule in India to weaken the British, which was not accomplished. However, India was the first country after World War II to end state of war with Germany and recognized the new Republic (Sharma, 2007). Due to the segregation of East- and West-Germany India kept its relationship with both sides and supported the German reunification in 1990. Since 1950s especially West Germany helped India with the foundation of the *Indian Institute of Technology Madras* in 1959 (iitm.ac.in, 2018). From then onwards the international relationship between Germany and India was based on shared economic, cultural and strategic interest and till date is due to tradition strong and friendly.

### Existing scholarly work

To understand the relationship between India and Germany it is essential to have a closer look at the economic history of both countries and mainly India, however readers might notice that a detailed summary of all historical events is not possible and it is beyond the framework of this paper, due to the complexity and huge time period that actually must be covered. Therefore, the authors have mentioned only the main events in that history:

India gained independence on August 15<sup>th</sup>, 1947 from the British Empire and became a democratic republic on November 26<sup>th</sup>, 1949 and is so till date. As per India’s colonial heritage the economic structure was mainly dominated by the *East India Company* in the 18<sup>th</sup> century regarding the textile industry and further was coined by the British Crown in the 19<sup>th</sup> century,

after the insolvency of the *Company*. The British Empire controlled mainly the tax system regarding the trade of manufactory goods, mining, railway and plantation (indigo, coffee, tea) and imposed a more bureaucratic way of ruling which the *Company* did before. Slowly but continuously British and Indian merchants started to develop Indians industry, what especially regarding military support in first and second World War, was beneficial for them (Zingel, 2014).

As mentioned above, the 1950s were embossed by first attempts of post-war relationship between India and Germany. The government under lead of Chancellor Konrad Adenauer understood the essence of rebuilding a friendly, world-opened and successful Germany. They helped the Indians with their know-how in industry and supported the set-up of the first steel plant in Rourkela (sail.co.in, 2018). Due to inner-political conflicts of India, the war with Pakistan (1965) and China (1962) and further the nationalization process under Indira Gandhi – second female Prime Minister world wide – (1966 – 1984), which resulted in a protectionist disengagement from global trade, also limited the relations with Germany for that period (hgd.de, 2018).

After the assassination of the Prime Minister Rajiv Gandhi in 1991 the new Prime Minister Manmohan Singh re-opened the country towards global trade, as India had to face huge recession and high debts from the years before. The reforms addressed the labour market and empower local industry (Dr. Neff, 2012).

Due to the autonomy approach of India, Germany hardly criticized their nuclear tests in 1990s, as Germans were exposed to the Cold-War threats of a nuclear strike, for more than 44 years. Nevertheless, the international relations got strengthend in a strategic partnership, as India helped to launch German satellites (seven since 1999) and by engaging into their first naval military practices in 2008 based on contracts from 2006. The former German Chancellor Gerhard Schröder already in the year 2000 mentioned the importance of the IT expertise growing in India and surprised global economic representatives with that recognition (Zingel, 2014). That was a result of the so-called “*Agenda für die deutsch-indische Partnerschaft im 21. Jahrhundert*” – Agenda for the Indo-German partnership in the 21<sup>st</sup> century – from May 2000 which enhanced the continuous meeting of both governments and also yearly meetings of the Foreign Secretaries ( india.diplo.de, 2018).

**Current situation**

Since 2005 Germany is governed by Chancellor Angela Merkel. As per a base of democratic and historical values she visited India in 2006 and ensured Prime Minister Manmohan Sing to help India. The dynamic development of trade between both countries should be enhanced, as Germany wants to use the significant potential of the Indian market – in 2006 the trade volume laid above 10 billion Euros and became doubled in 2011. India welcomes German direct investments and expertise to help against the poverty as in 2007 as around 800 million of the 1,1 billion citizens were recognized as poor. As per the poor environmental risk management systems and pollution of the environment, Merkel offered a fair credit of 150 million Euros for climate- protection projects and technology. Also, the “Science Express” a train to motivate youth to approach into research and studies in Germany was started and should reached 56 Indian cities till 2008 (bpb.de, 2007).

On European level, India and Europe were developing a free trade agreement to lower taxes and bureaucracy and enhance the trade, however the elections in 2014 and a shift in government impeded the agreement till date, as some of Indian’s economic sectors have retentions against it. Yet, the benefits for both sides in absolute numbers would be intensive: Calculated on the 2015 GDP of India a free trade agreement could increase the GDP yearly by 1.3 percent. That would result into an increase of 25.6 billion Euros. Europe would have huge benefits from the former neglected Asian market, as Germany could increase its profits in automobile and mechanical engineering industry towards 1.4 billion euros but would lose in its textile industry. For India the effects would be vice versa (Dr. Junglbuth, 2017). As the relationship and so also the trade between India and the USA is more distinct than the relationship between India and EU, the Union tries to intensify that relationship but has to face suspicion in whole South-Asia due to a consistent development support policy. Nevertheless, a change from the main attention on the international relations between EU and China towards EU and India can be observed and might bring economic prosperity especially for India and Germany as explained above (Dr. Betz, Wülbers, 2014).

