

THINKTANK DOSSIER

www.mttp.pl

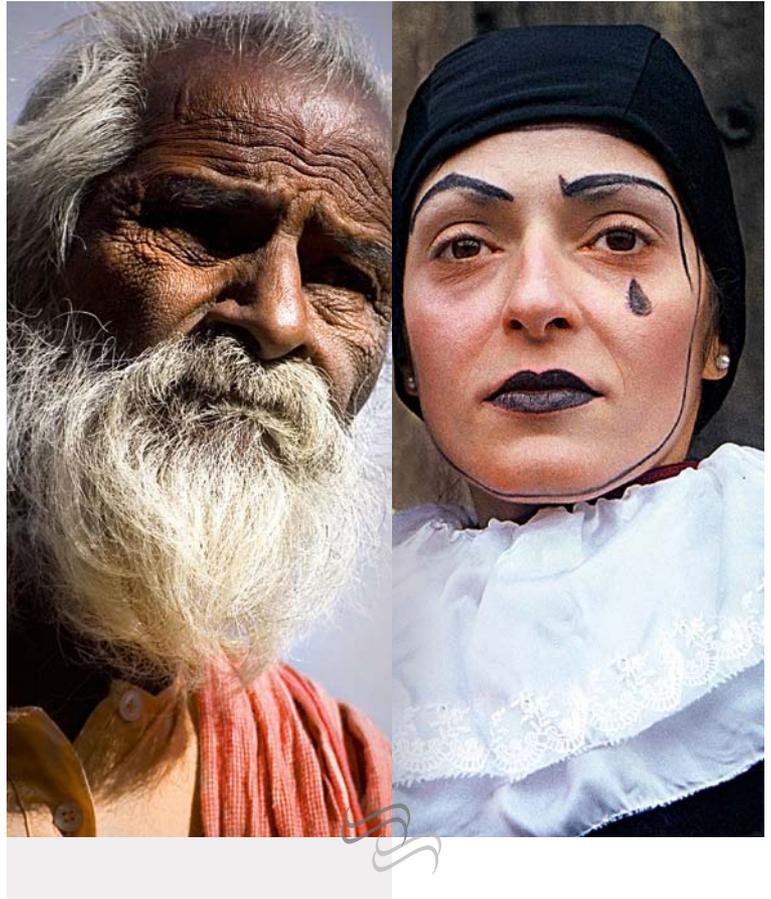
THINKTANK DOSSIER ON INDO-EU AND INDO-POLISH RELATIONS. SPECIAL EDITION OF THINKTANK MAGAZINE 2011

INDIA EUROPE POLAND

New challenges
in the multipolar world

How to strengthen EU-India relations?
Changing mindsets, tapping potential

**Incredible Indian way
European 'soft power'**
What can we learn
from each other?



Outstanding Indian, Polish and EU politicians, experts, entrepreneurs and cultural figures, including:

- Bronisław Komorowski • A.P.J. Abdul Kalam • Donald Tusk • Inderjit Singh • Aleksander Kwaśniewski
- Sheila Dikshit • Krzysztof Zanussi • Danuta Hübner • Wojciech Inglot • Rajkumar Nandlal Dhoot

and others, write about the issues and opportunities of cooperation between India, the EU and Poland.

SPECIAL FREE ISSUE

From breaking down old stereotypes to a vision of better cooperation



JUGAAD



INDIA

In Hindi, this word has many meanings and signifies, among other things, 'creative solving' – that is, cheaply and effectively making use of available resources. It also denotes the ability to find a solution that gets around the existing limitations. Indian businessmen have been educated in the West or in native institutions patterned on the best global models.

478 million

This is the number of India's labour force

THINKTANK RECOMMENDATIONS

Poland-Europe-India: the need for a different perception

Both Unions – the European and Indian – are a little over 60 years old. During this time they have evolved from a vision that carries the masses, as is usual at the outset of great political projects, to daily laboriousness in the face of internal and external challenges. **Today, these two civilisational spaces are meeting again, so to speak, in a new situation.** Globalisation and the growth of information and communication technology have brought continents closer not only in the geographical sense but the mental one as well. The fall of communism ended the bipolar division of the world and made possible changes on the political map of the world. In Europe this led to the unification of the artificially separated East and West into the European Union of 27-plus. In India, the economy was liberalised and reforms were introduced that opened up the market.

Today, both unions are at a crossroad and are searching for their place on the global chessboard in the new geopolitical and socio-cultural conditions. Both can learn much from each other using existing political, economic and social solution models and from the experiences in their application.

In the present analysis – the result of repeated visits to India and discussions with Polish and Indian political and economic leaders – THINKTANK recommends that politicians and business people in both countries **strengthen their mutual relations and use advantages they have overlooked until now.**

The European Union and the Union of India need each other in order to better understand the global world and to find answers to its challenges. In the present century, this relationship has to be based on **new premises**, however. New ties can be established through the **reinforcement of relations between India and countries of East-Central Europe.** The latter are not burdened by a colonial past and are sensitive to matters of independence, they understand the socialist legacy of the Republic of India's first years better than the West does, and their approach to family, spiritual and social values is similar to India's. **Poland – the largest country of this region – can play a crucial role in this dialogue and enable an enlarged Europe to understand and appreciate the new India and vice versa.**



14 | REDESIGNING A PATH OF BETTER COOPERATION

Both Unions – the Indian and the European – emerged on the basis of a great vision. Today, in the new international situation, it makes sense to establish relations anew. Why is a closer political and economic alliance between the world's two largest democracies necessary?

23 | INDIA, EUROPE AND POLAND IN THE BROADER WORLD

The European Union, in which Poland is beginning to play a major role, is one of India's most important economic partners. How could this increasing closeness be used to enhance mutual relations?



33 | REDISCOVERING EACH OTHER'S POTENTIAL

Closer looks at the opportunities and challenges of cooperation, by: Donald Tusk, Bogusław Zaleski, Maciej Popowski, Arvind Kumar, Andrzej K. Koźmiński, Inder Jit, Aleksander Kwaśniewski, Sheila Dikshit, Danuta Hübner, Bishwanath Goldar, Sanjay Dalmia, Wojciech Inglot, J.J. Singh, Seema Bhardwaj, Rajeev Dubey, Rajkumar Nandlal Dhoot, Pirouzan Parvine, Arvind Bali, Magdalena Sroka, Krzysztof Zanussi. New ideas and inspirations for political, cultural and economic cooperation between the EU and India and between India and Poland.

91 | NEW VISIONS OF THE FUTURE

“Europe should devote itself to the imperative of caring for its vitality and dynamism. This is my vision of Europe: vital, open, strategically mature and independent” – writes **Bronisław Komorowski**, President of Poland.

“We must abandon conventional thinking and seek innovative and out-of-the-box solutions” – writes **A.P.J. Abdul Kalam**, former President of India.



THINKTANK THE NETWORKS

New ideas and trends for leaders in Poland
Leadership, innovation, smart growth

- Conferences, reports and programmes created together with business and institutions
- THINKTANK Magazine – a quarterly for top executives and leaders in the public sector
- Discussing the best/new ideas: roundtable discussions and ideas for growth
- A network that works: a vivid space for the best experts and thinkers in Poland
- Top events on the idea market (e.g. European Forum of New Ideas)

Find out more about us:
www.mttp.pl

THINKTANK[®]

| AUTHORS / COMMENTS



Arvind Bali
ENTREPRENEUR
Director of Videocon Telecommunications Ltd. and CEO of Global CPT Videocon Industries Ltd.



Seema Bhardwaj
LAWYER
Member of the Rödl & Partner India Team and advisor to foreign investors in India.



Małgorzata Bonikowska
PARTNER, THINKTANK
Historian, expert in European affairs, international relations and social communications.



Bishwanath Goldar
ECONOMIST
Professor at the Institute of Economic Growth, University of Delhi.



Sanjay Dalmia
ENTREPRENEUR
CEO of the Dalmia Group of Companies GHCL Limited, active in chemical and textile industries and IT services.



Rajkumar Nandlal Dhoot
ENTREPRENEUR
Member of Indian Parliament, Chairman of ASSOCHAM, co-founder of Videocon.



Sheila Dikshit
POLITICIAN
Chief Minister of Delhi, former minister and member of Indian Parliament.



Rajeev Dubey
ENTREPRENEUR
Deputy-Chairman of Mahindra & Mahindra responsible for human resources and CSR.



Danuta Hübner
ECONOMIST AND POLITICIAN
Former Polish Minister for European Affairs and Poland's first EU Commissioner.



Sabina Inderjit
JOURNALIST
Chief of Bureau of INFA, member of IFJ Board. Formerly with *The Times of India*.



Wojciech Inglot
ENTREPRENEUR
Owner of INGLOT Cosmetics, Poland's largest producer of cosmetics.



Inderjit
POLITICIAN AND JOURNALIST
Former member of Indian Parliament, editor of India's information agency INFA.



A.P.J. Abdul Kalam
FORMER PRESIDENT OF INDIA
Aerospace engineer, professor, founder of the *What Can I Give* movement for the youth.



Bronisław Komorowski
PRESIDENT OF POLAND
Politician, historian, former opposition figure, minister of national defense and speaker of the Sejm (House of People).



Andrzej K. Koźmiński
SCHOLAR
Professor and President of Koźmiński University. Member of the Polish Academy of Sciences.



Arvind Kumar
PROFESSOR
Lecturer and scholar at Manipal University. He specializes in national and international security.



Aleksander Kwaśniewski
FORMER PRESIDENT OF POLAND
Journalist and two-term President of the Republic of Poland. He is a member of the International Crisis Group.



Paweł Rąbiej
PARTNER, THINKTANK
Journalist and manager specializing in the field of leadership, communications and innovation.



Donald Tusk
PRIME MINISTER OF POLAND
Politician and historian, co-founder and leader of the Civic Platform party.



Pirouzan Parvine
LAWYER
Partner in the Polish section of Salans Law Office, specialist in investments and transactions in emerging markets.



J.J. Singh
ENTREPRENEUR
Chairman of the Indo-Polish Chamber of Commerce and Industry (IPCCI).



Bogusław Zaleski
FORMER DEPUTY MINISTER OF FOREIGN AFFAIRS
Political scientist and lecturer at the University of Warsaw's Institute of International Relations.



Maciej Popowski
DIPLOMAT
Deputy of the European Union High Representative for Foreign Affairs and Security Policy.



Magdalena Śroka
VICE MAYOR OF KRAKÓW
In charge of culture, sport and promotion. Previously, she directed the Kraków Festival Office.



Krzysztof Zanussi
FILM DIRECTOR
Graduate of the Łódź film school and in physics at the University of Wasaw and in philosophy at the Jagiellonian University.

THINKTANK

Mińska Street 25, 03-808 Warsaw, Poland
phone +48 22 628 20 04, +48 22 628 04 10
fax +48 22 628 04 12
e-mail: biuro@mttp.pl

THINKTANK DOSSIER EUROPE – POLAND – INDIA has been prepared in connection with Poland's presidency of the Council of the European Union and the EU-India Summit.

It emerged on the basis of over a dozen visits to India and conversations with Indian leaders in politics, public opinion and business.

Special thanks to the staff of the Embassy of the Republic of Poland in Delhi and of the Ministry of Foreign Affairs of the Republic of Poland.

Publication concept:

Małgorzata Bonikowska, PhD, Paweł Rąbiej
Texts: **Małgorzata Bonikowska, PhD, Sabina Inderjit**
Collaboration: **Jacek Ratajczak, Tomasz Bienkowski**
Editor: **Paweł Rąbiej**

Publishing coordination: **Anna Chyckowska**

Graphic design: **Katarzyna Zbytniewska**

Design collaboration: **Monika Chylińska**

Translation: **Jean-Jacques Granas, Michelle Granas et al.**

Photos: **Jacek Ratajczak, Małgorzata Bonikowska, Paweł Rąbiej, archives of the authors**

Editor:

THINKTANK, Ltd

KRS 0000325641, NIP 701-01-83-649, REGON 141839360

Paweł Rąbiej (chairman),

Małgorzata Bonikowska, PhD (board member),

Paweł Rafał Kaczanowski (board member)

THINKTANK Advertising and Fundraising Office

Director: **Marcin Dąbrowski**

mdabrowski@mttp.pl, mobile +48 608 638 258

Co-editor:

INFA, India News & Feature Alliance

Jeevan Deep, 10 Parliament Street, New Delhi, India

www.infa.in, infa@infa.in

THINKTANK DOSSIER EUROPE – POLAND – INDIA

English version

Issue: 2,500 copies

Print: Taurus

COVER PICTURE: PAWEŁ RĄBIEJ/JACEK RATAJCZAK

CO-EDITOR, INDIA

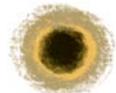
PUBLICATION PARTNERS



India
News & Feature
Alliance



Indo Polish Chamber of Commerce and Industry
Poland



India EU Council



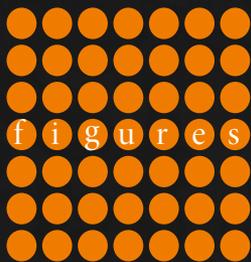
India's Global Info-News Portal



CENTRE FOR
CONTEMPORARY INDIA
RESEARCH AND STUDIES
INSTITUTE OF INTERNATIONAL RELATIONS
UNIVERSITY OF WARSAW



SOLIDARITY



EUROPE

229

billion euro
– total agreed to
October 2011
in the aid package
for Greece agreed
by the richest
countries
and the IMF

The aid offered to crisis-stricken Greece is the first case in Europe of such a comprehensive agreement by the countries of the EU regarding the threat of bankruptcy of one of its members. This is a clear sign that the member states, in spite of their differences in views, are happy to work together in the face of financial threats and economic destabilisation.

Young India, ageing Europe

550 million The number of India's inhabitants under 25 years of age.
This is more than the entire population of Europe (502 million).

A YOUNG FACE

India's face is young – it is one of the youngest societies in the world, while **Europe is one of the oldest**. The ratio of inhabitants over **65 years** of age to those of productive age (15–64) is 26 per cent in Europe, while it is barely 7 per cent in India. Poland, in the context of the 'old Union', is also relatively young – the ratio is today **18 per cent**, but it is going to worsen. Having a young society is a competitive advantage for India (**54 per cent** of inhabitants under **25 years** of age), including in comparison to China, where, on account of the birth control policy, the trend is similar to that in the EU.



CONTINENTS WITH DIVERSITY

Both Europe and India pride themselves on being multi-cultural. The EU comprises **27 countries** and the Indian Union is composed of **28 states** and **7 union territories**.

The European Union is inhabited by around **87 ethnic groups**, of which 54 have the status of national minorities. There are over **2,000 ethnic groups** in India and six main religions: Hinduism (and its numerous sects), Islam, Christianity, Sikhism, Buddhism, and Jainism – and there are also animistic religions.

