



Konrad  
Adenauer  
Stiftung



Confederation of Indian Industry

TRAJECTORY OF  
INDO-GERMAN RELATIONS

**INDO-GERMAN INTERACTIVE  
SESSION ON POLICY AND BUSINESS**

27-28 October 2015

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A Report

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# Indo-German Interactive Session on Policy and Business

27 October 2015, New Delhi

In order to further strengthen the business ties between India and Germany following the recent meetings of Indian Prime Minister Shri Narendra Modi and his German counterpart Chancellor Dr. Angela Merkel, the Confederation of Indian Industry (CII), in association with the Konrad-Adenauer-Stiftung (KAS), organized a Roundtable Meeting on 27<sup>th</sup> October 2015 on the Trajectory of Indo-German Relations after the intergovernmental consultation between India & Germany at New Delhi. The meeting was graced by the members of both the Indian and German Parliaments as well as the business leaders from a diverse range of industries.

Welcoming the delegates, Mr. Deep Kapuria, Chairman, CII Trade Fairs Council & Chairman, Hi Tech Group, exclaimed that the growing closeness between the two nations is evident in recent meetings and signing of co-operation pacts on a range of subjects including technology transfer, clean and green energy, climate change, security and counter terrorism, etc. The key focus of India's economic reforms is to promote an inclusive, responsible and sustainable growth that helps generate livelihood opportunities for millions of people in rural as well as urban areas. Highlighting the India Prime Minister's vision to render Indian manufacturing sector globally competitive through the Make in India mission, Mr. Kapuria identified Germany as a natural partner in this drive. He added that apart from a strong footprint of German auto companies in the Indian market, the recent years have seen the bilateral trade and investment between Asia's third largest economy and the European powerhouse multiply manifolds.

For developing research based partnerships between international companies, CII has launched the Global Innovation and Technology Alliance (GITA), a CII-DST (Department of Science & Technology, Government of India) joint venture. German companies which have strong research base could be natural partners of Indian companies using GITA platforms.

Dr. Lars Peter Schmidt, Resident Representative to India, KAS, expressed his enthusiasm for the roundtable and acknowledged the scope for closer ties between India and Germany. Leading the German delegation, Mr. Steffen Bilger, Member of the German Parliament and Chairman of the Young Group of the CDU/CSU group in the German Parliament, exclaimed that closer business ties with India present huge opportunities for India not just in the area of trading but also in research, joint development and production.

Members of the Indian delegation stated that opportunities between the two countries must be pursued with renewed vigour in light of the recent meetings of the Heads of State of our two countries.

Ms. Bidisha Ganguly, Principal Economist, CII, made a brief presentation on the state of Indian economy and highlighted features such as India being a young nation, the emergence of a robust services sector, high domestic savings and investments, continuously improving fiscal as well as current account deficits and foreign investment inflows, etc. demonstrating the inherent strength of the Indian economy. During the discussion, the German Delegation emphasized the need to promote the Free Trade Agreement (FTA) between the two nations. Members of the delegation also felt that both countries should explore the possibility of cooperation to bolster rural development in both the countries through sharing experience of the best practises on rural infrastructure development and management. In his concluding address, Mr. Deep Kapuria assured the German delegation of the renewed focus on the matter of FTAs by the Indian government following the recent high level talks and thanked the delegation for a vibrant discussion.



Round table meeting on Trajectory of Indo-German Relations with Parliamentarians from India and Germany & Leaders of the Indian Industry on 27th October 2015 in New Delhi

## Programme Details

0845 hrs Arrival of Guests		
0900 hrs	Welcome Remarks	<b>Mr. Deep Kapuria</b> Chairman, CII Trade Fairs Council & Chairman, Hi Tech Group
0910 hrs	Introduction of Indian Delegates	
0915 hrs	Introduction of German Delegation	<b>Dr. Lars Peter Schmidt</b> Resident Representative to India, Konrad- Adenauer-Stiftung
0917 hrs	Input Statement on Germany	<b>Mr. Steffen Bilger</b> Member of the German Parliament and Chairman of the Young Group of the CDU/CSU group in the German Parliament
0925 hrs	State of Indian Economy	<b>Ms. Bidisha Ganguly</b> Principal Economist Confederation of Indian Industry
0940 hrs	Interactive Session	
1020 hrs	Concluding Remarks	<b>Mr. Deep Kapuria</b>
1030 hrs	Close of Session	

