

Indo-German relationship: Expanding India's Influence at the Global Stage

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Abstract

India and Germany are two economic powerhouses in their own respective regions. Whereby, India is a strong economy of South Asia, Germany remains a dominant country of continental Europe. Both countries are also characterised by their shared values of being a pluralist society, respect for human rights and their shared commitment towards sustainable development. Germany's economic recovery was extraordinary after the second world war, whereas, the Indian economy stagnated for more than four decades after independence. The second major milestone in the history of both countries was the fall of the Berlin wall followed by the consequent unification of Germany and the liberalisation reforms of 1991 in India. Both these developments changed the contours of the Indo-German relationship to transform their relationship into a strategic partnership. In the recent years, COVID-19 and Russia-Ukraine war have had their own impact on this relationship. The foreign policy of India and Germany has largely hinged on all these factors. The economic and the geo-political consequences of this relationship can weigh heavily in the new global order. This paper looks at the dynamics of Indo-German relationship and its potential gains for both the countries as well as India's ambitions of being a world leader.

Keywords: India, Germany, Indo-German Relations, Perceptions, Global Player, Russia-Ukraine War, Covid, China

Introduction

India and Germany are two economic powerhouses in their respective regions. The Indian dominance in South Asia is fairly similar to the German presence in Europe. Both India and Germany are parliamentary democracies and federal republics. They believe in pluralist and open societies and are known to safeguard human rights. Their cultural ties have historical roots marked with friendship and cooperation. German scholar Max Mueller (1823-1900) was known for his admiration for India and studied Sanskrit in order to understand the deep-rooted knowledge of the ancient Indian literature. The German interest in India and Indology can also be witnessed in the Indology courses offered by some Universities even today. Well-known German figures like Goethe and Beethoven have also been known to have a fascination with India. Therefore, with a history of shared interests, it would be natural for the two countries to have a strong relationship with each other. However, the political, social and economic trajectories of the two nations have not resulted in deepening of relations between the two of them.

India is known as a vast and dominant country of South Asia with a population of 1.39 billion¹ people having diverse cultures. India attained independence from Great Britain in 1947. Flanked with smaller nations on its east and west, countries that were carved out of the Union of India by the British, none of the neighbours have been a match to the overpowering geographical presence of India.

Germany which was founded in 1949, shares the same beliefs with India. Germany is also a dominant country of Europe with an estimated population of 83 million² people sharing a border with nine other countries. No other European country shares its borders with so many other countries than Germany. Hence, its geographical location, at the heart of Europe, offers it many strategic advantages.

India and Germany are known to have trade links and cooperation on economic issues since the 16th century, when Jakob Fugger, a merchant and banker from Augsburg, financed a shipping voyage to Goa, thus opening the trade opportunities between the two countries. In the next two centuries, various German companies established trading links with India in search of opportunities with India and other east Asian countries. Siemens, a German conglomerate, is credited with building the first telegraph line between Kolkata and London via Berlin in the 19th century³.

On the economic front, India has been traditionally an agricultural economy, producing rice, wheat, cotton, sugarcane coconut, spices, jute, tobacco, tea, coffee and rubber, which have been the main agricultural products of India. Though, India did formulate its Industrial Policy in 1956, it did not bring in any significant gains to the Indian economy, which remained weak until 1991.

In recent years, India has exported predominantly pearls, precious and semi-precious stones and jewellery; mineral fuels, oils and waxes and bituminous substances; vehicles, parts and accessories; nuclear reactors, boilers, machinery and mechanical appliances; pharmaceutical products; and organic chemicals. India's main export partners are the United States, United Arab Emirates and Hong Kong (United Nations, 2021 International Trade Statistics Yearbook, Vol I).

India was Germany's 24th largest trading partner in 2010 (Shaner, J, 2013). India and Germany continued to grow their trading relationship since 2000. However, they still have potential to grow their economic relationship. This is based on the simple premise that some of the smaller countries like Poland rank better as Germany's trading partners (Tiwari, R, 2012). Therefore, the potential to increase economic relations and improve on the current trade remains high as both Germany and India are yet to reach the peak of their potential.

Germany is the third largest exporter in the world, with exports accounting for almost half of its economic output. In 2021, main exports of Germany included motor vehicles, trailers and semi-trailers; machinery and equipment; chemicals and chemical products; computer, electronic and optical products; basic pharmaceutical products and pharmaceutical preparations; electrical equipment. Top three export partners of Germany in 2021 have been the US, China, France and the Netherlands (both occupying third position with 7% of total exports of Germany) (United Nations, 2021 International Trade Statistics Yearbook, Vol I).