Of all the alphabets invented by mankind, **10 originated in India**. Many European languages have their roots in Sanskrit. 23 languages are spoken in the European Union. In India, in addition to the official languages of Hindi and English, 25 languages are recognised as official in individual states, and there are over a thousand languages and dialects.

Europe slowing, India growing

2007 The year negotiations began on a Free Trade Agreement between India and the European Union. Negotiations are expected to be concluded in early 2012.

Economic growth in the EU, Poland and India

*2010 (EST)	GDP per capita	Growth in GDP	Inflation
Poland	18,705 USD	3.8%	2.7%
India	1,265 USD	8.5%	9.22%
EU	32,615 USD	1.8%	2.1%

Statistics: EUROSTAT, 2011.

India has **55** billionaires (in USD), Europe has **266**. Europe has 3.1 million millionaires, while India has scarcely 153 thousand. **Poland has 4** billionaires and **25** thousand millionaires. At the same time, nearly **41** per cent of India's population lives on less than **1.25 USD per day**, which is considered to be the absolute poverty line. In Europe, including in Poland, the figure is less than 1 per cent.

CHASING THE DRAGON

62% This is the share of private consumption in India's GDP, while in China it is scarcely 39 per cent. India is following China's path in terms of a dynamic development of exports after introducing economic reforms. The growth path is almost similar (see the chart of export share in GDP). However, China is exporting considerably more new technology.



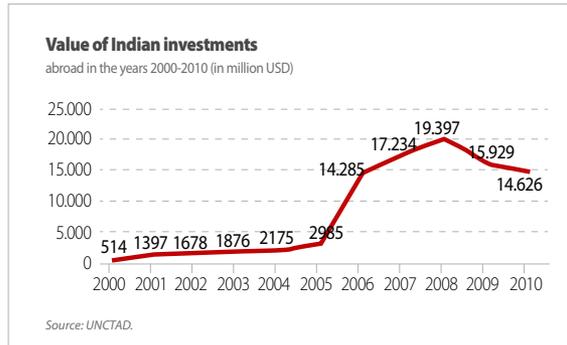
In every area, India is an infinity of gods and myths, of beliefs and languages, races and cultures; everything and every place, wherever one looks or whatever one thinks about, begins with this vertiginous infinity.

Ryszard Kapuściński, *Travels with Herodotus*

LARGE PURCHASES

10 billion USD The amount Indian firms will spend on takeovers in Europe in 2011.

Source: IndusView Advisors Private Limited, 2011.



In the years 2000-2010, Indian firms spent **80 billion USD** on foreign takeovers and mergers (according to the Reserve Bank of India). In 2008, **Indian investments amounted to a record 19.4 billion USD**. Brands such as Jaguar, Land Rover, Tetley and stakes in Pininfarina (the Tata group) were acquired by Indian firms. In the period 2010-2011, India was the third largest investor in Great Britain. The aim of these takeovers was not so much the acquisition of scale, know-how or a sales network, but rather, primarily, to have a recognised brand, as Indian entrepreneurs are aware that their largest problem in global competition is image.

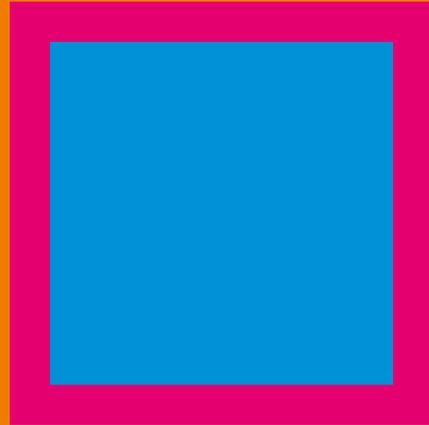
THE KINGS OF OUTSOURCING

7 Indian firms are in the set of the world's 15 largest outsourcing firms. At the beginning of the economic transformations, India concentrated on outsourcing IT and office services, making use of its demographic advantage and, above all, its knowledge of English. Many firms began with the straight outsourcing of computer services and then used the acquired know-how to develop

25% This is the amount by which trade between the EU and India grew in the first half of 2011 in comparison with the previous year. Exports increased from 10.5 billion euro to 16.4 billion euro, and imports to EU countries from India rose from 16.3 billion to 20.5 billion.

Source: Eurostat.

536 The number of takeovers by Indian firms in 2009-2010.
78 billion USD The value of foreign investment in India in the first 10 months of 2010 (FT).



Europe, India and Poland in a world seeking a new centre of gravity

- The networked international order: finding a place together
- Towards a new definition of strategic alliance
- An EU-India free trade zone: waiting for greater opportunities
- Enhanced economic cooperation: the prospect of benefits

India, Europe and Poland in the 'extended' world

authors: MAŁGORZATA BONIKOWSKA, PAWEŁ RABIEJ

The Union of India and the European Union were both born out of a great vision. Europe sought peace and stability while India wanted independence. Today, both unions are at a crossroad: they need to set new strategic goals in order to find a place for themselves in the emerging network-based world order. Both would benefit from stronger mutual relations – Europe as India's principal ally in the Western world, and India as Europe's strategic partner in Asia. Such a political and economic alliance between the world's two largest democracies would significantly strengthen the process of sustained and intelligent development in the global world. Closer cooperation could also stimulate greater economic growth.



[1] European and Indian mental maps of the world
– what do we have in common?

[2] Closer economic cooperation
– a way towards mutual growth

[1]

Europe and India are old acquaintances. Although their common history is not devoid of upheavals and bitter moments, in this century they should create an axis of close cooperation based on partnership – on historical ties, on the tradition of cultural cross-ferment and on **respect for the other side's civilisational achievements.**

The fates of Europe and India have been interwoven for millennia. Most of Europe speaks an Indo-European language, while the culture of northern India is rooted in the culture of the Arians, who originated also in Europe. The two old civilisations came into contact thanks to Alexander of Macedonia in the 4th century B.C. Later separated for many centuries (not counting merchant travel) they met once again in the 16th century thanks to the Europeans' passion for world exploration. The Portuguese, Dutch, French and British first did business with the Indians and established trade posts on the Indian sub-continent, and then laid the foundations for political domination.

In the 19th century, the Indian 'Raj' became the jewel in the crown of the British Empire, while Queen Victoria became Empress of India. In 1947, British India won its independence and – after several hundred dispersed Maharajah territories joined in –

formed the Union of India, unifying the sub-continent for the first time in millennia. One of the last stages of this process was the annexation of the Portuguese colony Goa in 1961.¹

In
the next
20 years
the Union
of India
might
become
a world
political
and
economic
power.

UNITY IN DIVERSITY

In the 20th century, both Europe and India created great integration projects based on the premise of 'unity in diversity'. The Union of India provided a unified political framework for the multi-faceted subcontinent, although it proved impossible to avoid its division into two competing entities – Hindustan and Pakistan.

In turn, the European community project gradually put in place since 1951 has brought an end to centuries of conflict as well as peace and prosperity to Europe, even if it proved unable to prevent the Old Continent's Cold War era division into Western Europe, which played second fiddle to the US, and the Soviet-dominated Eastern Bloc.

The Union of India entered the 21st century as an enormous market of 1.2 billion citizens (with a middle class equal to that of the USA) and as the world's largest democracy (over 700 million voters). India has a multi-level electoral system and no year passes without an election in some of the 35 Indian states and union territories.² Approximately 60 per cent of Indian citizens take an active part in elections, a figure which – considering the size of India's population and its short democratic traditions – is a great attainment.³ Over 250 Indian universities and 900 other schools of higher learning produce over 2 million graduates each year while average earnings in India are nearly a third lower than in Europe.

Thanks to its stable development, in the next 20 years the Union of India could become a political and economic power, the world's third-largest economy and its second-largest English-speaking country. India could also, however, remain an emerging market instead of a developed country, squandering the inherent potential of its young and growing but poor and uneducated society (India's population, circa 50 per cent of which is under 25, is expected to grow to 1.7 billion by 2050; 4 of 10 Indians live on less than 1.25 USD per day and 1 out of 4 is illiterate).

The European Union in turn is a large market of 500 million consumers who are wealthy, well-educated, but growing old (Europeans' average age is 39). It is the world's second-largest democracy and its fourth-largest economy. At the community level, there is a noticeable deficit of democracy (EU citizens elect only deputies to the European Parliament) and the identification of Europeans with the Union is weak. In individual member states, thinking in terms of national or party interest is prevalent. Moreover, noticeable differences and decentralising tendencies are present in some of the EU's nearly 280 regions.

Thanks to successive waves of enlargement and cooperation between its member states, the enlarged EU (27-plus) could remain an important global player and continue the traditions of the European powers which are no longer global powers in their own right. In a black-case scenario, Europe could succumb to stagnation and marginalisation while wasting the potential inherent in its unity and 'soft power'.

The European Union and India are drawn together by their democratic system and shared values, such as

India is presently not of key importance for Europe, nor is the European Union significant in terms of India's political aims. Both unions' view of the other's potential is hampered by stereotypes and an underestimation of the other's importance in the world.

The list of common issues is a long one. Both entities wish to play an important role in the newly emerging network-based international order and they can work together in this area.

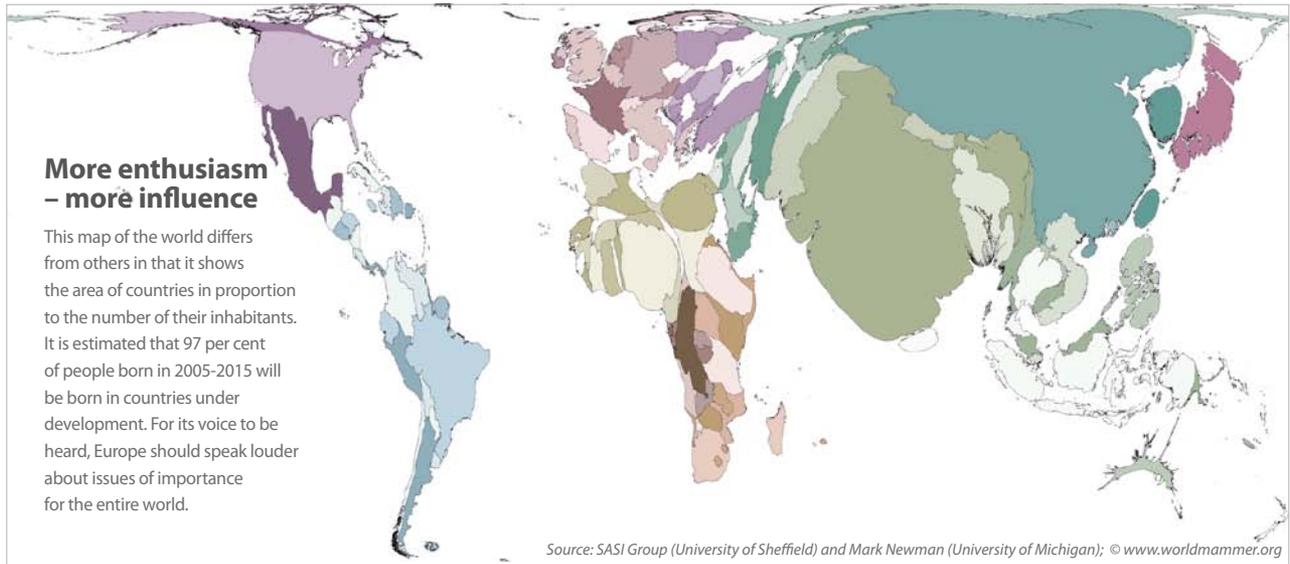
Strong economic ties form the foundation for stable political relations, which is why the EU-India free-trade agreement scheduled to enter into force in 2012 is so important.

observance of the rule of law, respect for human rights, political pluralism and free media. Both entities seek to play an important role in the emerging network-based world order. They are divided, however, by mental barriers, burdens and stereotypes from the past, and their still limited awareness of each other's way of thinking and priorities.

THE ELEPHANT AND THE WHITE HUNTERS

It is not a coincidence that the symbol of India is the elephant. All processes on this great subcontinent have always unfolded slowly and Indians have never been partial to violent change. On the Indian mental map, Europe is a branch of the Western world, which Indians in turn associate with the Anglo-Saxon world. United continental Europe is further in the background and gives way to the unique relationship that India enjoys with the British Commonwealth of Nations.

Once the jewel in the British crown, India is today the world's largest market of cricket lovers (in 2011, India beat Sri Lanka for the world championship), the host of important Commonwealth events and the most populous English-speaking country after the USA. The Anglo-Saxon heritage also brings India closer to the United States, which is today the most important point of reference on the Indian elites' mental map.



INDIA AND THE USA: A STRONG ALLIANCE IN THE MAKING

Both the Union of India and the USA used to be British colonies – both had to struggle for their independence and are, therefore, dearly attached to it. When, following the Second World War, the USA rose to the position of a world power, the nascent Union of India feared a new dependence on America, which it saw as the continuator of the Anglo-Saxon tradition of dominance. For this reason, it seemed attractive to Indian leaders to establish close relations with a new partner – the Soviet Union. For obvious reasons, such an attitude caused resentment in the USA. India in turn looked on with distrust on the American administration's close contacts with Pakistan and, later, with China.

After the end of the Cold War, relations between India and the USA entered a new stage, evidence of which was the first visit to India by an American president (Bill Clinton) in 22 years. A closer alliance was hampered by India's nuclear programme, its testing of nuclear weapons, and the 11 September 2001 terrorist attacks (America's war on terror required an alliance with Pakistan). The breakthrough came in 2009 with the signing of a nuclear treaty and the transformation of the two countries' bilateral partnership into a strategic one based on four platforms – global security, human development, economic activity and science and technology.⁴ America's weakening world position and

the increasing multi-polarity of global politics encouraged the American government to establish closer ties with India, seen in Washington today as an important ally – a counter-weight to China and one of the principal emerging powers whose cooperation will be of key significance for the resolution of fundamental global problems, such as the spread of weapons of mass destruction or terrorism.⁴ In turn, India also sees its close relations with the USA as a counter-weight to China and as an opportunity to reach the position of a major world player.⁶ The two countries additionally share a common goal – the war on terror and Muslim fundamentalism. Indians are presently one of the world's most pro-American societies (72 per cent of Indians feel friendly towards the US).⁷ The United States is home to an Indian community of over two million people, some of whom occupy high and prestigious positions, mainly in business. American universities are synonymous with high-quality learning and prestige and work in the USA is considered an honour. Washington's policy towards Pakistan and India's efforts to gain a permanent seat on the UN Security Council will be key issues affecting the relationship between the USA and India.

GREAT BRITAIN AND INDIA – A FAMILY HISTORY

The second key point of reference for India is Great Britain. This may come as a surprise to many Europeans, but

Indian society generally does not associate the United Kingdom with the European Union but sees it rather as a strong entity external to the EU.