## Participants

### Member of Parliament from Germany

- Steffen Bilger
- Steffen Kanitz
- Dr. Andreas Lenz
- Ronja Schmitt
- Dr. Martin Patzold
- Mark Hauptmann
- Carsten Korber
- Julia Obermeier
- Dr. Wolfgang Stefinger
- Marian Wendt
- Jan Metzler
- Emmi Zeulner
- Florian Ossner

### Delegate from Germany

- Dr. Lars Peter Schmidt, Resident Representative to India, KAS

### Delegation from Indian Parliament

- Udit Raj
- Tarun Vijay
- Anupriya Patel
- Deepender Singh Hooda
- R. Ramakrishnan

### Delegation from Indian Industry

- Y. V Subba Reddy
- Tamal Sarkar
- Tushar Arora
- Sankalp Kumar
- K. N. Subramaniam
- Mohan Singh
- Rajesh Gupta
- Alka Kaul
- Surendra Kumar
- Harsh Mittal

# Indo-German Interactive Session On Policy And Business

28 October 2015, Bengaluru

To further cement strong ties between the two countries, Confederation of Indian Industry (CII), in association with the Konrad-Adenauer-Stiftung (KAS), organized another Roundtable Meeting on the Trajectory of Indo-German Relations on 28th October 2015 at Bengaluru. The meeting brought together German Parliamentarians, Indian Minister and over 90 CEOs. In his Opening Remarks, Mr. Sandeep Maini, Immediate Past Chairman, CII Karnataka State Council & Director, Maini Precision Products Pvt Ltd. highlighted the evolving and growing ties between India & Germany in recent times. Dr. Lars Peter Schmidt, Resident Representative to India, KAS said that commercial, cultural and technological co-operation between the two countries are very strong and growing. Sectors such as biotechnology, entertainment, IT, renewable energy, green technology, urban mobility etc. hold tremendous potential of co-operation between the two nations, he added. German firms have been taking keen interest in investing in India, particularly against the backdrop of initiatives such as Make in India, Digital India, Swatch Bharat, start-up India. Mr. Steffen Bilger, Member of the German Parliament and Chairman of the Young Group of the CDU/CSU group in the German Parliament, pointed out that the core competence of Germany innovative manufacturing is its highly skilled workforce. In this context, he mentioned that the Indian Prime Minister Mr. Narendra Modi's recently held



Round table meeting on Trajectory of Indo-German Relations with Parliamentarians from India and Germany & Leaders of the Indian Industry on 28th October 2015 in Bengaluru

meeting with Dr. Merkel in Bengaluru and Dr. Merkel's visit to the Innovation centre and Vocational Training Facility in Bosch, Bengaluru. Both the countries can expand their cooperation in skill development multi-fold. The session was also addressed by Mr. Abhishek Goenka, Convener, CII Karnataka Economic Affairs Panel 2015-16 & Partner, Bangalore Tax Leader, Price water house Cooper (PwC). He made a presentation on the state of Indian economy. He mentioned India's position as the seventh largest country in the world by nominal GDP. He added that India has the fastest growing service sector in the world, while the IT industry is the largest private sector employer in India. Members of the German delegation enthusiastically deliberated on the avenues of mutual cooperation between the two countries, including Skill Development. Members mentioned that more than 15,000 Indian students are pursuing various courses in Germany, while around 1000 German students are studying or doing their internships in India. Many Indian students are opting for Engineering and Management courses in German Universities. Germany houses a large Indian population which includes businessmen, technocrats, students, etc. Mr. Dinesh Gundu Rao, Minister, Government of Karnataka felt that programmes to promote strong intercultural understanding and people-to-people interactions will go a long way in cementing strong ties between the nations. Mr. Ravi Raghavan, Vice Chairman, CII Karnataka and CEO, Bharat Fritz Werner Limited thanked the delegation for their presence and participation at the Roundtable session.