¹ Total Population figures for 2021; source: data.worldbank.org

² Total Population figures for 2021; source: data.worldbank.org

³ <https://india.diplo.de/in-en/themen/wirtschaft>

India was the first country to end the state of war with Germany (after the second world war) and it established diplomatic relations with Germany as early as 1951. The first Prime Minister of India, Jawaharlal Nehru, who was in office from 1947-1964, inherited a young nation which had to be re-built after the departure of the British, who ruled India for almost two centuries. This was a gigantic task before Nehru, who had to steer India out of its mess both domestically and internationally. On the domestic front, Nehru had to ensure that the right policy framework would lead to economic growth to lift millions out of poverty. Internationally, the bitter experience of second world war was still fresh in the minds of the people. The cold war conditions were weighing heavily on the countries and the challenge before India was to navigate the two power centers, the United States and the Soviet Union.

Konrad Adenauer, the first Chancellor of Germany from 1949-1963 inherited a devastated country after World War II. Moreover, the harsh reality of Germany being the cause of the war came with challenges of its own. Germany was demilitarized so as not to venture into any expansionist ambitions in the near future. Germany was divided into four units – each under the control of one ally. The four allies namely the United States, the United Kingdom, France and Russia further divided Berlin, the capital until 1945, into four units – each ally controlling its respective territory. It was when the Soviets started to build the Berlin wall that west Berlin became an island surrounded by the eastern bloc. It was then that the true and deep divisions of capitalism and communism became visible. Through West Berlin shone the bright lights of capitalism that would entice the east with their development, openness and freedom.

Adenauer, representing Federal Republic of Germany had the arduous task of re-building the war-torn country. Moreover, in a situation, when Germany was occupied by the allied forces. Adenauer had no easy task given the harsh realities of the German past and its current situation (Khashimwo, P. 2015).

On the other hand, Nehru wanted to capitalize on the industrial prowess of Germany and made two trips to Germany, in 1956 and 1960. He wanted Germany to help India with technology, know-how and develop its industries. Nehru was keen to seek investments and collaboration from Germany for its Rourkela Steel Plant. It was not just economics that impelled Nehru to engage in a collaborative engagement with Germany. India and Germany discussed engagements in diverse fields spanning academics, industrial, and even German aid that helped India immensely to finance key projects.

The creation of two ideological blocs in the period succeeding the second world war had a significant impact on the world. The capitalists, pursuing a policy of *laissez-faire*, were perceived as exploitative and money-minded. On the other hand, the communists believed in equal distribution of resources amongst the people thus eradicating all forms of inequality from society. The United States and its allies were the proponents of the capitalist world, whereas the entire eastern bloc followed the communist ideology aligning with the Soviet Union.

Indian leaders thought that the best for the people of India would be to have a mix of both these ideologies. Formally, India did not align with any of the two superpowers. India became a founding member of the third group, the Non-Aligned countries. However, India was strongly inclined towards the Soviet Union. Despite its inclination, India viewed the Federal Republic of Germany as an important

partner and therefore, did not recognize East Germany (German Democratic Republic) as a separate country until 1972.

India focused on rebuilding its economy. This could be done using multiple means. It required investments, technical know-how and funding. Indo-German relationship thrived on these factors as Germany continued to cooperate with India on economic and technological know-how. Moreover, German aid was extremely important for India as it helped Indian state to cushion the finances for major projects. It could be said that Germany and India continued to cooperate together even though Germany had a market-oriented approach and India was a planned/mixed economy.

After the stable alliance built by Nehru and Adenauer, a period of stagnation in relations between India and Germany, followed. India was absorbed with its domestic challenges and the two wars with Pakistan kept it pre-occupied. With the US and its allies, which included Germany, supporting Pakistan, India tilted more towards the Soviet Union. This further widened the ideological differences India had with the western countries.

India's policy of not commenting on the internal affairs of other nations also strained the relations with Germany. In particular, not criticizing the Soviet Union for building the Berlin Wall, was met with disapproval in Germany. This did not augment well for the bilateral relationship. Germany viewed India's close affiliation with the Soviet Union as a sign of India's inclination towards communist regimes. As a result, the Indo-German relations deteriorated further during the mid 1960s and late 1970s with little prospect of any meaningful cooperation.

India and Germany maintained relations with each other, though there was neither enthusiasm nor any special effort to strengthen this relationship during the cold war era. The Soviet occupation of Afghanistan and situation in Iran are instances where the Indian and the German viewpoints differed. Germany's pro-America inclination and Indian friendship with the Soviets were factors which separated India and Germany to take a common stand. Germany was following a capitalist approach to boost its economic growth whereas India, under Nehru, decided to adopt a planned/mixed economy (socialist) for its growth, until it adopted a free-market approach in 1991.