From the British, India inherited democracy, its legal system, its administrative culture, railway network, cricket and the mores of its elites. Educated and well-situated Indians often fail to realise the degree to which the British element – absent in continental Europe – forms a part of their daily lives. Today's British-Indian relations can be compared to ties between a parent and an estranged child who has grown and become independent: It is a love-hate relationship, full of resentments and distrust.

The fact that a few thousand British functionaries were able to rule over several hundred million inhabitants of the Indian subcontinent for over a century was due largely to the Indians' cultural submissiveness and their centuries' old adaptation to foreign rule. Today's Indian elites are very sensitive to all attempts to tell them what to do and for this reason they keep a distant stance, in keeping with the adage that familial bliss looks best on photographs. They harbour many grudges against the British for colonial exploitation, the collapse of industry and economic backwardness but, at the same time, they appreciate the Empire's positive legacy, such as the railway network, the well-ordered administration, the legal system and the courts.

India's growing importance leads to a reversal of the traditional roles in its relations with Great Britain. In 2010-2011, India was the third-largest investor in Great Britain, with 105 projects creating over 6,000 jobs. The take-overs of the British companies Tetley (tea), Land Rover and Jaguar (automobiles) by the Indian Tata concern are examples of the Indian business elites' universal striving for higher prestige through the acquisition of a British brand. Even though the British Prime Minister's visits in India are not as extensively covered by the Indian press as are the visits of the American president,⁸ the United Kingdom remains a symbol of quality and good taste – Burberry bags, Church shoes and Polo shirts are important accessories for the Indian elites.

501 million Its population makes the European Union the world's third largest market – after China and India. Its diversity and potential can only be fully exploited through greater integration.

Source: Eurostat 2011.

PAKISTAN – ESTRANGED SIBLINGS

On the mental map of Indian elites, the United States is synonymous with power; cooperation with Great Britain gives them a sense of belonging to the greater world and is a source of emulation; while Pakistan is family. The government of the Union of India never came to terms with the division of the subcontinent and considers the creation of Pakistan as a great misfortune in the history of Indian civilisation. Such an approach does nothing to please the Pakistani government, which sees India as a rival and a threat.

India and Pakistan are like estranged siblings who lived long under one roof, but who cannot now reside in the same neighbourhood. Distrust between the two culturally kindred countries is exacerbated by the unresolved half-century long conflict over Kashmir and the continued tensions between Muslims and Hindus, intensified in the last few years by America's war on terror. An additional source of discord is the policy of the United States, which tries to find a balance between the two countries, to the resentment of both.

The fact that Osama Bin Laden was killed in Pakistan only served to confirm Indians in their view about the duplicity of the Pakistanis, but the disappearance of the Al Qaeda leader provided an opportunity to warm up bilateral relations. This aim is also served by 'cricket diplomacy', an idea used by Indian Prime Minister Manmohan Singh. Both nations are great lovers of this sport – India-Pakistan matches empty the streets in both countries and provide an outlet to social tension in a peaceful struggle. They also give to politicians of both countries an excellent opportunity to hold informal talks.

PHOTO: AUTHOR'S ARCHIVE

” I was very keen to move beyond the old-fashioned relationship. My view was India was going to be one of the key leading powers of the world in the times to come. The West in the 21st century, including countries like the UK, will have to get used to the fact that we're going to have partners who will be equals, sometimes more than equals. ”

Tony Blair, former Prime Minister of Great Britain



THE ELEPHANT VS THE DRAGON

China is India's main rival and principal strategic adversary in Asia. The two countries' civilisations are Asia's oldest, and they dominate the continent. Europeans, seeing the friction and mixing between the two, gave the name of 'Indochina' to the south-eastern extremity of the continent. Today, India's north-eastern states such as Nagaland are territories of continued ethnic tension. The strip of land between the Himalayas and the Indian Ocean is home to thousands of different ethnicities and languages whose speakers do not have a precisely defined sense of national identity. They once used to be distinguished by how they ate: chopstick users were defined as Chinese, while those eating with their fingers were seen as Indians.

The Indian elephant continues to feel the breath of the Chinese dragon on its back. India compares itself to China, and the constant rivalry helps to maintain in Indian society a sense of Chinese threat exacerbated by the continuing border disputes and the fact that the leader of independent Tibet has sought – and found – refuge in India. India has yet to recover from the traumatic Chinese attack of 1962 and the war it lost in a little over a fortnight.⁹ It is precisely the fear of China that was given as the main justification for India's nuclear tests of 1998. It is also on account of the Chinese threat that the Indians are building strong relations with the USA and neighbouring Russia.

1.4% The amount by which Europe's share as an exporter (the EU25) on the world's markets has decreased. With a 19 per cent share, Europe remains the world's largest exporter.

Source: CEPII-CIREM.

China's growing global role represents a serious challenge for India, while China seems to pay no attention to what is happening on the other side of the Himalayas. For the time being, India is losing the foreign invest-

ment race with China. Its GDP is smaller and it grows much slower. China prevails in production and India in services. India, however, has an increasingly young society, in contrast to China, whose population is rapidly getting older. Many political scientists claim that contradictory political and economic interests and the scale of the two countries' activities may produce a confrontation in the future.

THE INDIAN OCEAN – PROXIMATE BRIDGEHEADS

The region of the Indian Ocean is a potential area of expansion and domination for India. Centuries-old trade and cultural ties and large concentrations of Indian minorities facilitate such expansion. For India, of particular importance for the cooperation consolidation process in this region are the economically rising and English-speaking South-Africa, Sri Lanka, the United Arab Emirates, Oman and Australia – an Anglo-Saxon country and the nearest foreign educational outpost for Indians.¹⁰

Bangladesh, Bhutan, Nepal, Myanmar and the Maldives are closely related civilisationally to India and are seen as India's zone of influence. The Indian government is interested in supporting development and promoting democracy in those countries, as well as in Afghanistan. On the other hand, with regard to the 'Asian tigers', India has shown a stance of marked indifference not affected by either a desire to dominate or a sense of threat. India admires the achievements of Singapore and Malaysia and would like to emulate them at home while, at the same time, it realises that it is acting on a different and greater scale.

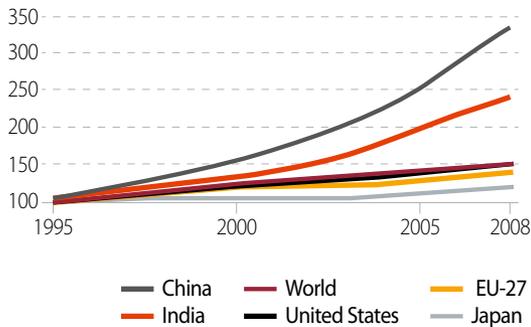
RUSSIA AND EUROPE – A COMPLICATED MOSAIC

Russia's expanse and its recent superpower status continue to evoke respect in India, although no one there yearns for Nehru's socialist economy. Russia, which took over the traditions of the Soviet Union, remains

India's relations with Europe are primarily bilateral relations with each European country.

Not as strong growth as in China, but better than the rest of the world

GDP in constant prices, 1995-2008



Source: National Accounts Estimates of Main Aggregates; United Nations Statistics Division; Eurostat

for Indians one of the world's largest markets and economic partners and a political ally, especially with regard to China.

Relations with countries of the former Soviet Bloc, including Poland, are mentioned in the context of relations with the Soviet Union. **Poland and India were economic and political partners during the Cold War, but the political transformations in East-Central Europe severed these ties.** In the last 20 years, Poland has joined NATO and the European Union and has consolidated its position in Europe without giving up its close ties with the United States. During the same period, India has liberalised its market and weakened its relationship with Russia – in the new world situation, it attempted to play the role of a democratic alternative to China, which remained communist, albeit with an increasingly open market. After Poland and other countries of East-Central Europe joined the European Union, India changed its mind about this part of Europe and viewed it as an additional gateway to the EU single market and as a potential market for new and relatively cheap investments. East-Central Europe is definitely less known in India than Western Europe, although it is becoming increasingly fashionable since the 'great enlargement'.

Very little is written and said in India about the European Union. India's relations with Europe are primarily bilateral relations with each European country. In this context, the important European political and economic players, besides Great Britain, are the other former colonial powers: France, the Netherlands, Portugal and Germany.

INDIA AND THE EUROPEAN UNION – A STRATEGIC DIALOGUE

India was one of the first countries to establish diplomatic relations with the European Economic Community in the early 1960s. The Maastricht Treaty of 1993 introduced the concept of European Union and, by so doing, made it possible to strengthen mutual relations. The Trade and Economic Cooperation Agreement was signed in 1994, and India was recognised as an EU strategic partner two years later.¹¹

Since 2000, yearly EU-India summits have been held in Delhi and in Europe, alternately (in Brussels since the Treaty of Lisbon came into force in 2009). In 2004, both unions signed a strategic partnership whose main goal is economic cooperation, but which also provides for common action in other areas, such as international security, human rights or cooperation in science and research. In consideration of India's achievements in the fields of satellite and navigation technology and space research, an agreement was signed about India's participation in the European Galileo satellite navigation system. India also takes part in academic initiatives such as the Erasmus Mundus programme and in a number of other EU community programmes.

The strategic partnerships agreed upon in 2005 entail, among other things, closer dialogue and economic cooperation.¹² The European Commission started up, among other things, the Trade and Investment Development Programme, entailing 13 million euro worth of technical aid for the creation of a favourable investment climate in India.¹³ A consequence of stronger mutual cooperation included the growth of political contacts. For several years now the Delegation for Relations with Countries of South Asia and the South Asian Association for Regional Cooperation (SAARC) has

PHOTO: FORUM/REUTERS/SIPHWE SIBEKO

Our society and country are changing rapidly because of our fast economic growth. Today our people look towards the future with new hope. They have higher aspirations. It is not an ordinary achievement for our democracy with a population of 120 crore and so many religions, languages and cultures to march rapidly ahead on the path of development.

Manmohan Singh, Prime Minister of India



been active at the European Parliament and maintaining close contacts with the Indian parliament. In 2007, India's president, Abdul Kalam, PhD – author of India's nuclear programme and of *India 2020*, a report analysing the possibility of building a powerful and developed state on the Indian sub continent – was present during a session of the European parliament.¹⁴ A joint declaration on international terrorism and on cooperation in fighting it was adopted during the 2010 EU-India summit in New Delhi. Other joint themes include human rights, a free trade agreement as well as migration and consular matters (visa regulations in the Schengen Area).

The European Union is one of the most important donors for India. In the last 10 years, it has spent over 2 billion euro for the support of educational, social, and equality projects, as well as on health care, the extension of structural reforms, better management and infrastructure. The European Commission is one of the largest donors of humanitarian aid to India – only in 2005, it exceeded the amount of 620 million euro for combating the effects of natural disasters on the subcontinent.¹⁵

The EU-India dialogue is one of the most important debates in today's international relations. At stake is the possibility of creating an axis of intensive cooperation between the world's two largest democracies which have much in common. Another great challenge in EU-Indian relations is to arrange them not only so that both parties are able to attain their aims, but also so that their closer cooperation contributes to the promotion of peaceful, sustainable and

intelligent development in the global world. The basis for the building of stable political relations is the creation of solid economic ties and this is the reason why the free trade agreement between the EU and India is so important.

THE EU AND INDIA – WHY DO THEY NOT UNDERSTAND EACH OTHER?

What is most important for India today is inclusive economic growth, the economisation of foreign policy and the assurance of internal security. India's greatest burdens include enormous social differences in terms of wealth (over 230 million Indians suffer from malnutrition) and education (almost 300 million Indians are illiterate), religious tensions (especially between Hindus and Muslims), deficiencies in infrastructure and a weak agricultural sector. India's strengths include the general optimism of society (including the poor), an enormous young population, creativity and a spirit of enterprise.

India bases the formulation of its international relations strategy on a rational and very pragmatic analysis of the national interest. India is interested in political stability and in defusing internal and external conflicts. It is seeking natural allies such as the USA and Great Britain. India is open to cooperation not only in the economic or international security spheres, but also on climate change, combating poverty or universal nuclear disarmament. India pays much attention to high-tech research, space exploration, the struggle against deadly diseases and the resolution of developmental problems.

Indian political elites do not see the European Union as a serious partner for

India will have to take into account that the EU (united) will increasingly play the leading role in international affairs.

PHOTO: FORUM/REUTERS/B MATHUR



“Modern India is in many ways a construct of Europe; it could be appropriate if postmodern Europe sought the perfect mix of political unity and cultural diversity that India has already found. India represents the unique combination of a young nation and an ancient civilization, embracing economic globalisation in a context that is **open and democratic**.”

Kamal Nath, India's Minister of Urban Development, former Minister of Commerce and Industry

» **The free trade zone** between EU and India will bring together markets of 1.5 billion people. It will be a key contribution to the global recovery, signal for global openness and a signal against protectionism. Most importantly, it will be crucial for sustainable growth, **jobs and innovation both in India and Europe.** »

Jose Manuel Barroso, EU Commission's President



political arrangements of the first order, such as gaining a permanent seat on the UN Security Council, in which the EU has only the status of a privileged observer (France and Great Britain, both permanent members, and Portugal and Germany, which are observer states, are not seen by the Indian elites as the EU in this context). The coming into force of the Treaty of Lisbon changed the balance of power in European institutions, strengthened EU diplomacy and created structures necessary to conduct a common foreign policy.

This means that India will have to take into account that the European Union – and not its individual members – will increasingly play the leading role in international affairs, for example in the negotiation process about climate change or in international interventions under UN auspices (such as in Libya). For the time being, the Indians see the EU rather as an experiment than as an efficient structure, and it prefers to get things done separately with its most important members, i.e., Great Britain, France or Germany. The Brussels elites are non-existent in the consciousness of Indian society. Visits of EU commissioners or parliamentarians in India are reported laconically by the Indian media. For Indians, the European Union is incomprehensible – they find it difficult to define this formation and to understand what its prerogatives and influence on global affairs are.

India's recognition of the European Union's potential is made none the easier, in turn, by the fact that Europe finds it difficult to gauge the changes that are taking place in the world. The first problem is the EU's desire to settle global matters on its own terms. Since Marco Polo and Vasco da Gama, Europeans have been discovering the world mainly in order to conquer it. The openness of Europeans was the openness of conquest, not cooperation. Since the end of the Cold War, Europe's position in the world has been gradually diminishing (this process is largely due to the changing global balance of power but also to the ageing of Europe's population and the slowing down of its developmental momentum). In contrast, the importance of India is growing (a GDP growth rate of 8-9 per cent over several years, nuclear weapons since 1998, world's second-largest producer of food). While Europe appreciates India's developmental potential and is counting

on its active participation in the resolution of global problems, it wishes to set the tone and the direction of this process alone. It is striving to maintain the position in the world it has held for centuries and wishes to remain a point of reference, a centre of strategic thought, creativity and innovation, while the formulation of new global solutions calls for a new type of openness and a new approach.