## Programme Details

1900 hrs Registration		
1930 hrs	Welcome Remarks	<b>Mr. Sandeep Maini</b> Immediate Past Chairman, CII Karnataka State Council & Director Maini Precision Products Pvt Ltd
1940 hrs	Address and introduction of the Leader of the delegation	<b>Dr. Lars Peter Schmidt</b> Resident Representative to India, Konrad-Adenauer-Stiftung
1945 hrs	Introduction of the rest of the delegation and Input Statement	<b>Mr. Steffen Bilger</b> Member of the German Parliament and Chairman of the Young Group of the CDU/CSU group in the German Parliament
1950 hrs	Introduction of Indian Participants	
2000 hrs	Presentation on Indian Economy	<b>Mr. Abhishek Goenka</b> Convener CII Karnataka Economic Affairs Panel 2015-16 & Partner & Bangalore Tax Leader Pwc
2045 Hrs	Closing Remarks	<b>Mr. Ravi Raghavan,</b> Vice Chairman, CII Karnataka, CEO - Bharat Fritz Werner Ltd

## Participants

### **Member of Parliament from Germany**

- Steffen Bilger
- Steffen Kanitz
- Dr. Andreas Lenz
- Ronja Schmitt
- Dr. Martin Patzold
- Mark Hauptmann
- Carsten Korber
- Julia Obermeier
- Dr. Wolfgang Stefinger
- Marian Wendt
- Jan Metzler
- Emmi Zeulner
- Florian Ossner

### **Delegate from Germany**

- Dr. Lars Peter Schmidt, Resident Representative to India, KAS

### **Delegate from Indian Parliament**

- Mr. Dinesh Gundu Rao, Minister, Government of Karnataka

### **Delegation from Indian and German Industry in India**

- Vishwanath Ammanagi
- S. Haldar
- Ghanshyam Agrawal
- Rashmi Rau
- Atul Singh
- Viswanathan Sambasivam
- Pradeep S Randhawa
- Arul.K.
- Kedar Srinivas
- B. Velan
- Venkata Subramanian
- K. Abdul Hafeez
- Senthil N.
- Srinivas Chinamilli
- Muralidhar Lakkanna
- Aditya Desiraju
- Jochen Mueller
- Sonja Steiert
- Audrey Dsouza
- Dr. Viqar Syed
- S. Chandrasekhar
- Anil Agrawal
- M. Lakshminarayan
- Ganesh Shenoy
- Ashok Rao
- A. S. Mani
- Madhukiran
- Sudha Padmakumar
- D. R. Subramanyam
- Meera Venkat
- Asif Sharief
- Anurag Kr. Singh
- Tnk. Sundararajan
- Naveen Soni
- Deepak Nakra
- Marita Strubelt
- Julian Hillig
- Marc Jarrault
- Thimmaiah Np
- Abhishek Goenka
- Arunakar Mishra
- Manoj Kumar Pillai
- Makarand K Shahane
- G. Y. Suhas
- Abraj T. Vettuparampil
- Aswath Belwadi
- Satish Sadasivan
- Rajesh M.R.
- Prof. Venkateshraj
- Narayana Kadaba
- Sanjeev Sharma
- Mohammed Hussain
- Dr. Shrilakshmi Desiraju
- Dr. Juergen Porst
- Richard Kirchberg
- Reiner Dietsch
- Fua Nipah