Europe was an important source of supplies for India especially for India's defense needs. Hence, India's attention towards Europe was driven by its need to upgrade its defense systems in the aftermath of the two wars with Pakistan and with China. The looming conflicts with both these neighbours prompted India to go shopping for military equipment from countries other than the Soviet Union. Defense procurement led to strengthening of relations with France and the UK. Even Germany was a supplier, when India purchased four T-1500 submarines in 1986-87, manufactured at the Howaldtswerke Deutsche Werft (HDW) in Kiel, Germany. This deal was significant for both India and Germany and played a key role in altering the hitherto dull relationship between the two countries. Negotiations for the purchase of more submarines continued with Germany in 1987. Apart from these few incidents of cooperation, German interests in India remained low marked with a policy of 'benign neglect' (Rothermund, D., 1995). While various forms of cooperation continued in the Indo-German relations, economic interaction was not high on the agenda.

Cultural, Social and Educational Cooperation

The mutual understanding between India and Germany has considerably strengthened due to the exchanges and interactions that have extended beyond economic and political sphere. These exchanges, dating back to a long history, have played a pivotal role in influencing the foreign policy of both nations vis-à-vis each other and vis-à-vis the rest of the world. The establishment of formal diplomatic relations between India and Germany further enhanced cultural relations.

A significant step in fostering cultural ties occurred through the signing of a cultural agreement on January 15th, 1973. This agreement aimed at fostering cooperation in various fields, such as education, science, technology, drama, theatre, music and medicine, further solidifying the commitment of both countries to promote civil society engagement and cultivate a comprehensive relationship.

Notably, the involvement of German Foundations operating in India needs to be emphasized. These foundations have actively contributed to promoting Indo-German relations, particularly, at the civil society level. Aligned with the different political parties of Germany such as Konrad Adenauer Stiftung (KAS) with the Christian Democratic Party (CDU), the Friedrich Ebert Stiftung (FES) with the Social Democratic Party (SPD) and the Friedrich Naumann Stiftung for Freedom (FNF) with the Free Democratic Party (FDP). Beyond the aforementioned foundations, others like the Heinrich Böll Stiftung (HBS), Hans Seidel Stiftung (HSS), Rosa Luxembourg Stiftung also operate in India. These foundations have played a vital role in boosting dialogue and engagement between the two countries. All these foundations receive federal funding for their work abroad, and the funding amounts are determined by a complex process based on the performance of the political parties in the general elections. This funding mechanism ensures that these foundations bring valuable foreign aid, thereby promoting a deeper understanding of Germany through their interactions with the civil society actors in India.

In order to promote close interaction between India and Germany, the Foundations work to increase people-to-people contact, undertake exchange programs, organize study tours between the two countries. The Foundations engage in activities to disseminate German ideas and German thinking to a wider audience. Their target audiences being the civil society, the private sector as well as the Indian polity.

The government of India allows these Foundations to bring in the much-needed foreign exchange after following the due processes and formalities of the Foreign Exchange Management Act (FEMA). The Foundations are allowed to work with India NGO's fulfilling certain conditions as laid down in the Foreign Contribution Regulatory Act (FCRA). This way the Foundations do bring in grants to work in various sectors and fields of the Indian society.

The Indian government also receives cooperation and direct aid through the federal agency of Germany. The Gesellschaft für Internationale Zusammenarbeit (GIZ) has been working directly through various Indian state departments to foster technical cooperation and finance big projects. Similarly, Kreditanstalt für Wiederaufbau (KfW) is also engaged with the Indian government for financing of projects.

Germany boasts of a unique network of Max Mueller Bhavans in India. Max Mueller Bhavans are branches of the *Goethe Institut* of Munich in Germany primarily engaged in the promotion of German language courses for Indians as well as encouraging bilateral cultural exchanges. Regular events are

organized which inform the Indian society about the cultural and social diversity of Germany. Indian students, job-seekers, business aspirants, who seek to engage with Germany, can learn the language and the German culture before taking a leap into their higher studies, jobs or even negotiating with their German business partners. Numerous Indian students now study at German Universities and software professionals are working in Germany, most of them having done their basic or intermediate level of German language. Nurses from Kerala are another group of Indians, who are coveted in Germany. And one of the conditions for the Indian nurses willing to go to Germany is the knowledge of German language. Max Mueller Bhavans are the primary and reliable source of learning the language. Over the last two decades, many private institutions have mushroomed teaching German language courses to Indians, however, even the participants from private institutions have to clear the German language exam organized by the Max Mueller Bhavans, which are the only recognized certificate courses in Germany.

In addition to the German language courses, Max Mueller Bhavans, like the Foundations, are engaged in the promotion of cultural exchanges between Germany and India. They have a similar work trajectory but remain focused on the cultural aspect.

Industrial assistance is another area where Germany has been helping India. The assistance is both economic and/or technical. Depending on the objectives and the need of the Indian industry, Germany has come forth with its expertise in technology and wherever needed contributed financially in the development of Indian industry. The technical cooperation is in the form of German experts who are engaged in training and upskilling Indian workers with the latest machinery, operations etc. German industrial assistance has been across diverse sectors such as iron and steel, fertilizer, power equipment, ship-building machinery and ships.