Europe's second problem is an excessive concentration on itself. Weakened by the crisis and the rapid changes in the world, the EU views its future with pessimism. It is fixated on itself and concentrates mainly on searching for compromises among its member states and defining means for further integration. The EU is facing the challenge of how to define its competitiveness in the new reality and how to make use of both its hard advantages and its 'soft power'. This requires a different approach to building alliances, however.

HOW TO HELP ONE ANOTHER?

The most important areas of contact between the European Union and India are the economy (especially trade and foreign investment), migration and the labour market, the social sphere (social cleavages and inequality, education, health, and social benefits), international security as well as environmental, energy and climate issues. At times, sparks fly around those questions. It is primarily stereotypes and a selective and superficial view in the EU of the manner in which the Union of India functions and a similarly limited view in India of the manner in which the EU functions that form the principal barriers to good relations.

Europe's main challenge today is to find a way to prevent strategic drift – a development slower than that of the rest of the world. Maintaining the role of a world power in a situation of economic stagnation, idleness-breeding stabilisation and ageing of a wealthy society will not be easy for Europe. The main challenge for India, in turn, is to ensure the continuity of growth and to achieve the necessary maturity to take on the role of a world power in a context of growing and increasingly young population, enormous disproportions among a still mentally feudal society and the

PHOTO: FORUM ©PHOTOQUI/LEST REPUBLICAIN/ALEXANDRE MARCHI

spoiling of India's democracy by corruption and dynastic tendencies. Europeans find it difficult to accept the necessity of intensive work and belt-tightening for the benefit of future generations, given that the present one has already achieved everything (it is enough to recall the Greek protests against reforms intended to save the country). Indians, in turn, find it difficult to modernise the Bharat (India), in which it is still cheaper and easier to hire an illiterate menial worker than to purchase a machine (which explains the low popularity of automatic washing machines).

Both unions, the Indian and European, arose as a result of a great vision. Europe needed peace and stability, while India wanted independence. Today, both unions are at a crossroads, both unions (though Europe far more) need to set new strategic goals for themselves in order to find a place in the emerging network-based world order. Both unions can benefit from closer mutual relations: Europe as India's main ally in the western world, India as a Europe's strategic partner in Asia. Such an alliance between the world's two largest democracies would significantly reinforce the process of building sustainable and intelligent development in the world.

Both unions can learn much from each other by using existing solution models in the spheres of politics, the

economy and society and the experiences derived from their application. Europe can support India in building an efficient democracy and a modern public sphere with an education, health-care and social assistance systems including all citizens. India, in turn, can offer Europe support in the sphere of multi-cultural management and openness for 'otherness at home' and it can teach Europe how to adapt to and absorb differences without domination. India also has valuable economic experience in new and promising market segments, such as the poor client.¹⁶

The key to successful cooperation between both unions will be the ability of European and Indian elites to step out beyond existing mental barriers and the temptations created by the present situation in order to find a new vision – one equally great as that from 60 years ago. What is needed is a pragmatic definition of how the two sides can support each other. Both Europe and India would gain much by returning to their roots and by drawing anew on the ideas formulated by their founding fathers – Mahatma Gandhi and Jawaharlal Nehru, Robert Schuman and Alcide de Gasperi. What will also be needed is the ability to engage in a dialogue and cooperation that goes beyond superficial contacts, shallow fascination and traditional prejudice. ●

END NOTES:

1. The Portuguese established a trade post at Goa in 1510. In 1961, Indian troops entered the territory of the colony and Goa was annexed to the Union of India.
2. The Union of India is divided into 28 states, 6 union territories and 1 capital territory. The lower administrative unit is the district, of which there are 591.
3. 716 million Indians took part in the 2009 elections, a voter turnout of 60 per cent.
4. See P. Kugiel, *Indie i USA*, Polish Institute of International Affairs, Warsaw 2010.
5. In her presentation of the USA's principal foreign policy premises in 2009, Hillary Clinton included among those countries India, China, Russia, Brazil, Turkey, Indonesia and South Africa.
6. In his speech delivered in the Indian parliament on 8 November 2010, US President Barack Obama stated that India is no longer an 'emerging power', but an 'already emerged' one.
7. See P. Kugiel, *op. cit.*
8. President Barack Obama's November 2010 visit in India was broadcast by all Indian media, while TV channels carried live coverage.
9. The cause of the Chinese-Indian war which lasted from 20 October to 20 November 1962 was a dispute about the two small areas of Aksai Chin and the North-East Frontier Agency (NEFA). Serious military operations were initiated by China when it attacked Indian troops stationed on the so-called McMahon Line. The war ended with the annexation of Aksai Chin to the PRC.
10. Racial problems involving Indians in Australia are widely commented on the Indian media. This is especially the case for the large group of Indians studying in that country.
11. *Commission Communication for an "EU-India Enhanced Partnership"*, Brussels, 1996.
12. Joint Action Plan, Delhi, September 2005.
13. Trade and Investment Development Plan, November 2005.
14. A.P.J. A. Kalam, *India 2020: A Vision for the New Millennium*, 1998.
15. Data of the European Commission Humanitarian Aid Office (ECHO).
16. See the bottom of the pyramid model described in C.K. Prahalad, *The Fortune at the Bottom of the Pyramid*, Wharton School Publishing, Philadelphia, 2004.

THINKTANK RECOMMENDATIONS:

POLITICAL COOPERATION BETWEEN THE EUROPEAN UNION AND THE UNION OF INDIA TAKES LITTLE ADVANTAGE OF THE OPPORTUNITIES EXISTING IN MUTUAL RELATIONS AND SHARED EXPERIENCE.

Mental barriers are present on each side. Both unions could benefit from enhanced relations: Europe as India's main ally in the Western world, and India as Europe's strategic partner in Asia. Such an alliance between the world's two largest democracies would significantly reinforce the process of building sustainable and intelligent development in the world.

[2] Poland – India more than just the economy

Contacts between India and Poland have never been as close as the subcontinent's relations with Western Europe, but today the discrepancy can be overcome. The lack of a colonial past favours enhanced relations between the new EU countries and Asia; Poland and India could take advantage of the situation to build forward-looking relations without historical baggage.

The growth in India's economic significance has occurred not only thanks to its rising GDP, but also to its low inflation (in spite of turmoil in oil prices), its considerable increase in foreign trade, its development of technical infrastructure, its simplified tax policies, growing national financial reserves, developing capital market and incoming foreign investment. This does not mean, however, that the Indian economy is not struggling with its own limitations.

GROWTH IN SPITE OF THE BARRIERS

The factors hampering economic growth in India include corruption, the influence of politicians on the economic sphere, high corporate income tax for foreign companies (42.23 per cent) lengthy customs procedures, and recently also rising prices, even for basic food products. The

India and Poland are very different, but they are alike in certain elements of their histories.

liberalising reforms of the market begun in the nineties have not been completed; thus freer competition is not accompanied by full freedom in the movement of capital (limitations on money transfers and property acquisitions). Economic activity is dependent on an unstable power supply (frequent outages, even in large cities) and lack of fuel. The continuing weakness of the transport, telecommunications and power infrastructure makes the development of enterprises difficult. The growing population might also become an issue. In the near future, Indian society will require around 10-13 million jobs, which means the necessity of increasing the number and scale of Indian firms and also of increasing the effectiveness of the educational system.

In spite of these barriers, the Indian market is continually growing and is today one of the world's largest venues for the production and marketing of mass consumption

The European Union is one of India's most important economic partners.

Poland's attractiveness for India grew after its entry to the single market.

Poland is ideal to be India's main partner in the countries of the 'new Union', while India could become an excellent bridgehead for the expansion of Polish firms in Asia.

goods. In the years 2012-2017, the Indian government plans to invest 1 billion USD in infrastructure, increasing expenditures from 5 to 9 per cent GDP, and thus creating large opportunities for foreign firms. Rapid urbanisation and a burgeoning middle class favour improvements in the quality and accessibility of goods. The fastest growing branches of the economy include the production of steel, iron and aluminium, the automotive, textile and clothing industries, pharmaceuticals, chemicals, petrochemicals, electricity, power, gas, telecommunications and computer science, as well as tourism, hotel services, bio-technology and agricultural products. Indian industry employs, however, only around 12 per cent of the 510 million Indians of productive age, and creates around 20 per cent of the GDP. On the other hand, the importance of services is rising; they provide work for 28 per cent of vocationally active Indians and account for as much as 55 per cent of the GDP.

At the moment, India is the world's second largest producer of food products, after China, but it has the potential to take the lead. Agriculture, which was long the basis of the economy, still engages 60 per cent of workers, but creates only 20 per cent of GDP. Analysts predict that in the next ten years the efficiency and turnover of Indian production will double. At the same time, in rural areas, which are still inhabited by over half of Indian society, consumption is continually growing and in the case of certain articles it is the rural population that is the main consumer (75 per cent of watches, bicycles and radios sold, for instance). Ten years ago barely 10 per cent of Indians possessed a mobile phone; today 75 per cent of society (800 million users) has one and the number is growing by 10 million new phones a month.

India views the EU as a model for the development of trade and as an inspiration for increasing regional economic cooperation in Asia, while Europe sees in India an enormous market for its goods. The major impediment is the desire of each side to protect its own market. Free trade could bring enormous benefits to each. After the entry into force of the free trade agreement between India and the EU, which has been under negotiation since 2007, bilateral trade could reach 100 billion USD annually. India's leaders are counting on the effect to be similar to that in the case of the trade agreement signed in 2010 with ASEAN (the Association of Southeast Asian Nations). In the course of one year (from 1 January to

PHOTO: MARCIN ZIEBA

It has been a day that shall ever remain etched in memory. Kraków, the original capital city of Poland, or often referred to as the Capital of Royals, or the royal capital, has converted me into a fan of endless proportions. The city itself, clean organised heritage maintained and preserved just like it was at the time of its construction is an amazing feature, in days otherwise overburdened by **modern structure and ambiance.**

Amitabh Bachchan, after visit to Kraków in 2011





DIVERSITY



INDIA

Being an important bridge between Asia, the US and Europe, India's democracy has so far functioned well in the diversified and complex socio-political conditions of a country of 1.2 billion people. Unity in diversity is not easy to achieve in the subcontinent's multicultural society, but democratic practices greatly help this process.

Over 2000

This is the number of ethnic groups who live in India

31 December 2010) trade with countries of that region grew by 50 per cent. At the same time, the Indian government is trying to attract foreign specialists and direct foreign investments in order to facilitate the introduction of the best technology to industry.

POLAND: A NEW GATEWAY TO EUROPE

India and Poland are very different, but they are alike in certain elements of their histories. Both countries had a long struggle for independence, both experienced the nationalisation of industry, a period of socialist economy and close cooperation with the Soviet Union, and in the last two decades, both have undergone transformations to introduce capitalism and a free market. The first prime minister of the Union of India, Jawaharlal Nehru, believed in a *mixed economy*, which tried to unite socialism with capitalism. “The mixed economy actually combined the worst of socialism with the worst of capitalism: the controls of socialism with the monopolies and lobbies of capitalism. India got the worst of both worlds”.¹ The experiment failed and departure from it has turned out to be a success.

Given India’s economic potential, it has been one of Poland’s partners in Asia for many years. The Indo-Polish Mixed Commission on Economic, Trade and Technical-Scientific Cooperation was established in 1972. After a drop in mutual interest in the nineties, the value of trade between Poland and India began to grow again: in 2008 it exceeded 1.2 billion USD, and according to prognoses, it will reach 2 billion USD in 2014.

Poland exports to India mainly power station equipment, railway equipment, arms, mining equipment, steel products, chemical products, metals, machines and appliances. The chief import goods from India include tea, coffee, tobacco, pepper, fibre, articles made of cotton and chemical products. The introduction in 1995 of non-currency payment in trading exchanges resulted in the dramatic decline in Polish exports to India and the growth of imports from that country, producing a negative trade balance on the Polish side.² In May 2006, the Agreement on Economic Cooperation, constituting the legal basis for the working of a Mixed Commission, was signed in Warsaw. Its most recent meeting was in May 2011.

5.5% The yearly average GDP growth in the countries of Central and Eastern Europe (CEE) in 2000–2008.

Source: Central & Eastern Europe Development Initiative.

Trade remains the economic basis for bilateral relations, and the number of direct investments is also growing. Among Polish firms that have decided to invest in India, it is worth mentioning the Toruń Bandaging Materials Factory, which produces personal hygiene items there, and CanPack, which produces cans in Aurangabad. The cosmetics producer INGLOT, from Przemyśl, is operating on the franchise model and already has 10 shops in India. At the end of 2008, the size of Polish investment in the subcontinent (around 35.6 million euros) exceeded the value of Indian investments in Poland (28 million euro – scarcely 0.04 per cent of direct foreign investments).³ If the size and population of the two countries are considered, the proportion is decidedly disadvantageous for Poland and testifies to a lack of appreciation in India for the investment attractiveness of this country.

38 million – Poland’s population (similar to Rajasthan’s); it has the same area as Maharashtra. Poland was the only EU country to have a growth in GDP (1.8%) in 2009, the worst year of the global economic crisis. Poland hasn’t yet joined the eurozone, but it has been a member of NATO since 1999 and entered the Schengen zone in 2007.

Poland is a model example of successful transformations. Today, we are one of the fastest growing economies in Europe. Cooperation with India is a very important element of Polish foreign economic policy. Polish-Indian economic ties are improving and the bilateral trade is growing, although its level is still far below our expectations.

Radosław Sikorski, Minister of Foreign Affairs of Poland



India constitutes for Poland one of the main markets for investment export, particularly in mining and energy. Indian entrepreneurs are investing in Poland chiefly in the branches of new technology, IT, outsourcing, cars, machines and steel production. The largest Indian investors in Poland are the Videocon Group (with an annual turnover of more than 4 billion USD), owner of the cathode factory in Piaseczno; the firm Eskorts Farmtrac Tractors Europe, producing agricultural machines in Mrągowo; the Reliance Industries Group, producing textured polyester fibre in Zielona Góra; Essen Propack, a leading producer of plastic packing tubes; M/s Varroc Engineering, producing steel parts and sub-assemblies for the automotive branch in Warsaw; Berger Paints, making internal heating systems for buildings, in Żywiec; Novo Tech, Ltd., a company created by Time Technoplast, Ltd in Mumbai for the production of automotive parts and accessories and consumer products from polymers; Lambda Therapeutics Research; and the pharmaceuticals firm Strides Arcolab.

The most numerous group of investors comprises IT companies: VSNL Teleglobe International Holdings, KPIT Cummins, Zensar Technology; Genpact, HCL Technologies, Infosys, WIPRO, Irena, Intelenet Global and CSS. In addition, Tata Motors, Tata Tetley and Tata Consultancy Services, Sylvania Havells India (producer of lighting systems), Jindal Stainless Ltd (a steel producer) and two pharmaceutical firms, Glenmark Pharmaceuticals Ltd and Ranbaxy, have direct representatives in Poland.