However, the new Prime Minister Shri Narendra Modi, who was elected in 2014 has great ambitions in reforming and changing world’s second largest national economy with a population of more than 1,339,180.127 people measured in 2017 (c.f. esa.un.org, 2018). His campaign slogan “Make in India” already gave an idea of the change that he is working on. Modi stands for a revitalization of India’s economy and a reduction of the regulative and

bureaucratic social policy of the former legislations. Yet, a drastic change is not expected as he must convince and satisfy the traditional wing also, but his ambitions are already echoed positively by the merchants who invested due to their future optimism. The social policy is a dilemma for his legislation: on the one side he must satisfy the majority of poor people, on the other side he has to give incentives for the middle and upper class of society. In reality he pushes on economy and labour market but less in the fight against direct poverty. Still the low public budget, the bureaucratic system, bad infrastructure and political veto players make Modi's vision of a new and strong India more difficult. The integrational process within the SAARC organization suffers from India's situation with Pakistan and the claim to leadership is challenged by the Chinese (c.f. Betz, Neff, Plagemann, 2015).

Apart from all those difficulties his government is especially supported by Germany's respective education and research. German universities are more and more internationalized and offer their programs also in English. Still the awareness level of Indian students is not as high, as they prefer to do their degrees in the ancestral countries like USA, UK or Australia. Yet, Germany offers many advantages as the educational quality is high, tuition fees are relatively low (around 300 Euros per Semester in 2018), the chance to work in part-time while studying and the perspective of an 18-month working visa after graduating, in the European labour market as per the Schengen Agreement. Most Indian students in Germany are enrolled in Engineering and IT programs.

However cost advantage be must to attract more Indian students to German universities and getting qualified personnel in Germans labour market, the communication channels between the Universities and potential students still have potential of improvement (c.f. Dr. Jayadeva, 2016).

### **Lessons learned**

As per the last governmental consultation of Prime Minister Modi and Chancellor Merkel in May 2017, both countries are still in a process of learning from each other. Obviously, the history of the international relations of Germany and India reaches back centuries and due to historical phases had highs and downs as explained above. However, the recognition of India as a potential and rising global player is still young. So also, the intensified relation between both countries are not old. Yet, the historical and traditional support in education and research was reason for Modi and Merkel to strengthen the support and development in that segment as

it is one of the major keys to activate the potential of India's labour market, and with the right values and policies might help against mass-poverty.

The bilateral relations find expression in the number of Indian students enrolled in German universities (13,537 students in 2016) and so also for example in the implementation of the "Indo-German Science and Technology Centre" (IGSTC) in Gurgaon in 2010, as an institute for research including SMEs (Small and Medium Enterprises) from both countries to enable innovation or the already mentioned Indian Institute of Technology Madras in Chennai, which hosts the "Indo-German Centre for Sustainability" (IGCS) (c.f. bmbf.de, 2017).

However, many other topics dealing with the strategic partnership of India and Germany had been part of the consultations as well. For example, the support in climatic policy as Germany has expertise in environmental risk management and especially, with the situation of the Rhine river in 1970s, Modi hopes for support in his "National Mission for Clean Ganga" (NMCG) (c.f. nmcg.nic.in, 2018). But also, an ally regarding arms industry and Germans know-how is in interest of the Indian government. Concluding it can be found that the relations are on a good track and many improvements are planned to facilitate direct investments, innovation and development (c.f. bundesregierung.de, 2018).

### **Recommendations for Future**

India is on the rise to become a global recognized player. To enhance its position and strengthen its domestic market the reforms under Prime Minister Modi seem indispensable. Also, the Trump legislation in the USA, which is characterized by protectionism, leads to a gap in global trade affecting India but also affecting the EU and Germany (c.f. spiegel.de, 2017). This can be used as a chance for these players to restructure global trade towards a European – Asian force to face the economy and influence of USA and China. What could also be supportive towards a chair in a reformed *United Nations Security Council* claimed by India and Germany (c.f. bundesregierung.de, 2018).

The benefits of this partnership and international relations are tangible. The cooperation and fusion of Germans expertise in research and development, especially in sewage water systems, renewable energy, machinery engineering, river purification and environmental risk management are highly valuable for India. The tremendous labour market and the chance for Indian students to work in Germany helps the European skill shortage and in areas like cyber

security. Global trade and the opening of both markets must be seen critically as this opening will be beneficial for some industries but might ruin others as explained above.

However, the potential of this relationship is by far not utilized and is worth to keep on progressing. As it is happening, as Germany agreed on a developing budget for India consistent over 1 billion Euros per year in 2017 to educate around 800 million young people. Economists prognoses that India will become third biggest national economy by mid of this century and Germany does good by investing in that partnership (c.f. zeit.de, 2017).

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