Technical assistance is also in different fields. One of the ambitious projects being discussed with Germany is the “Clean Ganga” project.

Educational Cooperation

German Cooperation has also extended to educational institutions which comes in the form of financial assistance, material assistance and knowledge-based assistance. Under the knowledge-based assistance, Germany has provided India with numerous experts, both technical and non-technical, as well as equipment. The engagement with institutions of higher learning including IIT's of India have helped Indian engineers to foray into technical fields which might not have been possible without external support. The technical cooperation coupled with scientific cooperation between India and Germany is a testimony to the commitment that both partners have shown in the identification of suitable solutions towards sustainable development. Both India and Germany have committed to address the growing concerns of Climate Change and have been working together to develop environment friendly responses. Numerous collaborative projects have been undertaken by India and Germany jointly to minimize carbon emissions. Agreements are also in place to share research findings and help academics, scholars and experts to exchange information and knowledge in order to deepen understanding for both countries. These initiatives have helped in deepening cooperation between the two nations.

The exchanges and interactions facilitated by cultural, civil society and the governmental institutions are a parallel step towards strengthening of relations between India and Germany. These collaborations promote mutual understanding and cooperation across various sectors. The investment in developing

cultural and social relations will have long term impacts on understanding each other. Cultural exchanges have helped the younger generation to understand and adopt some of the German attributes in their personal and professional lives. The cooperation at various levels have encouraged students, academics, scientists and business representatives to learn German language.

Indian visibility in Germany has not been that planned and foresighted. India does not have formal institutions – like the political Foundations or Centers of Learning like Max Mueller Bhavans - that would permeate the civil society in Germany and it lacks the political instruments to do so. Therefore, knowledge about India in Germany is fairly restricted. Though, Indology is offered as a course in German Universities, there have been practically no effort on the part of the Indian government to educate the German civil society about India.

In the recent years, India has come out with visibility gaining instruments like organizing the “Days of India” in Germany with themes like ‘Connecting Cultures’, ‘Connecting Ideas’, ‘Connecting Minds’, etc. However, such instruments need to be organized regularly in order to make any substantial impact on the German society. India needs to sustain its visibility and educate Germany about its rich traditions, rich culture and rich heritage.

Having said this, the economic and political relations underline the real strength of the partnership as well as the global impact of the countries.

Fall of the Berlin Wall

One of the most momentous and historic moment not only for Germany but for modern Europe was the fall of the Berlin wall in November 1989. The wall, constructed in 1961 by the Soviet Union to create an eastern bloc, snapped all communication links and travel for its people beyond the boundaries of the eastern bloc. This wall came to be popularly known as the ‘Iron Curtain’. This wall was symbolic of the cold war era and represented the existence of two ideologies – the capitalist and the communist.

The fall of the Berlin wall was a consequence of various events that finally signalled the end of the communist era. In 1980’s, the economic crisis of Soviet Union posed great challenges for the leadership to provide for basic amenities for its people. The concept of self-sufficiency was no longer proving to be successful and coupled with the grave food shortages, the problems mounted. It was the Chernobyl disaster of 1986, when the collapse of the communist era became imminent.

The Soviet leader Mikhail Gorbachev, had already introduced his reform policy of ‘glasnost’ (openness) and ‘perestroika’ (restructuring). However, he could not control the speed of these reforms. Countries of eastern Europe, members of the communist bloc, were already seeing a sweeping change taking over. Hungary had opened its borders to Austria in August 1989, resulting in east Germans travelling to Hungary, and crossing into Austria from there, never to return back. Czechoslovakia, too, opened its borders and the West German embassy was filled with people wanting to go to West Germany. These incidents indicated the weaknesses of the system within the Iron Curtain.

With unrest in numerous member states of the Soviet Union, Gorbachev, ruled out the use of force or military deployment to control the mass protests taking place in countries like Poland, Estonia, Lithuania, Latvia, Romania and a few others. Military deployment to crush the protesters had been used earlier in the Soviet Union and in the territory of Soviet Union. Far in the east too, earlier in the same

year, the Chinese regime had crushed the student protests in the Tiananmen Square in a major military crackdown. However, in member states of USSR use of force was not seen.

The German re-unification became a reality. It was a euphoric moment for Germany. The west gladly accepted the costs associated with the unification and in the coming months, a detailed plan was worked out on how to integrate east Germany and its people with the West.

Germany had an uphill task of integrating former East Germany (GDR) into the Federal Republic of Germany (FRG). It needed to re-build infrastructure, re-allocate resources, re-shuffle ministries, in a nutshell, unification of Germany was an ardent task.

The end of the cold war era began a new chapter of alignments, friendships and partnerships across the world and for India too. India had to re-think its foreign policy objectives, make new friends globally, attract investments and open to the world, something that India was not used to before this. This posed challenges especially on how to create a balance between old friends and gain new friends, given the ideological differences they had had over decades.