NOT JUST THE ECONOMY

Important areas of Polish-Indian relations include science, education, culture and tourism. During Prime Minister Donald Tusk's visit to India in September 2010, a 'Programme of Cooperation between the Ministry of Culture and National Heritage of the RP and the Ministry of Culture of the Republic of India' was signed. It concerns cooperation

in regard to museums, the conservation of historical sites, exchange of information and mutual promotion. Polish films, in common with all European cinema, do not enjoy popularity in India and are seldom shown there, where the native productions of Bollywood, the world's largest film factory, reign. However, Indian filmmakers appreciate the Polish film school and for years have been collaborating with Polish directors and producers. Krzysztof Zanussi lectures in the film school in Mumbai; Jerzy Antczak is on the jury of the prestigious film festival in Goa; and Bollywood productions (including *Fanaa*) are sometimes filmed in Poland. In 2011, Amitabh Bachchan, India's most famous cinema actor, came to Kraków to promote the film *Paa* – and also for an evening of poetry reading dedicated to the verses of his father.

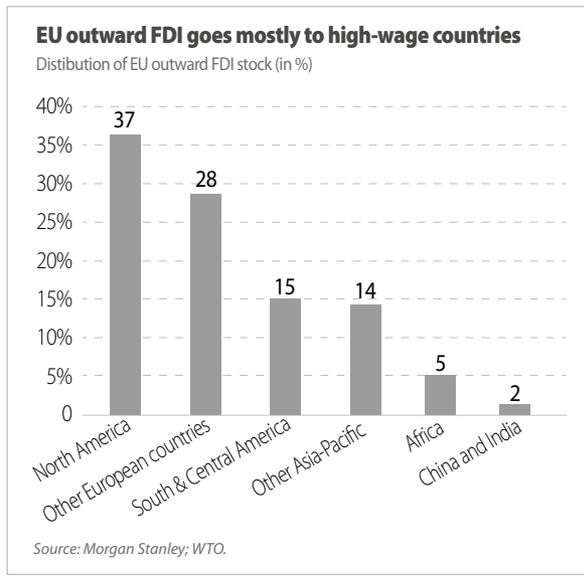


PHOTO: AUTHOR'S ARCHIVE

Factors favouring the growth of Polish-Indian cooperation:

A large Indian market (over 1.2 billion consumers) and Polish participation in the European single market (over 500 million consumers)

High GDP growth in India (a yearly average of 8%) and a good growth in Poland (1.8%)

Developed trade cooperation between India and EU countries and upcoming finalisation of the Free Trade Agreement (FTA) between the two unions

The need for modernisation and goods in India's agricultural sector in conjunction with the unused production potential of the Polish agricultural sector

Growing consumption in Indian society, including in the countryside

Good bilateral contacts at the central and local government levels

Increased promotional activeness of Polish voivodeships and business organisations, financed in part through EU funds

Good bilateral relations during the Cold War period, thanks to which Polish engineers and technologies are still appreciated in India; many people involved in realising of large-scale industrial projects in India (in the power industry, for instant), remain professionally active in Poland

Common experiences in emerging from a centrally planned economy and building a free market

The shared national traits of entrepreneurship, resourcefulness and the ability to find one's way in different situations (the Indian 'jugaad' and the famous 'Polish plumber')

The shared values of both nations in regards to family, interpersonal relations and respect for the elderly

Society in both countries is accustomed to, and accepting of, continual change, and has thirst for success

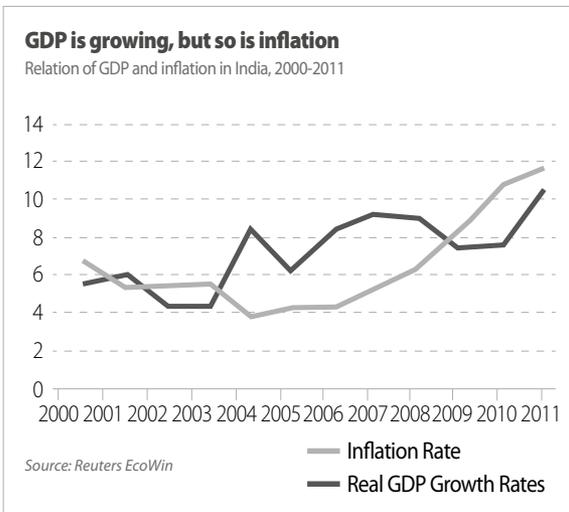
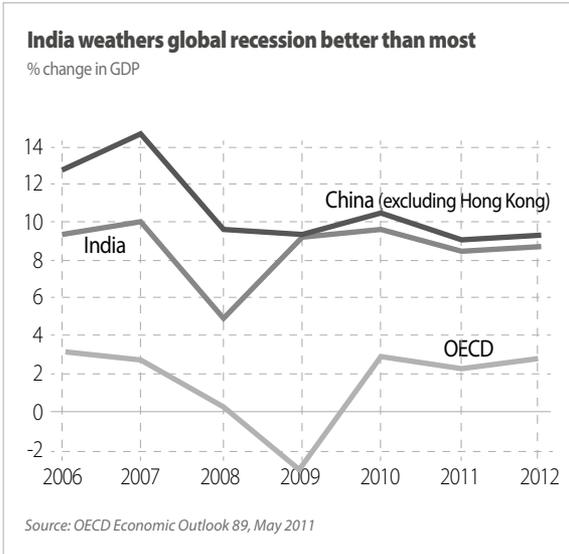
Knowledge of English among a large segment of the Polish and Indian populations

Poetry is another area that brings the two countries together: Indian literature has been excellently translated into Poland and the Indian Nobel prize-winner Rabindranath Tagore is very well known to Polish readers. In turn, the Indian elite, which is fond of poetry, reads Poland's Nobel prize-winners: Wisława Szymborska and Czesław Miłosz. In 2011, thanks to the efforts of the Embassy of the Republic of Poland in India, the poetry of Adam Zagajewski was published there.

Poland is one of the best centres in Europe for research on the culture and languages of India. Poland's India studies, particularly at the University of Warsaw and the Jagiellonian University, have a very good reputation, and outstanding professors have received prizes and distinctions for their activities from the Indian government. Knowledge about India is not limited to experts in the field, but is gradually becoming part of general knowledge about the contemporary world. Thanks to a grant from the European Commission in 2009, the Centre for Contemporary India Research and Studies was established at the University of Warsaw. It is the only institution of this type in East-Central Europe. Working with several dozen other institutions and organisations (including the United Nations Development Program), it acts to disseminate information about contemporary India among Polish political elites and political science students.

3.28 million This is the number of square kilometres occupied by India, which makes it the seventh largest country in the world (China is three times larger). The European Union is larger than India (4.3 million square kilometres).

The consequence of an Indian-Polish rapprochement has been enhanced cooperation between the parliaments and governments of the two countries. In February 2008, the Polish-Indian Parliamentary Group was formed; two Polish presidents and several prime ministers have visited India, and Poland has twice been visited by presidents of India. Furthermore, contacts have intensified between Polish regions and their Indian counterparts. The local governments in Wielkopolska, Pomorze and Małopolska have organised economic missions to India, enabling Polish firms to cover the costs of these trips partially from EU funds. Poland is counting not only on extending business cooperation and



Factors hampering the growth of Polish-Indian cooperation:

Unfamiliarity with Polish conditions in India and Indian conditions in Poland

Schematic and stereotypical thinking about each other (India = a country of cheap labour, elephants and incense, Poland = a poor post-communist country)

Mental barriers among the business elites having to do with investing and conducting business activities in a geographically and culturally distant environment

Low diversity of Polish and Indian exported products in bilateral trade, the prevalence in Indian exports to Poland of low quality products of a low degree of processing

The arduousness and lengthy nature of India's customs procedures, and the simultaneous hampering of trade by Europe's high requirements from Asian companies wishing to export their products to the European market

Extensive bureaucracy and widespread corruption in the Indian administration, making business activities difficult and costly for European companies

drawing Indian investment, but also on extending academic cooperation, school exchanges and joint cultural projects.

In Poland, numerous non-governmental organisations, such as the India EU Council and the Poland-Asia Association, are working to disseminate information about India and promote contacts between the two countries. Warsaw has streets named Indira Gandhi and Rabindranath Tagore, while the Copernicus Marg runs through the centre of Delhi. One of Warsaw's secondary schools is named for

Digvijaysinhji Ranjitsinhji, an Indian Maharajah. During World War II, he provided refuge to circa 1,000 Polish children and wives of soldiers in Władysław Anders' army who had managed to escape from the Soviet Union. Among these refugees was the famous Polish pre-war singer and actress, Hanka Ordonówna. In 2010, the chancellery of President Bronisław Komorowski received a petition for the posthumous awarding to Maharajah Ranjitsinhji of one of Poland's highest state decorations.

PROSPECTS

The political and economic successes of Poland and India in the last twenty years have created the conditions for a rapprochement between the two countries today. However, relations need a 'new opening,' which will take into account both the changes that have occurred in the global balance of power and the potential and position of both economies. Poland and India have emerged in a period of radical, global civilisational and technological transformation, and must therefore learn at an accelerated tempo. A favourable fact is that both nations are enterprising, hungry for success and close to each other in terms of mindsets. A barrier is their lack of knowledge about one another.

Both are emerging countries whose self-confidence is gradually increasing. This also affects the dynamically developing sphere of business. A growing number of entrepreneurs are going abroad to seek new markets for their products and services, as well as trading partners, suppliers and opportunities for investment.

The first natural direction for Polish firms is the European market, the second is the east – Ukraine and Russia – and the third is Asia. India is viewed primarily as a desirable supplier of cheap goods and a good location for

factories (low labour costs). The problem is the low quality of Indian products and the related necessity for continual supervision of supplies, the lack of punctuality of suppliers (time has a different meaning in India than in Western culture), and the difficulty of negotiating prices (continual changes in conditions, including the financial ones).

For India, Poland and the other countries of East-Central Europe constitute an attractive alternative to contacts with the satiated, expensive and lazy West. Poland, as the third largest country of this region and an influential member of the EU, could become a business bridgehead for Indian firms wanting to expand to Europe and Russia. It is also the ideal place for creating a services hub, particularly in ICT and BPO branches.

In the political sphere, contacts with Poland, which is growing stronger and is desirous of playing a wider role in international relations, could give India an important strategic alliance within the European Union, particularly as the leading countries, Great Britain, France and Germany, have begun to treat the economically stable Poland as a serious political partner. In addition to Poland's economic successes, this is also thanks to Polish initiatives such as mediating the domestic conflict in Ukraine, its active approach to Belarus



...People make our success

AIRLINE TICKETS-HOTEL RESERVATIONS-CAR RENTALS-RAILWAY TICKETS-VISAS
-INSURANCE-ORGANISING OF CONFERENCES-MOTIVATIONAL TRAVEL

WHEREVER YOU ARE. 24 HOURS A DAY, 7 DAYS A WEEK

- competent consultants
- saving of time and money
- convenient forms of payment
- intelligent on-line solutions
- attractive conditions for cooperation
- knowledge and experience in business travel management

As a leader in business travel services and management and a majority shareholder in Radius, we can assure our clients of support in 80 countries of the world.



Warsaw
Taśmowa Street 7
02-677 Warsaw
tel. + 48 22 520 28 00
fax. + 48 22 520 28 86

Wrocław
Bałuckiego Street 4
50-034 Wrocław
tel. + 48 71 344 87 90
fax. + 48 71 344 87 95

Gdynia
Batorego Street 28/32
81-366 Gdynia
tel. +48 58 785 01 60
fax. + 48 58 785 01 63

Poznań
27 Grudnia Street 7
61-737 Poznań
tel. + 48 61 853 68 31
fax. +48 61 853 77 08

ADVISORY CENTRE, TEL. +48 22 520 28 00
CHECK THE PRICE OF TICKETS: CENA@WECO.COM.PL
Mon.-Fri. 9-18
www.weco.com.pl

and the Eastern Partnership project. At the same time, Poland could be a source of interesting inspiration for India in the context of the latter's ongoing efforts to transform the economy, improve the national governance model, create a healthy democratic system and fight corruption.

For Polish firms, the unlimited possibilities of the Indian market and the increasing demand related to the growing prosperity of Indian consumers could leverage growth and bring economies of scale. Additionally, cooperation with Indians could give Polish entrepreneurs a new outlook on business and acquaint them with other models of operating. The basis of Indian success is entrepreneurship, unusual adaptability, creativity, the capacity for combining diverse elements ('We Think in English and Act in Indian'), and a holistic approach to combining business profitability with the interests of the employees. India could also provide experience with new segments of the market, such as the poorest clients at the 'bottom of the pyramid' described by C.K. Prahalad.

Given the needs of the Indian market and Polish export possibilities, the greatest opportunity for bilateral cooperation appears to be in the energy sector (the supply of replacement parts, renovation or modernisation of power plants built by Polish firms, renewable energy), coal mining (planning, the sinking of shafts, supply of machines and extraction equipment, enriching and sorting coal, mining and oil and gas exploration), food processing, health care (medical equipment, including hospital equipment), the chemical industry (specialised chemical products, paint components) and defence (Polish military technology). In rediscovering and designating areas for cooperation, it would be worthwhile for both sides to strive for the good relations of previous years.

Polish firms should act concertedly in India to become more visible as European brands.

25% This is the amount by which trade between the EU and India grew in the first half of 2011 in comparison with the previous year. Exports increased from 10.5 billion euro to 16.4 billion euro, and imports to EU countries from India rose from 16.3 billion to 20.5 billion.

Source: Eurostat

If Poland wants to occupy a better place on the Indian market, it must first make its way into the awareness of the Indian consumer. Communications and associations are important as well as products and services. In contrast to several other European countries, Poland – the sixth largest country in the EU – does not have a formed image in the minds of Indians, and must work on this aspect. In the mental map of the Indian elite, Poland does not exist or appears only on the edge of Russia and Eastern Europe. Indians do not recognise Polish products, although the most popular and most expensive vodka is Belvedere, INGOT cosmetics are selling very well – in the luxury market yet – and women use feminine hygiene products of the Bella brand.

Polish firms should act concertedly in India to become more visible as European brands, since 'Made in Europe' products are considered prestigious by Indian consumers. The exertions of entrepreneurs are not sufficient, however; a strong government-business coalition is required. Its goal should be to create an image of Poland as an active member of the EU, a serious partner of Germany, France and Great Britain (countries that have established prestige and reputations in India), and also as an ally of the United States – an important point of reference for Indian elites.

A similar communications challenge faces Indian firms in Poland. Asian entrepreneurs are still not considered reliable in this country, and Indian products are associated with low prices and poor quality. The great majority of Polish consumers do not recognise Indian brands and even giants such as Tata, Reliance or Mahindra do not mean much to them. Bollywood films appear rarely in Polish cinemas, and even stars such as Amitabh Bachchan or Shah Rukh Khan would not be recognised on Polish streets. Polish entrepreneurs have heard little about India's achievements in IT and its high-tech sector, but rather more about terrorist attacks, violence against Christians, and tensions in Kashmir. Therefore, the

business activities of Indian firms in Poland should be accompanied by educational and informational efforts to change Polish stereotypes about India and give it its proper image as a modern, dynamically developing world power. ●

MAŁGORZATA BONIKOWSKA, PhD: political scientist specialising in European and international affairs and social communication. She is a THINKTANK managing partner.