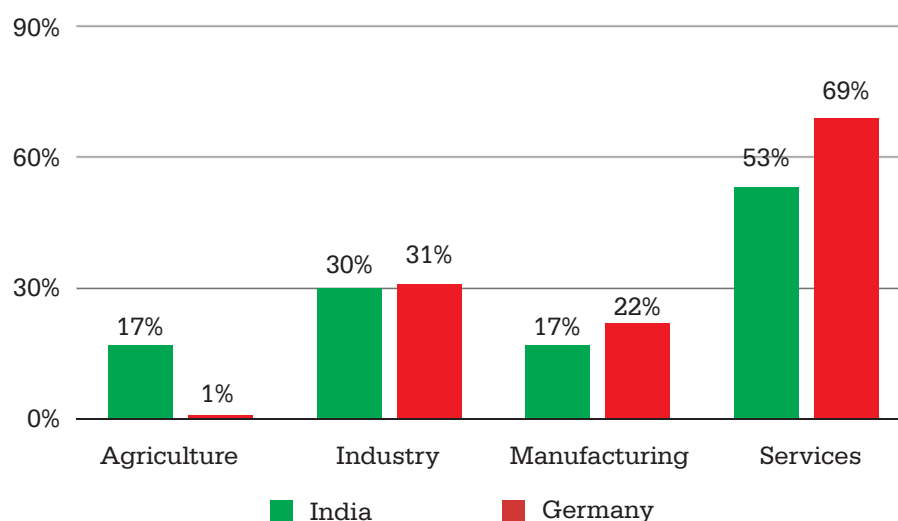
# Indo-German Economic Relations - An Overview

India and Germany share warm relations of mutual respect and regard based on historical interest in each other's literature and culture. Trade relations history spans more than 500 years, India and Germany share a strategic partnership that has its basis in strong business and economic links.

Germany has always been a strong participant in the Indian economy, helping to set up the Rourkela steel plant and IIT, Madras. There was a huge interest in India at this year's Hannover Messe where India was the partner country. On the other hand, Indian investment in Germany is on the rise as Indian companies view Germany as their gateway into the broader EU market. The Indian government recently launched a number of remodelling programmes, where Germany can bring in its expertise. Concepts of vocational training, promotion of renewable energies, improved urban mobility and the rehabilitation of rivers are a part of these programmes. On the other hand, India has highly qualified IT-experts, who are also most interesting for the German industry. Apart from that, the Indian market offers enormous growth potential. Furthermore, there has been a range of other political meetings between heads of states, government members and members of parliament of Germany and India.

The two Federal Republics have similar economic structures as evident by a robust services sector in both the economies. The comparison below between the sector-wise GDP shares in 2014 in the two countries according to the estimates by the World Bank World Development Indicators database further adduces this fact.

**Sector-Wise GDP Distribution (%) in 2014**



Source: World Bank

## Strategic Co-Operation

The two countries have several institutionalized arrangements to discuss bilateral and global issues of interest viz. 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 S&T and Joint Working Groups (JWG) on various fields, including skills development, automotive, agriculture, coal, tourism, water, waste management, etc.

## Bilateral Trade Trends

Germany is India's top 6th trading partner overall and largest trade partner in the EU region with a total trade volume of over US\$ 20.3 billion in 2014-15, owing to a strong market for German goods in India. The overall trade between the two countries decreased by 0.6% in 2014-15 but in the first 7 months of 2015, the bilateral trade volume rose by 13% compared to the previous year. Germany is the 8th largest foreign investor in India and the 2nd biggest source of foreign technology transfer approvals. 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.

## India's Exports to Germany

Germany is the 8th ranking destination for India's exports. In comparison, India is the 25th ranking country in terms of Germany's exports. Some of the most significant exports of India to Germany include textiles, chemicals, electronic technology transfers, metal products, leather and leather products, food and beverages, pharmaceuticals, gems and jewellery, and rubber products.

## India's Imports from Germany

Germany is the 12th largest importer to India. Amongst the imports, machinery occupies almost a third of the total import volume. Other important imports include electronic technology, metal products, chemicals, auto components, measurement and control equipment, plastics, and pharmaceuticals.

## German Investments in India

Germany is the 8th largest foreign direct investor in India since January 2000. German FDI in India in 2014 was to the tune of US\$ 1.15 billion. Germany's total FDI in India from August 1991 until June 2015 amounted to US\$ 8.86 billion. There are over 1600 Indo-German collaborations and over 600 Indo-German Joint Ventures in operation. Major national programmes like Make in India, Digital India, etc. hold substantial business opportunities for German companies. There is scope for enhancing German investments in India. There are also significant opportunities for German "Mittelstand" enterprises to expand their business opportunities in high-technology manufacturing in India.