India was already mulling over suitable policy reforms in view of the political and economic crisis it was facing. The success of the South-East Asian economies and the success of China in implementing economic openness would help Indian economy. To emulate the export-led growth of the South East Asian economies, India needed to reform its economic policy embracing a more open trade and investment regime. This eventually happened in 1991 when India liberalized its economy.

India's Economic Reforms of 1991

The economic reforms of 1991 in India have been an important milestone in Indian independent history. India under severe economic crisis submitted a comprehensive reforms package to the International Monetary Fund (IMF) covering trade, public finance, exchange rate as well as reforms in the capital market. The resistance from the old school partymen within the congress and the bureaucracy had to be deftly overcome in getting through these reforms package (Ahluwalia, 2020). The reforms introduced a reduction in average applied industrial tariffs though agriculture continued to remain a protected sector (Krishna, 2019).

Until 1991, the Indian economic environment, mired in red-tape and bureaucratic procedures, was not only slow but also bred corruption. License Raj reared inefficiency making Indian businesses non-competitive in the international market. Large businesses were primarily under the control of the State and were disorganized. Wasteful government expenditure in some of the State-Owned Enterprises (SOE) drained valuable state resources. SOE's were characterized by lack of transparency and accountability. Tedious government approvals, excessive regulation and unprofessional working attitude affected businesses.

A new era began for India after 1991. Most tariff structures were reduced, steps taken to abolish license raj, businesses were opened for private players and business procedures and regulations were eased. The behemoth monopoly of the state in sectors like telecommunications and aviation was scrapped. Indians, for the first time experienced how easy and quick it could be to obtain a telephone connection, Indians, for the first time experienced how airlines could work smartly, efficiently and with a smile. The government operations in these two sectors continued but were no match to the efficiency and

promptness in delivery of service provided by the private sector. Early 2022, the government has eventually sold its stake in the state-run Air-India to the private business house TATAs. Communications is another sector where the subscriber base of government operator continues to fall questioning the very role of state in still holding on to this sector.

The convalescing relations between India and Germany from the 1980's accelerated after India's liberalization in the 1990's. As the world noticed the opportunities in India, Germany too realized the economic potential of India. This realization of India being an emerging economy, with a huge market having robust institutions gave rise to "Agenda for German Indian Partnership in the 21st Century". Formalizing the partnership, the German Foreign Policy aimed to strengthen the relationship between India and Germany (Gallenkamp, 2009). Both India and Germany committed to deepen their relations, politically, economically and socially.

This boosted the economic growth of the country which has seen noteworthy progress in its economic sphere. India realized that to exert influence in the global order, it had to be a wealthy nation and it aspired to be a major player in the global arena (Khatoon, A 2013).

India's development has been erratic at times. It can best be described as a "kangaroo-jump" development, which has been unpredictable. India needs to work hard to stabilize its development in order to attract increased investments and increase its share of international trade (Agarwal, S.K., et al, 2021)

Role of Perceptions in Relations between India and Germany

Perceptions are vital to the success of any relationship. Perceptions define international relations, and are vital as they influence decisions (Singh, G. 2022). They also play an important role while defining the image within the civil society. In the age of social media, perceptions have played a huge role in building public opinion. However, the social media has also used to malign the image of countries using fake material. Hence, the authenticity and veracity of facts need to be verified before just building perceptions in today's times. Perceptions need to be followed by actions.

It is common knowledge that historical events and cultural ties form an image in the minds of the people. These in turn influence how we deal with particular situations. The importance of perceptions can be felt across the civil society, the political decision making, business interactions and other stake holders. Perceptions formed in one particular sector can also influence the decisions made in any other sector. Therefore, it is important to invest in 'perception building' especially in international relations.

Political leaders leverage on perception building to regain power, popularity and a permanent presence in the minds of their voters. The dynamics of inter-country relationships is greatly influenced by the perceptions too. These perceptions strengthen the relations between nations. According to Gurjit Singh of Observer Research Foundation (ORF), perceptions are not only playing an important role but have an equally important role in boosting relations among nations (Singh, G., 2022)

While discussing political relations, India and Germany have been working towards building a favourable perception in the minds of their people. Germany has been ahead in this, with its cultural, social and educational outreach in India. India has ignored the strength of perception building until now.

During the visits of the Prime Minister to Germany, there are few good photo-optic images that circulate in India and Germany, but this image and perception building is short, event-based and may not have a wider outreach than desired.

The changing perception between India and Germany is visible in the growing collaborations that have grown in the last few years. The rising economic trends, the frequent interactions and a common understanding have been outcomes of this change of perception. The economic liberalization and changes in the life-cycle of a country also contribute to perception building. In the case of India, the German perception has also gone from that of indifference to a realization of an important strategic partner. Similar values and belief systems also shape how the other is perceived and act as a cohesive factor in bringing the two partners together. This can be witnessed in the case of India and Germany.