PAWEŁ RABIEJ: editor in chief of THINKTANK magazine. He specialises in the areas of innovation, competitive strategy and leadership.

THINKTANK RECOMMENDATIONS:

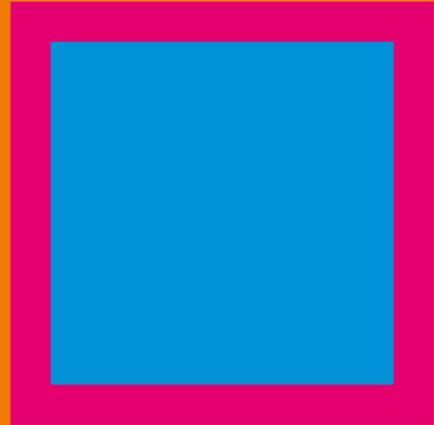
1. **THE STRENGTHENING OF POLISH-INDIAN CONTACTS IN KEY AREAS**, including trade, IT services, BPO, energy, the arms industry, culture and science, and tourism.
2. **THE FORMULATION BY BOTH SIDES OF A COMMUNICATIONS STRATEGY** for Poland in India and for India in Poland, taking into account the necessity of creating clear associations and broadening the two societies' knowledge of one another.
3. **THE INTELLIGENT USE OF THE GOOD RELATIONS FROM THE PAST** – in the period of close cooperation between India and the Soviet Union.

END NOTES:

1. Gurcharan Das, *India Unbound: The Social and Economic Revolution from Independence to the Global Information Age*, Viking, Penguin Books, India, 2000.
2. Material of the Ministry of the Economy and Ministry of Foreign Affairs in connection with the visit of Prime Minister Donald Tusk to India in September 2010.
3. Not including the steelworks investment of the world's largest steel producer, Arcelor-Mittal, which is not formally an Indian firm, although its owner is Indian.

The following works and sources were used, among others:

- *Commission Communication for an EU-India Enhanced Partnership*, Brussels, 1996.
- *Joint Action Plan*, Delhi, September 2005.
- *Trade and Investment Development Plan*, November 2005.
- Documents from the EU-India summits in the years 2001-2010.
- *UNDP Country Program for India 2008-2012*, UNDP, July 2007.
- Barack Obama, speech in the Parliament of India, Delhi, 8 November 2010.
- A.P.J. Abdul Kalam, *India 2020: a vision for the New Millennium*, New Delhi, 1998.
- Kamal Nath, *India's Century – The Age of Entrepreneurship in the World's Biggest Democracy*, Tata McGraw-Hill Edition, 2008.
- Durga Das, *India from Curzon to Nehru and After*, Rupa, 1962.
- Strobe Talbot, *Engaging India*, Brookings Institution Press, 2004.
- Werner Hoyer, *The EU's New Political Role and Europe's Relations with India*, lecture at the ICWA, Delhi, 31 May 2011.
- Gurcharan Das, *India Unbound: The Social and Economic Revolution from Independence to the Global Information Age*, Viking, Penguin Books, India, 2000.
- Pavan Varma, *Being Indian*, Penguin Book, 2004.
- David Smith, *Dragon and the Elephant: China, India and the New World Order*, Profile Books, 2007.
- Jakub Zajączkowski, *Indie w stosunkach międzynarodowych*, UW, 2007.
- Patryk Kugiel, *Stany Zjednoczone – Indie: partnerstwo demokracji na XXI wiek*, PISM, May 2010.
- Rajesh Kumar and Anand Sethi, *Doing Business in India*, Palgrave Macmillan, 2005.
- Mark Kobayashi, *Outsourcing to India: The Offshore Advantage*, Hillary Springer Verlag, 2004.
- Peter Cappelli, Harbir Singh, Jitendra Singh, Michael Useem, *The India Way - How India's Top Business Leaders Are Revolutionising Management*, Harvard Business Press, 2010.
- C.K. Prahalad, *The Fortune at the Bottom of the Pyramid*, 2004.
- *The EU in the World – A statistical portrait*, Eurostat, European Commission, 2010.
- *China – India Chart book*, Deutsche Bank, May 2011.
- Websites of the European Commission: www.ec.europa.eu.



Rediscovering each other's potential

- The globe's two largest democracies in the multipolar world
- The shape of democracy, civic participation, combating social exclusion, security and countering terrorism – the list of common challenges
- Openness to a different culture and the opportunity to intensify economic cooperation
- Where to find stable, balanced growth.

I look at the future of Poland and India with optimism

author: DONALD TUSK

The ideas of Mahatma Gandhi – of the nation's peaceful struggle for civic liberty and independence – fell on fertile ground in Poland as well. An expression of this was the award of the Nobel Peace Prize to Lech Wałęsa – the leader of the Polish Solidarity movement.



All people who know India and Poland stress the fact that there is something that forms a bond between the two countries' citizens, their interests and outlook. They also state that this something transcends distance and historical and cultural differences. I think that it is formed by two values. Firstly, the unusual patience that binds the two nations, both of which have known much suffering in history. Secondly, the conviction that lies at the source of India's independence and which enabled Poland to regain its independence: the faith that violence does not resolve any problems. Patience and the reluctance to resort to violence in order to achieve desired aims formed the foundation for the development that, in the last few years, has given both Poland and India exceptional reputations throughout the world.

Not everyone is aware, however, of the degree to which Poles emulated India's experience of struggle without violence when Solidarity – the great Polish national movement – initiated far-reaching changes not only in our country but also in Europe. When this movement was born in 1980 in the Gdańsk Shipyards, we drew on India's experience and on the great lesson given to

the world by our common teacher, Mahatma Gandhi: "Freedom is a state of mind"; "First they ignore you, then they laugh at you, then they fight you, and then you win." These sayings of Mahatma Gandhi are not empty slogans in Poland.

For Poland, India is an example showing that a nation with over a billion people and a difficult history can embark on democratic changes that lead to economic success admired all over the world. In the past two decades, Poland has reached similar successes – on a scale that is accessible to our country – and, similarly to India, has earned respect for its achievements.

I wish to emphasise an issue that is important for both nations and both countries. Despite a difficult history and geopolitical situation, both Poland and India have built a stable democracy and are, in their respective regions, a model of political stability. This is extremely important in the contemporary world. Irrespective of dramatic events or other problems, both Poland and India often cope better than many countries that seemingly have it easier. Difficulties and dramatic historical events have not prevented our two countries from reaching a high position in the global community.

We, in Poland, are determined to remove all barriers and obstacles that hamper the exchange of experiences, capital, technology, as well as tourism between India and Poland. There is no reason why the relationship between India and Poland should not be an exceptional one. During Poland's presidency of the European Union an EU-India summit is to be held. This is a fortunate coincidence, as in the entire EU, it is difficult to find a greater friend of India than Poland. We would, therefore, like to use this summit to produce the most satisfying results for EU inhabitants, and for India and Poland in particular.

PHOTO: THE CHANCELLERY OF THE PRIME MINISTER

There is no reason why relations between Poland and India should not be special, particularly as there is a bond between the two countries: both exhibit an extraordinary energy and a desire to change reality for the better.

I am convinced that together we are able to prepare this meeting between the European Union and India as best as possible. The European Union is India's largest economic partner presently, and Poland's position in the EU grows with every year. A glance at the global map and at the relations between the European Union and Asia shows clearly the large number of existing and possible ties between EU member countries and India. It is unusually important that this community can also be built on similar political experience.

I can state with all certainty that Poland is one of the EU's leaders today, and its importance can be seen especially among the EU's new member states. I say this not in order to praise the achievements of my country or its government. I am merely stating a fact. Poland, with some forty million inhabitants, plays one of the key roles in the European Union. We wish to take advantage of this not solely for our own satisfaction, but on behalf of good business and to develop relations between Europe and its key partners, such as India.

The countries that can be a symbol of hope at this time of global crisis and global financial upheaval can be counted on the fingers of both hands. Poland and India belong to this group. The ability to maintain a high level of growth at a time when so many countries are in recession shows that the strategies of economic development chosen by Poland and India were the proper ones.

Poles, like Indians, are very eager. We both have large stores of energy, perhaps because not too long ago poverty was our national lot. Perhaps this is the source of the extraordinary drive shown by Poland and India to change their reality for the better. It is for this reason that I look with great optimism not only on the future of our two countries as such, but also on the future of our mutual relations.

DONALD TUSK: Prime Minister of Poland. He has headed the Polish government since 2007. His party won parliamentary elections for the second time in a row in October 2011.

Fragments of the speech given by Polish Prime Minister Donald Tusk during the inauguration of the Polish-Indian Economic Forum in Bangalore on 6 September 2010.

Want to be well-informed on India and understand the country better in a fast-moving world? Turn to:



India News & Feature Alliance (INFA)

India's most independent and objective communication agency since 1959

INFA offers a daily fare of news and features and important analysis by top experts on Indian politics, national scenario, business, economics, international relations, defence, health and social issues.

INFA take great pride in its objectivity, credibility, fair and balanced reporting. It provides:

- An e-mail service in English and Hindi – a column a day or 30 articles a month for the editorial/feature page together with exclusive off-beat news items.
- Tailor-made write-ups by experts on request from its clients, such as newspapers, government organisations, conglomerates etc.
- An exclusive annual: India Who's Who – biographical information on 5000-odd eminent Indians across the board, by its Publication Division.
- New editions of 'India From Curzon to Nehru and After', described by India's third President Zakir Hussain as 'Indian history seen from the inside'.

www.infa.in

Jeevan Deep, 10 Parliament Street, New Delhi, India
infa@infa.in, infaservice@infapublications.com

Europe and India: rediscovering each other

author: BOGUSŁAW ZALESKI

The relationship between India and Europe is marked by old prejudice, but both sides need to learn to work together for the sake of a more balanced and strategic relationship. Europe especially must overcome its fears and be more open to India in order to **further cooperation**.



The ties between India and Europe go far back in history. Both regions have shaped each other's identity during a long and sustained cultural intercourse. In the contemporary world, EU-India relations have been growing steadily since 1962, when diplomatic relations were established with the European Economic Community. Regular political dialogue was improved by the signing of a cooperation agreement in 1994 and then reinforced by the 1st summit, held in 2000. Since 2004, the summits – beginning with the one held in The Hague – have reflected a carefully selected strategic partnership. India has certainly become one of the EU's carefully-selected global partners. It became one of the EU's serious partners, especially after the signing of the Joint Action Plan in 2005, which further deepened dialogue and cooperation.

In recent years, the European Union has been transformed from a loose association to a formal union between its members. Through this process, it has become a unique island of relative peace and well-being, and one of the most technologically advanced regions of the world. Today, the European Union is an example of successful regional cooperation for Asia to emulate.

The past two decades have also been momentous for India. Following balanced economic change, India has moved from a mixed

economy to a market economy. India abolished quantitative restrictions on imports and the so-called 'License Raj' (also known as the 'Permit Raj'), through which nearly any business activity was bound by governmental limitations.

Changes also took place in the agricultural sector, which is a sensitive issue both in India and in Europe. Successive reforms have been launched in the area of the budget deficit, social benefits, infrastructural investment and the labour market.

India's impressive 9 per cent annual GDP growth rate is complemented by the rise of its political position, the rapid modernisation of its army and the transformation of its foreign policy. With the end of the Cold War, India replaced the idealism of its foreign policy with a more pragmatic approach. It began to seek partners that would help it attain a global position. The economic liberalisation initiated in the early 1990s allowed India to rest its new foreign policy on economic diplomacy.

BILATERAL DIALOGUE AND COOPERATION

The dialogue between India and the EU shows concordant views on priority issues of strategic importance to both sides. Both India and the EU perceive terrorism as a major threat and both strongly believe in multilateralism and peaceful resolution of conflicts. Furthermore, they both believe in democracy, human rights, pluralism, civic society and independent media, while the judiciary is widely acknowledged as the basis for social and political stability.

The EU is India's largest export and investment partner, and business meetings invariably accompany EU-India summit meetings. Nevertheless, this continues to be an asymmetrical

relationship, as India's share in the EU's global trade is only 1.36 per cent. Hence, while EU companies have the largest number of FDI approvals in India, Indian business circles expect the EU to demonstrate higher flexibility by providing better access to its market for Indian products and services.

Trade alone is not enough, however. Brussels acknowledges that it has common interests with New Delhi, but also challenges, and the two partners are in the process of learning from each other. The EU-India Strategic Partnership and the Joint Action Plan are significant steps towards cooperation in such key areas as security challenges at the regional and global level, cooperation between intelligence agencies, international conflict-resolution initiatives, climate change, non-proliferation of weapons of mass destruction and promoting democracy and human rights. India is also one of the leading providers of the UN peacekeeping forces and one of the major providers of assistance to Afghanistan, where both the EU and India want to preserve Hamid Karzai's government.

STRATEGIC PARTNERSHIP – REAL OR IMAGINED?

Sadly, the process of building the EU-India partnership lacks political and administrative momentum within the EU. In contrast to China or the Middle East, for example, India is not even remotely a priority issue for either the European Commission or individual EU member-states. Many Indians feel that the EU still does not treat their country with due respect. Lack of support for India's efforts to obtain a permanent seat in the UN Security Council and past EU criticism for India's human rights abuses during its forces' heavy-handed response to peaceful protests in the Kashmir region has vexed many Indians who, after years of colonialism, tend to be very sensitive in matters affecting their national pride.

Barriers to wider strategic partnership are not only found on the EU side. India's leaders also appear to be focused solely on translating economic growth into improved well-being for the entire Indian population and do not pay sufficient attention to global issues. Additionally, the inefficiency of India's bureaucracy often delays the taking of important decisions.

As a result, officials both in Brussels and New Delhi complain about one another. Those in New Delhi are irritated by the EU's patronising approach and the schizophrenic situation of having to deal simultaneously with EU institutions and those of the member states. On the other hand, EU officials criticise their Indian counterparts for their arrogance and inefficiency. For its own good, the EU would do well to transcend such stereotypes in trying to overcome difficulties and deepen its partnership with India – as the USA has already done.

Unfortunately, the process of building a partnership between the EU and India is lacking political and administrative momentum. This should change. Although the EU is presently the wealthier and stronger party in the market game, India deals the cards.

The European Union should remember that, although it is presently the wealthier and stronger party in the market game, India is the one that deals the cards. There are very few international players who have no interest in India and have not attempted to develop diplomatic contacts with the New Delhi government in the past 10 years. In addition to the EU, dozens of countries are now jostling for greater access to the Indian market with its 1.1 billion inhabitants. Free-trade agreements with India are currently being prepared in the EU, Canada, New Zealand, the USA, the ASEAN member-states, Sri Lanka, the South American countries of the Mercosur Group, Japan, South Korea and Kazakhstan.