## India's Investments in Germany

Indian investments in Germany have also shown a remarkable increase in the last few years. Indian corporate entities have invested over US\$ 6 billion in Germany. There are more than 200 Indian companies operating in Germany. Sectors of IT, automotive, pharma and biotech have received a chunk of Indian Investments. The penetration of Indian software companies in German market is growing and major Indian software providers have operations in Germany.

## India's Economic Importance for Germany

India ranks 25th overall among Germany's trading partners, 27th in terms of imports and 25th in terms of exports. Germany's continuing trade surplus of around EUR 2.2 billion (2014-2015) is due to the strong Indian demand for German goods, especially capital goods (machinery, which accounts for around a third of Germany's total exports to India, electrical engineering products, metal goods, chemical products, motor vehicles and vehicle parts).

## Multilateral Partnership

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. Germany's only bilateral research promotion centre worldwide, the Indo-German Science and Technology Centre (IGSTC) is in India.

The area of vocational education and training is a high priority for the Government of India to create industry-institute linkages and provide skilled manpower for various sectors in the Indian economy. Germany is one of India's preferred partners in this sector. The

Government of India is keen to enhance the current level of economic engagement with Germany, particular in the areas of renewables, postharvest infrastructure, high technology, transport infrastructure (including railways & ports), vocational education & training, water & waste management and urban infrastructure. Efforts are being undertaken to see greater enhancement of German companies with India in these specific sectors.









## Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, India's premier business association has around 8000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 200,000 enterprises from around 240 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

In its 120th year of service to the nation, the CII theme of Build India - Invest in Development: A Shared Responsibility, reiterates Industry's role and responsibility as a partner in national development. The focus is on four key enablers: Facilitating Growth and Competitiveness, Promoting Infrastructure Investments, Developing Human Capital, and Encouraging Social Development.

With 66 offices, including 9 Centres of Excellence, in India, and 8 overseas offices in Australia, Bahrain, China, Egypt, France, Singapore, UK, and USA, as well as institutional partnerships with 312 counterpart organizations in 106 countries, CII serves as a reference point for Indian industry and the international business community.

### Confederation of Indian Industry

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Konrad  
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Freedom, justice and solidarity are the basic principles underlying the work of the Konrad-Adenauer-Stiftung (KAS). The KAS is a political foundation, with a strong presence throughout Germany and all over the world.

In our European and international cooperation efforts we work for people to be able to live self-determined lives in freedom and dignity. We make a contribution underpinned by values to helping Germany meet its growing responsibilities throughout the world.

We encourage people to lend a hand in shaping the future along these lines. With more than 80 offices abroad and projects in over 120 countries, we make a unique contribution to the promotion of democracy, the rule of law and a social market economy. To foster peace and freedom we encourage a continuous dialog at the national and international levels as well as the exchange between cultures and religions.

Human beings in their distinctive dignity and with their rights and responsibilities are at the heart of our work. We are guided by the conviction that human beings are the starting point in the effort to bring about social justice and democratic freedom while promoting sustainable economic activity. By bringing people together who embrace their responsibilities in society, we develop active networks in the political and economic spheres as well as in society itself. The guidance we provide on the basis of our political know-how and knowledge helps to shape the globalization process along more socially equitable, ecologically sustainable and economically efficient lines.

We cooperate with governmental institutions, political parties and civil society organizations building strong partnerships along the way. In particular we seek to intensify political cooperation in the area of development cooperation at the national and international levels on the foundations of our objectives and values. Together with our partners we make a contribution to the creation of an international order that enables every country to develop in freedom and under its own responsibility.

The Konrad-Adenauer-Stiftung has organized its program priorities in India into five working areas:

1. Foreign and Security Policy
2. Economic and Energy Policy
3. Rule of Law
4. Social and Political Change and local Self-Government
5. Training programmes for students of journalism

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