The political leaders have an important task of building or changing perceptions. Their actions, behaviour and decisions send an important message to both the other partner and the civil society in both the countries. In the case of India and Germany, the foreign policy has reflected the outcomes of such posture of the political leadership too.

A social, economic and political effort will change the negative perception existing between the two countries and India and Germany need to make a conscious effort to build a positive perception for the advancement of relations.

2020: COVID and China Factor

German dependence on China has consistently grown since the 1980's. As China relaxed its economic policies and opened doors for FDI, it became the hub of manufacturing activity. In order to benefit from economies of scale and the comparative advantage that China brought with itself, most industrial nations and Germany, in particular, had shifted their production bases to China. These were both for the consumer goods as well as intermediate goods needed by the still existing manufacturing activity in Germany. During the period from 1974-1982, Germany strengthened its relations with China. For the then Chancellor of Germany, Helmut Schmidt, 'Asia' meant only China.

Early 2020 started with an unprecedented event that shut down the entire world. Globally, countries began to impose lockdowns, suspended air-travel, switched off production units and sealed their borders. A deadly disease was spreading like wild-wire across the globe, transmitting through human-to-human contact. This came to be known as the Coronavirus, and was named COVID-19. The origins of the Coronavirus were in China, the 'factory of the world'. It was a contagious disease spreading rapidly, without any medical antidote available to contain it. The pharmaceutical industry, which normally takes years before introducing an antidote for public consumption, put all their knowledge, effort and resources in finding a quick cure for the disease.

The virus spread rapidly in China, Italy, Japan, Korea, US and Germany. These countries account for a large proportion of economic activity. More than 50% of the global manufacturing (including manufacturing exports) can be attributed to these countries. With economic activity coming to a grinding halt, supplies stopped. And with the lockdowns, world-over, the demand slumped too. Coronavirus became highly contagious economically as it was medically (Baldwin, R. E., & Tomiura, E., 2020).

COVID-19 posed not just supply issues, it also exposed demand issues. As Chinese supply of intermediate goods stopped, the manufacturing industries in other countries stopped too, thereby unleashing a ‘supply chain contagion’. This affected even those countries which were relatively less affected by the pandemic. This was a déjà vu moment of the Great Trade Collapse of 2008-09 (Bems, R, et. al., 2010; Alessandria, G., et. al., 2010; Yi, K. M., 2009).

The Indian response to COVID-19, was appreciated and recognised internationally. The acknowledgement of impending danger, the swift lockdowns, evacuation of Indians stuck abroad including students and the willingness to assist other countries with medical supplies and equipment did not go unnoticed.

On the contrary, most countries were dismayed and disappointed at the Chinese aggression during this time. The trade wars with China and its aggression disrupted the normal process of international rules. Even, the Chinese-centric stand and the gross negligence of International Agencies like WHO was questioned. The Australian insistence on conducting an investigation on the origins of the virus by a multi-lateral body were met with high tariffs on its wine exports to China. This caused Australian exports to plunge by 92%⁴. Arrogance of the Chinese especially against Taiwan and its provocative movements in the South China Sea have shaken the global status-quo. Along with concerns of the pandemic, discussions on safety and security have become a regular feature in international fora. This has prompted the revival of groupings like QUAD with US, Australia, India and Japan. The high tariffs on its wine exports by China have not deterred Australia to participate in the maritime drills in the Indian Ocean and the South China Seas.

Germany with substantial investments and economic alignment with China did not comment on the origins of the virus. Its long-term interests prevented it from ruffling feathers with its Chinese counterparts. Germany found itself in a very awkward position vis-à-vis China and the virus. No substantive statement was issued by Germany condemning the unprovoked Chinese incursion and skirmishes on the Indian border in 2020. Germany has not acknowledged the atrocities of Chinese in Tibet. The strong business lobby in Germany influences its government to overlook the misgivings of the Chinese regime. The pandemic has been a lesson to Germany as to not be so dependable on any one country that it dilutes its own moral stand.

A democratic India remains better than an autocratic China (Agarwal, SK. et al. 2023). Sensing the global sentiment against China and looking for investment opportunities, India has invited interested countries, including Japan to set up production facilities in India. The pandemic also revealed India’s pharmaceutical capabilities. India and Germany could join together to discuss ideas, innovations and capabilities in the health sector.

According to Gurcharan Das, India’s growth is a “bottoms-up” success. The success of India cannot be attributed to the state alone. India has risen, in spite of the odds. Many other factors like entrepreneurship skills, hard-work of individuals, knowledge (especially of the English language) and a host of other reasons are the shakers and movers of Indian growth. China, on the other hand, had a

⁴ <https://www.scmp.com/economy/china-economy/article/3197160/australian-wine-exports-china-plunge-92-cent-tariffs-and-covid-disruptions-decimate-market#>

“top-down” triumph. The success of China is due to the decisions made by the technocratic elite of the authoritarian state. The stubborn persistence of democracy in India is even more bizarre. Time and again, India has shown itself to be resilient and enduring – giving the lie to the old prejudice that “the poor are incapable of the kind of self-discipline and sobriety that make for self-government.” (Das, G., 2006).