Even India's relations with China have dramatically improved since the days of the old border skirmishes. India has close ties with Russia dating back to Cold War times and it has recently further strengthened its relations with the US, despite the fact that the latter also has close relations with India's arch-rival, Pakistan.

How should Europe behave in this situation? In this context, it would be fitting to quote a distinguished Polish scholar, professor Bogdan Góralczyk, who, referring to China's new role, wrote that "if the EU wants to be a proper and equal partner (...), it has to face up to several other challenges. These include entering Asia, in the political and military sense; achieving greater independence on the international stage and emerging, at least partly, from America's protective military umbrella, under which it has been hiding so far; establishing a unified external policy, in particular its own strategy, because the EU will never become a real independent power until it clearly defines its strategic and global goals." I believe that the same answer holds true in the case of India. It is about time for Europe to realise that India is presently one of the most important theatres of the international shift of power. If Europe is late, it may have to pay the price in the shape of a further loss of its global economic and political influence. And this is something we simply can't afford. ●

BOGUSŁAW ZALESKI, PhD: political scientist and a professor at the Institute of International Relations, University of Warsaw. He was an advisor to the prime minister, and under-secretary of state at the Ministry of Foreign Affairs (2002-2005). He also held senior managerial posts at the Energy Regulatory Agency.

Europe in the networking world

author: MACIEJ POPOWSKI

The **global network** of interdependency that is forming between countries that will reshape the world into a new order. Europe should prepare for the change in the rules of building global economic and **political stabilisation**.



During the 1990s the Spanish sociologist Manuel Castells popularised the term ‘network society’, which he used to refer to the new social order that was coming into existence due to globalisation. This was to be the antithesis of the formerly existing order based around institutions. According to Castells’s concept the old order would give way to non-formalised but concentrated human relations. We would all, every one of us, weave our own network connecting us with others – and the increasing level of interdependency would mean that this order would be a permanent one.

Today, in the era of social networking sites and microblogs and access to communications tools 24 hours a day, that vision is becoming a reality, and not only for individual people or societies. The order in the international arena can be seen to be forming in the same way.

On the one hand, the influence of international institutions such as the UN, NATO and the WTO is declining, while on the other, there is a rise in the interdependency of individual countries, and informal institutions that do not have clear executive power, such as the G20, are playing an ever-greater role. Today

this turnaround means a kind of chaos and confusion in international relations, but I think that a few years from now a new order will arise out of this scenario – based on the ties that link the world’s most important countries. This will be a new, network world order.

DEVELOPED COUNTRIES DEVELOPING

As a rule, the European Union is in favour of strengthening all international institutions, not only the biggest, such as the UN, but also regional institutions such as the OECD and the European Council. This line of thinking was incorporated into the European Security Strategy adopted in 2003, and remains relevant today.

We should not, however, look at principles and the adopted forms of regulation to the exclusion of reality. It is a fact that international organisations have declined in importance over recent years, above all the UN. Today’s international order, with the UN in the leading role, was formed in the 1940s in the aftermath of World War II. Today it is no longer equipped to deal with existing conditions. In 2005 an attempt was made at fundamental reform of the UN, but this could not be completed. While it is true that the organisation’s finances were put in order and administrative reform took place, the most important issues at that time – enlargement of the Security Council and the convention on combating terrorism – were shelved.

Even at that time the Security Council was grossly inadequate, due to its composition, to deal with the global balance of power, and since then there has been an even greater shift in that

balance of power. The centre of gravity has moved from West to East and – to some extent – southwards. The powers emerging in Asia, Africa, and South America have more and more to say, and incidentally, the continual use of the phrases ‘developing’ or ‘emerging’ to describe China, India, South Africa or Brazil is misleading, because for some time those countries have been fully developed, aware of their strengths, and capable of standing firm in defence of their own interests.

The allocation of voting powers in the UN Security Council or IMF – the second most important institution for global order – does not reflect the changes in the balance of power that have occurred in the world, and therefore it needs to be adjusted. In the case of the IMF this is going to happen soon – perhaps even the moment a new head of the IMF is elected in 2012. The question is: when will there be a return to talks regarding changes in the UN? At the moment there is no sign of even an attempt to resume this discussion, even though the effects of the abandonment of reform a few years ago are plain to see. The new powers are not adequately represented in this organisation – apart from China, which has a permanent seat on the UN Security Council, and India, which is intended to receive one.

Incidentally, it cannot be ruled out that Beijing will deliberately stay out of the work on fundamental reform of the UN, because in fact this would not work entirely in its favour. This is because it can be seen that year by year China is gaining in importance on the international arena. If it is able to sustain this trend in the longer term – and there is no indication that it will not – then in a few years from now it will be able to negotiate its status in the UN ruling bodies from a much more powerful position. The Chinese always think in the long term – and this applies equally to foreign policy – so this strategy would be in their style.

WITH TURKEY AT THE HELM

The UN's greatest problem is that it does not have the power to decide on economic or social issues, while it is precisely economic issues that have become the thorniest issue in international debate. A forum was needed for discussion, and this became the G20. It was created as a body that was supposed to make consultations easier for representatives of the 20 most important countries in the world. Its role increased during the crisis that began in 2008. Of course, the G20 does not have executive power in the way that the UN does, but its strength lies in the members of which it is composed, much more representative than the G8, for example, because it also encompasses China, India, and Brazil. It was precisely in the G20 forum that the debate on regulation of the global financial markets was conducted.

Technological development is causing countries to become increasingly interdependent, and the vision of the network world is becoming a reality, while there will be a decline in the significance of official organisations such as the UN.

This means that by around 2020 a multipolar order could form in which the key role will be played by a group of states linked by numerous forms of interdependency.

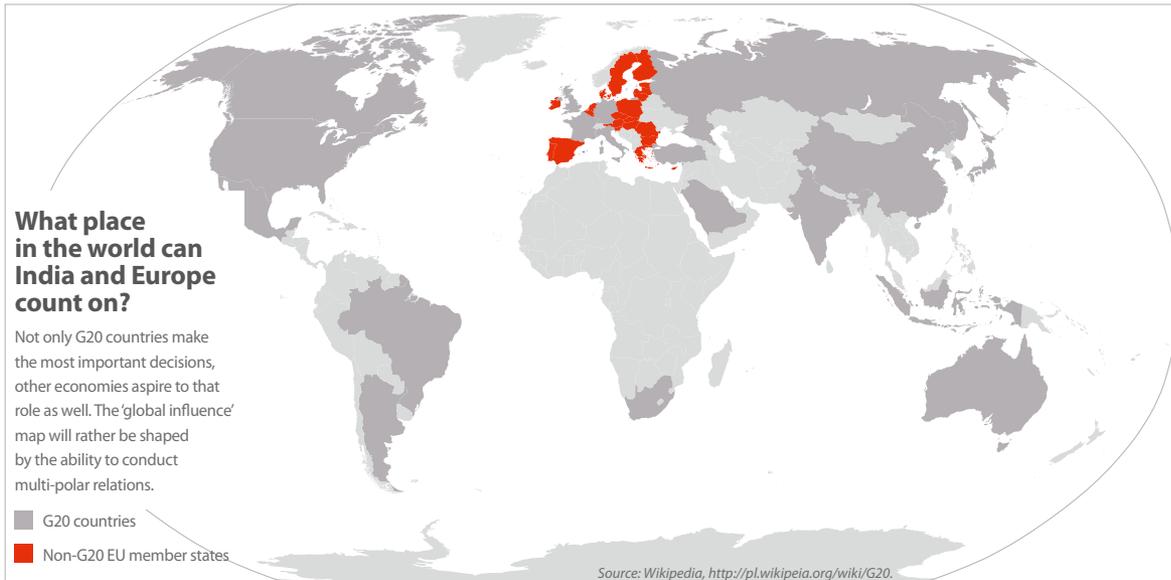
The G20 formula, which is a kind of response to the impotence of the institutions responsible for maintaining a sense of global security and resolving the vital issues, is working, for now. The members are quite well matched, and it fits very well into the concept of effective multilateralism supported by the EU.

We should not expect the G20's powers to be extended, or it to be granted executive power, however. This would be very difficult due to the legal circles within which it moves. In fact, there is no indication that extending its powers is necessary. In the modern world stabilisation is being built according to new rules. There is no reason to expect that one organisation will be in charge of order – like the UN in the aftermath of World War II. There will also not be a single superpower dominating other countries – like the USA in the 1990s. Around 2020 a multipolar order will form in which the key roles will be played by a group of countries. There is much to suggest that the countries in the South: Brazil, South Africa, Indonesia or Mexico – will have a lot to say in this new scenario.

Another factor that could change the situation is the wave of democratic revolutions in the Arab countries – although it is difficult to envisage the move to democracy leading to Westernisation of that region at the same time. Turkey is more and more becoming the inspiration and point of reference for the Middle East and Northern Africa. A Muslim country, but at the same time a modern one: it is a member of the G20, it is enjoying rapid economic growth; and it is becoming an ever more influential regional power.

THE END OF THE END OF HISTORY

Looking back, one recalls the 1990s with a feeling of nostalgia. The bipolar world order broke down completely at that time. The reaction to everything that happened in Poland after 4 June 1989, and later in Germany following the fall of the Berlin Wall, was at first one of disbelief and then joy. It was no coincidence that it was precisely at this time that such optimistic theories



appeared like that of Francis Fukuyama of the 'end of history'. This theory can hardly be defended today, but it perfectly captured the spirit of the era.

In turn, recent years have seen chaos and the emergence of the foundations of the new order. Firstly the fear of terrorism, then major economic breakdown, revolution in the Arab countries – each of these events was new, and it was hard to predict what the consequences might be. This situation still exists today, and the world should not be expected to enter a state of even a 'mildly different state'. In the 1990s the stabilisation factor was the US – victorious after the Cold War, a power distinctly superior to other countries. Since the beginning of this century the situation has changed, and other countries are becoming more influential. It is precisely this multipolarity, the need for discussion at many levels and configurations, that is creating the impression of chaos on the global political scene, but I expect that around the year 2020

order will be established and the state of affairs will become more predictable than it is today.

An arrangement cannot be reached for permanent cooperation between the major countries. We should not expect a repeat of the 'superpower concerto' seen in the Europe of the 19th century. I expect that the nature of those relations will be one of a network. A global network of interdependence will evolve between countries – and that will be the world order. Regional powers will emerge that will be significant in the balance of power alongside a number of countries with global ambitions. They will all be linked by interests of various kinds, and that will lead to the situation in the world settling down.

This future course of events is confirmed by such factors as the way in which the USA is forming its relations with China. It cannot be said that the relations between these two countries are friendly, but on the other hand their economic ties are so strong that it is difficult to imagine that either side could afford a sudden break in relations. This is exactly how harmony will come about in the world. This will probably not translate into institutional order very quickly, but it should help to bring order to the world. A state of permanent interdependence and the resultant stabilisation will meanwhile be better than the current uncertainty as to what tomorrow will bring.

84.1% The share of the G20 countries (holding summit meetings since 2008) in the world's economic growth rate. The G20 also represent two thirds of the world's population.

The field on which the network system of interdependence will be tested soonest will probably turn out to be cyberspace. This subject has already been discussed in the G8 forum. The EU is trying to force through its solutions, aimed at bringing order to virtual reality, but although it is striving to be a world leader in this area, Brussels will not be able to introduce any changes acting alone. It needs the support of other powers, including emerging powers, and talks with new partners are not always easy, because they are highly assertive. Until now, for example, dialogue with India, which is interested in collaborating with regard to the issue of security – combating piracy in the Indian Ocean or fighting cyberterrorism – has been going well. Similar understandings should be sought with other BRIC countries, which were recently joined by South Africa. When

holding talks with these countries the main principle of the new world order needs to be borne in mind: the nature of a network is such that it is always decentralised and therefore there is room for everyone within it, and at the same time no one can expect to become the first among equals. ●

MACIEJ POPOWSKI: Deputy Secretary General of the European External Action Service, started his diplomatic career at the Polish Ministry for Foreign Affairs in 1991; he was also a head of the office of the President of the European Parliament, Jerzy Buzek.

India-EU beyond the realm of economics

author: ARVIND KUMAR

India-EU strategic relations have to extend far beyond the economic dimension. This is particularly important for Europe, if it still wants to project itself as global political power. Recent incidents in Mumbai and Oslo have again proven sharply and painfully that cooperation on international security has to play a **central role in this relation**.



The Free Trade Agreement (FTA) between India and the EU might play a symbolic role in giving political weight in the EU to this relation, which is necessary to protect its interests on the world stage. This means that the EU's principal

strength will not only lie in being an economic power but also in the political soft power of an organism composed of 27 countries. The EU certainly desires to project its power in a range of global challenges, from climate change to non-proliferation to inter-cultural dialogue, despite being a multi-faceted entity.

This was reflected in the Lisbon Treaty, which was signed in 2008 by the 27 European Union member states and which demonstrated to the world the EU's global ambitions of becoming a major economic player. There seems to be a serious and rigorous effort made by the EU to forge a consensus among the members in order to have a common foreign policy and security. Poland will have an additional task in building this compromise, not only during its Presidency in the EU.

If Europe still wants to be considered a significant political force in the world, its strategic relations with India should exceed the economic dimension and include security.

SECURITY – THE MAIN CHALLENGE

The challenge for the EU has always been how it can act internationally and provide greater coherence to the EU's external policies. Under the prevailing situation, it is certain that both India and the EU will have the responsibility to take the lead in the international effort to tackle pressing global challenges – such as addressing climate change and global poverty, energy security, fighting terrorism and organised crime. Recent incidents in Norway have proven that no one is safe in these precarious times. The goals enshrined and articulated by Poland, especially through its responsibility as EU Council presidency holder, have reflected the global concerns. In its declaration made before assuming the EU presidency, Poland mainly emphasised three planks – security, economic growth and making European internal markets vibrant and strong. The ongoing world economic meltdown has raised a number of questions, including the EU's role in the global economy and world trade. Hence, the priority certainly should be to see how best the EU can restore its lost glory.

24 The number of members that should sit on the UN Security Council (according to one of the proposals under discussion) so as to better reflect today's alignment of power (there are only 15 members today).

As part of the India-EU strategic cooperation, both India and the EU have developed significant bilateral cooperation in the field of comprehensive climate change and the energy package. The establishments of the EU-India initiative on Clean Development and Climate Change as well as the EU-India Energy Panel reaffirm the intensity and degree of commitments made at the bilateral level to address the global challenges.

It is obvious that both India and the EU have a common understanding on the ways and means to address global challenges, such as development that is economically, socially and environmentally sustainable. It is based on a belief in a multilateral approach in which the United Nations plays a key role. The promotion of effective multilateralism by India and the EU forms a major part of their bilateral understanding.