In order to shield from such ‘Black Swan’ events happening in the future, most countries started to re-think their strategies. It was prudent to protect the economic interests if such an event happened again – or in a particular country. The disastrous effects could be cushioned by production facilities elsewhere. The shift in strategic ties and global partnerships is getting more and more noticeable. Some countries looking to minimise the risk of their supply chain issues are considering investing in other suitable destinations.

In the post COVID era, partnerships and alliances have taken a new meaning altogether. While new friendships are developing, a few old ones are being re-kindled. Nations are becoming more protective of their own interests. While India has taken on Atma-nirbhar (self-reliant) as its adage, others are scouting for new destinations for their investments. Putting all eggs in one basket may not be the ideal solution. And thus, scattered economic interests make much more sense. India has been well recognised and appreciated during COVID and has jumped on to fill the vacuum as an attractive FDI destination. Germany and Indian partnership in the aftermath of COVID can be further strengthened.

Russia-Ukraine War and its impact on India German relations

Contradicting all statements and thinking that Europe is unlikely to see another war in the near future, Russia attacked Ukraine in Feb 2022. Europe termed it as an act of aggression, as there was no provocation from Ukraine to justify Russian attack. This is the largest military deployment seen in Europe after WWII, the war has prompted an exodus of refugees from Ukraine spilling across Europe. The impact of the war is set to affect the global economy adversely and increase inflation. The prices of commodities especially wheat and edible oil have escalated as the war has disrupted supply. The increase in prices of commodities is likely to be complemented with the disruption of trade especially amongst the neighbouring countries, with a surge in refugee inflows as well as tightening financial conditions of the countries (Mohammed, N., 2022).

The immediate response from the Indian leadership to the fury unleashed on Ukraine by Russia was carefully worded. The Indian Prime Minister, Narendra Modi addressing a speech to Russian President Vladimir Putin said that the intensity of the onslaught must decrease.

As the war has progressed, India finds itself in a very complex situation, as it has allies on both sides of the argument. The balancing of relationships would require thoughtful decisions as Indian foreign policy and security are being tested. It is not an easy decision as the global alliances are being re-written. In its desperation to sell oil, Russia is also scouting for new buyers. This may shift Russia closer to countries like China and Pakistan. In such a case, Indian equation with Russia may also get altered and India risks of being excluded from the Russian friendship (Javed, M. A., 2022; Sukhanknin, S., 2021; Tsafos, N., 2022). At the same time, India cannot take a decision that benefits China and/or hurts the US, as this would be detrimental to Indian interests (Kumar, K., Singhania, D., Singh, K. P., Mishra, P., & Sinha, K., 2023). US has been increasing its sphere of friends in Asia. Currently, the Russian closeness to the Chinese is to come together against the US.

Another challenge before India is whether it can continue to see Central Europe from the looking glass of Russia. In doing so, India is likely to alter its relationship with friends in western Europe. Currently, India needs friends in western Europe as it not only looks at increasing economic ties with the EU, but also needs to go shopping for defence equipment, something that until now it relied heavily on Russia. “The war in Ukraine has made both sides realise the need to explore opportunities and partnerships outside their traditional comfort zones and friends.” were the remarks made by Swasti Rao while talking to Bloomberg, an associate fellow at the Europe and EUAsia Center at the Manohar Parrkiar Institute for Defense Studies and Analysis⁵.

Germany wants India to condemn Russian attack in the Ukraine. German leaders, who have visited India in 2022-23 including German Chancellor, Olaf Scholz, Vice-Chancellor, Robert Habeck. German leaders have brought up the Russian-Ukraine war in their meetings with Indian counterparts. Even while Germany considers India to be a very influential and valuable partner of Germany, it wants that “democracies should be clear in language and political position”. They have repeatedly asked India to condemn Russia on its war against Ukraine. Moreover, Germany has also raised concerns about India buying Russian oil, as they feel it provides Russia with money to fuel its war. The western nations have placed sanctions on Russian oil to contain Vladimir Putin in its war against Ukraine.

India has reiterated for peace but not taken any political position regarding the Russia-Ukraine war. Germany would like India to play an important role to ebb the conflict at a later stage. Appreciating the skilful diplomatic strengths that India possesses, Germany sees India playing a crucial mediating role in finding a solution to the Russian aggression in Ukraine⁶.

Conclusion-Expanding India’s Influence globally

Germany remains one of the strongest economies in Europe. However, it treads being a leader with caution. With a historical baggage of second world war, Germany has restricted to foray into an aggressive leadership role. Undoubtedly, Germany has been one of the prime movers of the common market and the common currency. EU has brought advantages for Germany economically for its exports as well as being an important player in the EU political system. German reconciliation with its neighbours, especially France, are the key ingredients of being a successful leader.

India is a dominant actor in South Asia but its relations with neighbours are prickly. India needs to tackle the neighbourhood with tactful diplomacy. It also has the threat of China looming large. However, China’s edginess leads to its aggressive actions while luring countries into its debt trap. India’s soft-power and growing stature are tilting the inter-country equations. With global powers realising India’s potential, India’s geographical importance, India is poised to play an important role in global politics.

India also is fully aware that to be relevant at the global politics, it would need to be a sufficiently wealthy nation (Andersen, W., 2001) and Indo-German economic cooperation with

intensive trade and

⁵ <https://www.livemint.com/news/india/olaf-scholz-arrives-in-india-may-ask-pm-modi-to-mediate-on-russia-ukraine-war-11677299746435.html>

⁶ <https://indianexpress.com/article/india/china-russia-ukraine-conflict-to-be-high-on-agenda-of-german-chancellor-talks-in-india-8461192/>

investment opportunities would help India reach that level where it could exert its role as a leader. India is also a vital player for Germany in the Indo-Pacific given the geopolitical and economic developments that are currently at play in the region⁷.

After COVID-19, the countries are looking at others through a new prism. A prism, which re-defines their partnerships, alliances and collaborations, at the same time, cushions them from perceived man-made threats. India plays a prominent role in this new global order. Germany has concentrated its manufacturing in China and is now seriously considering to re-locate its investments in order to mitigate itself from disastrous events (whether man-made or natural) taking place in one geographical location. India, being a democracy with promising potential, is high on their list. It is not only the economic advantages that attract foreign investors to India, but also its democratic values, its soft-power and the leadership role globally. India should make efforts to attract German investments by sorting out its regulatory procedures, improvement in infrastructure and seamless transportation facilities. In order to become an export-hub, India needs to simplify its operational systems.

Engaging the diaspora is a big initiative that has strengthened India's image internationally. India realises the invaluable contribution of the Indian diaspora. Each and every Indian is an ambassador to showcase the greatness of India. In the last few years, India has reached out and involved the Indian society abroad as influencers of India. The prominent roles occupied by persons of Indian origin, be it at Google, Alphabet or the World Bank are another reminder of the significance of India at the international platform. India is what Indians are. And Indians are making India proud and taking India to glorious heights.

The advancement in technological fields is another area where India comes forth as a serious player. In its repeated attempts to send missions to the moon, India has caught the world attention. India is considered one of the few countries that have a well-established space programme and is working assiduously towards regular innovation in the field of space technology and at a much reasonable cost when compared with other countries. A collaboration with Germany is likely to bring in technological exchange of know-how and take India to becoming a leader in space research.

Along-with space research, investments into R & D would make India a global leader in the long-run. Comparing to Chinese growth, which has been built on manufacturing without much R&D. India, known for its innovative and fresh approach can become a leader in R&D, which would again prove useful for India to be a world leader. Pharmaceutical industry is an example where Indian R&D is well-recognised and can be further improved. As India becomes a world leader in the pharma industry, it needs to emulate such distinctiveness in other sectors as well.

A deeper partnership with Germany would help India achieve its ambitions of being an important player at the global stage. Germany and India can cooperate in various sectors like R&D, defence and security, medicine, space-research, trade and investments to become world leaders. Understanding cultural differences, accepting geographical challenges and devoting additional effort and time in the partnership will be a pioneering change to the Indo-German alliance. It is time to up the ante of strategic partnership with an aim to become relevant participants at the world stage.

⁷ <https://www.india-briefing.com/news/profiling-india-germany-trade-and-investment-relations-26995.html/>

Engaging foreign media to showcase the strengths of India would go a long-way in changing the current discourse about India. India needs to make a concerted effort to engage with the foreign media in its successes. A continued and regular update about Indian news would educate the foreign civil society and have immense outcome. Engagements using social media are equally important for India. A well-planned global outreach programme would help India become a household name.

Indian External Affairs Minister, S. Jaishankar has reinforced India's need to 'Cultivate Europe' (Jaishankar, S., 2020). India's leadership shows confidence, energy, vitality and above all maturity. India is no longer intimidated by the rich nations but looks them eye-to-eye in negotiating with them. India is no longer afraid to call a spade a spade and has on numerous occasions spoken on the double standards of other nations. The unrelenting stand of India and its uncompromising position sends a positive message to the world that India can no longer be bent at the whims and fancies of a few powerful nations. And to top it all, India has displayed suave and politically astute tact in handling international relations.

India's rise to becoming a global leader in the future are written on the wall. It has achieved greater relevance on the world stage and is now a prominent player in re-writing the rules of international relations.

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