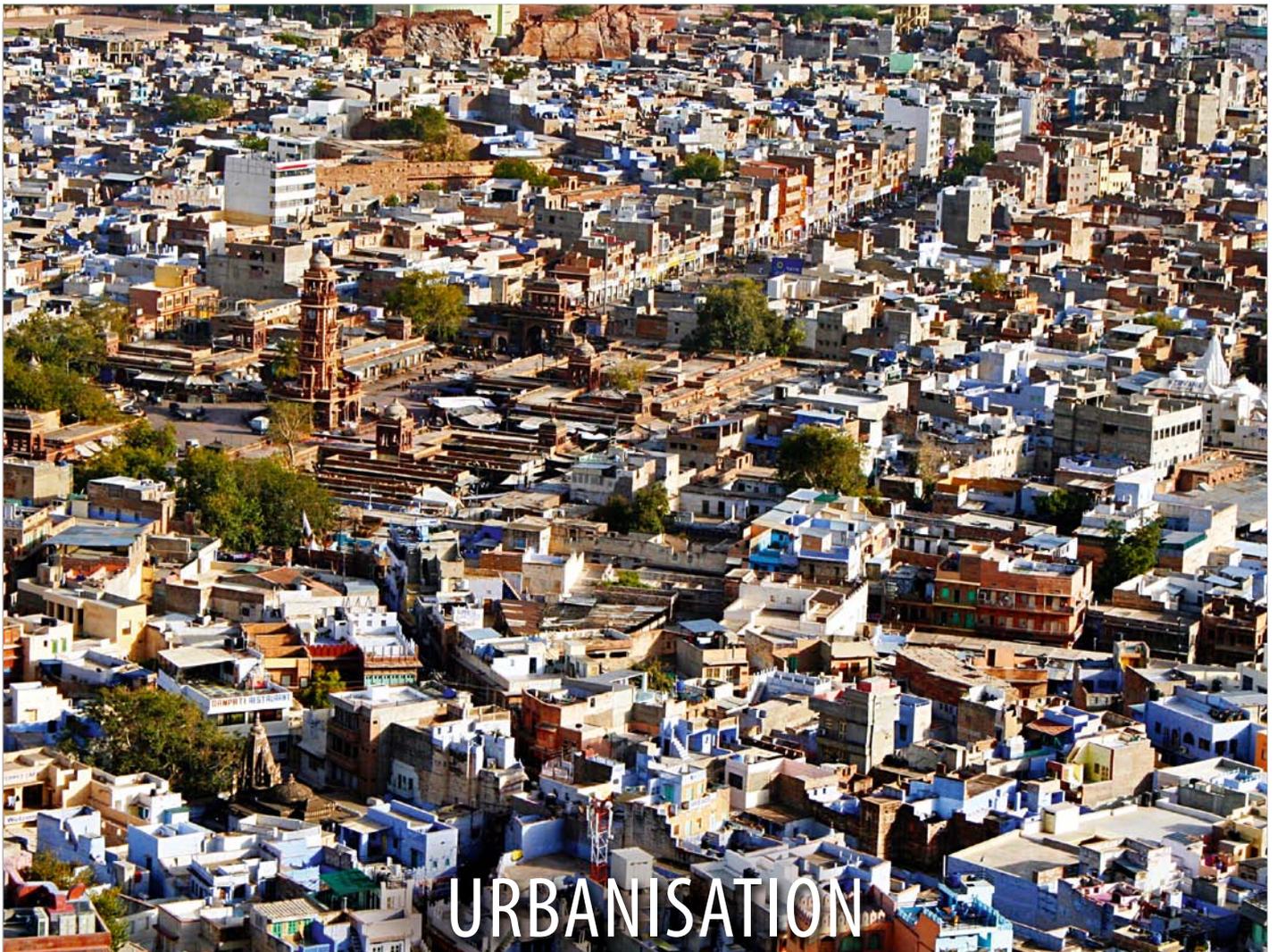
THE EU – AN UNCERTAIN POLE?

It must be highlighted here that both India and the EU have a shared interest in working towards achieving universal disarmament and the non-proliferation of weapons of mass destruction. The proliferation of weapons of mass destruction poses a threat to international peace, stability and security. It is a well-known fact that it is another pressing global challenge, hence India and the EU have agreed that all states must comply with their non-proliferation and disarmament obligations, including through stringent and effective national export control measures in consonance with United Nations Security Council Resolution 1540.

It is generally believed among the members of the strategic community in India and the EU that some or all of the components of the weapons of mass destruction (nuclear, chemical and biological) might fall into the hands of terrorists and other non-state actors. This would prove fatal and might destabilise society and the state. It is, therefore, important both for India and the EU to jointly intensify the framework of existing counter-terrorism cooperation. Such cooperation might happen at the bilateral level and also in the framework of the United Nations. It must be noted here that both India and the EU continue to work together actively towards the finalisation and early conclusion of the United Nations Comprehensive Convention on International Terrorism, in addition to the early entry into force of the International Convention for Suppression of Acts of Nuclear Terrorism.

As part of the India-EU strategic engagement, both India and the EU have also been cooperating in the field of policing, intelligence sharing and border management. The objective has always been to deny terrorists their networks of support. Such denial requires an effective multilateral diplomacy. An attempt is also being made to expand the India-EU dialogue to include the link between drug trafficking and terrorism, document security, illicit arms trafficking and cyber-terrorism.

Despite a number of existing India-EU strategic engagements, sceptics believe the EU should still evolve a definite policy on matters concerning international security issues. Such lack of specific policy has kept the EU away from many pragmatic engagements with India, in particular. It is generally felt among the members of the strategic community in India that the EU has emerged as a trade bloc and it will take years to emerge as a pole in a multipolar world. It has generally been argued that the EU has no consensus position on a number of issues relating to India, including India's entry as a permanent member of the Security Council of the United Nations.



URBANISATION



INDIA

In spite of rapid urban growth in recent years, only around 30 per cent of India's inhabitants currently live in cities. In Europe the urban population is 73 per cent of the total, and in Poland, 61 per cent. If the tempo of migration to cities is maintained, by 2020 25.8 million people will live in Delhi alone, making it even more fascinating and difficult to live in.

590 million

This is the number of India's inhabitants who will live in cities in 2030 (out of a total population of 1.47 billion)

Where is India on the map of European priorities? The question that is being debated in the current context is whether India figures on the radar screen of the EU's priorities. It seems that the EU has certainly started recognising the importance of a rising India. India has been experiencing transformation in every sense of the term. It is becoming increasingly aware of its growing status as a global power and of the various responsibilities that come with it. Furthermore, it has been well acknowledged globally that India has a responsible attitude towards nuclear non-proliferation. Despite being a non-signatory to the nuclear non-proliferation treaty, India's credentials on non-proliferation are very high. Its continued support and commitment in UN peacekeeping missions are well appreciated across the globe.

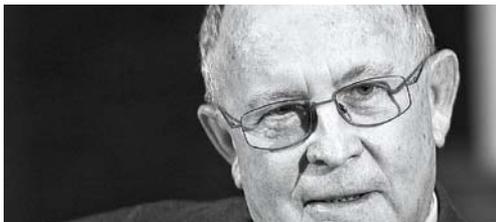
It would be very timely and important that the EU's political leadership take concrete steps in moving forward the India-EU Strategic Partnership, which is a useful institutionalised mechanism for the European Union and India to discuss and exchange views on issues of shared importance. It would be in their interest to foster a greater strategic partnership by engaging in all spheres of relationship. ●

ARVIND KUMAR, PhD: professor of geopolitics, heads the department of Geopolitics and International Relations at Manipal University in India.

Last moment to arouse Europe's predatory instinct

author: ANDRZEJ K. KOŹMIŃSKI

Europe is like a cat that has grown lazy because it doesn't need to catch mice. This is the last moment for arousing its predatory instincts.



The European Union is to a large degree paralysed by bureaucracy and an excessive tendency to standardise and regulate its entire environment. The infamous curve of the banana, described in separate provisions, would be funny if it

weren't a symptom of a broader problem that threatens to slow development. The EU's real challenge today is to introduce the flexibility needed to revive entrepreneurship. As the task would have been difficult in prosperity, it could be said that the crisis, in knocking society out of its comfort zone, will be good for Europe. Lives are stable, comfortable and safe here, and socio-economic relations are characterised by low risk. Europe is also suffering from depression.

There's no encouragement to great activity and entrepreneurship. Europe's inhabitants are suffering from the syndrome of the fat cat who does not want to catch mice, because he need not; he has milk and food in a bowl and he's one step away from forgetting all about hunting. The crisis means that Europe's inhabitants will have to remember the instincts of the thin cat instead.

THE INSTINCT OF ENTREPRENEURSHIP

Having had to utilise their survival genes and fight for their bite to eat during years of subjugation, those European nations that have enjoyed a relatively brief period of freedom could provide the reviving impulse for the European Union. In Poland, we have a long tradition of entrepreneurial activity occurring in radically unfavourable environments: we managed well in the dark days of the occupation, during the war, and then under communism. All the time Poles were perfecting the instinct of entrepreneurship: not only by creating and managing their own firms (which was difficult in those times), but primarily at the individual level, where resourcefulness was produced by the daily effort to make ends meet in an economy of permanent shortages.

I remember a trip I took to Berlin when the city was no longer divided by the wall. I drove through Szczecin: on the Polish side, under every tree there was a grill, beer was being sold, small trade was booming – a creative chaos; on the German side, there was emptiness, order and road construction. I thought then that it would be good if those two worlds could take the best in each from one another. The combination of the German liking for order and precise organisation with Polish entrepreneurship, initiative and tendency to risk-taking could be a recipe for very dynamic development in the Union.

Individualism, entrepreneurship and ruthless pursuit of success are characteristics ordinarily recognised as being American, not European. It seems to me that it is Poland who brings them to Europe. Of course, not everyone will consider this contribution to be positive. Let's be frank: the habit of contriving, of skirting the rules to reach a goal, could be found objectionable. In its extreme, it's a culture of artfulness. But I'm convinced that on the global scale, artfulness would be a lot more useful today than bureaucratic stiffness. In reasonable doses, cunning is necessary – in business as well.

For decades, Europe has been living above its means. It was foreseeable that the awakening from this carefree state would occur sometime, in a more or less brutal fashion (as in Greece or Germany). The important thing is that European society should retain its flexibility, quickly learn new abilities, and be able to acquire new competencies. Stimulating entrepreneurship – whether at the employee level, or on the scale of a country or continent – generally requires pushing people out of their comfort zones. It can't occur in hothouse conditions, or without a sense of urgency and a change of priorities. The rapid development of China in the last decades or the acceleration in India at the beginning of the nineties, after Manmohan Singh's reforms, were the result of a deliberate increase of competition, forcing the inhabitants to



The impulse to change in Europe will not come from the satisfied middle class, but from the new 'disaffected generation'.

more intense effort, but also creating an opportunity for the most enterprising. Europe has very many stabilising factors and needs somewhat livelier economic impulses as well.

THE YOUNG GENERATION – NEW HOPE

I am certain that Europe is facing a deep civilisational and social transformation, as well as a change in the consensus concerning the foundations of Europe's prosperity. Such a change is occurring under the influence of the 'young and angry', who have been gathering in social protests in the squares of Spain, Greece and Italy. A serious reevaluation is occurring, which politicians belittle or pretend not to see. The model of development in satiated Europe cannot be maintained in the long run. The protesting young generation would be willing to accept more modest living conditions, but with one stipulation: they want to have a sense of influence on their proper fates, on the outcome of their own work and enterprise. Europe will have to change its modus operandi to satisfy a basic sense of justice and give them the possibility of improving their existences.

Up to a certain moment, Europe's goal appeared – and perhaps still appears today – to be the maintenance of the status quo. And yet if Europe's integration agenda is to be ambitious and suited to our times, then its most important point cannot be the defence of past achievements, which is an interim measure and not a very interesting aim.

In the meantime, Europe needs inspiration. I think that today it should be sought in such places as Madrid's plaza of the disaffected, Puerta del Sol, where the expressed diagnoses and requirements should be listened to attentively. There, a new generation is emerging, whose outlook on Europe's challenges differs dramatically from past views. This generation, with its entrepreneurial hunger, wants to transform Europe. At least, that's my hope. ●

ANDRZEJ K. KOŹMIŃSKI, PhD: founder and rector of Koźmiński University, one of the best Polish private schools of higher education; member of the Polish Academy of Sciences; member of the supervisory boards of leading Polish firms.

Reliable partner for India in defence solutions

The Republic of India is one of the most important and strategic markets for the Bumar Group. Polish defence company has been present in India for over 30 years. Bumar sp. z o.o. as a defence supplier has been active on the Indian market since the year 2000 but some of the companies belonging to the Bumar Group have been supplying defence equipment to the Indian Army for more than 30 years, reaching the total amount of around 6 billion USD – 10 per cent of that in the last ten years (ca 600 million USD).

40

years of experience in the international armament market guarantees the high quality of Bumar Group's products.

Bumar Group is the largest producer and supplier of defence systems in Central Europe.

Shalini Pandey from Strategic Affairs, India New Delhi, said that among all Central and Eastern European states only Poland has preserved a strong defence sector after the collapse of the Warsaw Pact.

Over 40 years of presence in the defense industry has strengthened Bumar Group's position as a solid and reliable supplier for most demanding client that is the Armed Forces of the Republic of Poland and for over 40 different countries from the regions such as Asia, the Middle East, Europe, Latin and North America.

Bumar Group consists of 23 technologically advanced companies able to provide modern and technologically advanced equipment which can meet any demands of the contemporary battlefield in the area of advanced electronic defence systems, ammunition and rockets production, armoured vehicles and soldiers' personal equipment.

The close cooperation with R&D institutions, focus on innovative personnel who understand the challenges of the modern battlefield, as well as on close cooperation with international partners in the area of new technological solutions and over 40 years of experience in the international armament market guarantees the high quality of Bumar Group's products.

As the leading armament producer and supplier in the Central Europe the Bumar Group is one of the key partners for defence companies from all over the world, for example: EADS, Lockheed Martin, Nammo, Rafael, MBDA, Raytheon, Kongsberg, BAE Systems. Thanks to this cooperation together with young and innovative personnel of engineers, Bumar can offer modern and innovative defence equipment very often at a better price than defence solutions from other countries.





The Bumar Group together with Indian partners are taking part in almost all governmental tenders for military equipment.

Currently the Bumar Group consists of 23 specialised production companies integrated within four divisions which offer comprehensive system solutions in the areas of electronics and advanced air & missile defence systems from Bumar Electronics: 'Shield of Poland' system, modern tanks and armoured vehicles from Bumar Land with ANDERS Multirole Combat Platform, programmable ammunition and missiles from Bumar Ammunitions, and the complete equipment for future soldier on the modern battlefield from Bumar Soldier – project TYTAN.

On the Indian market Bumar is present in three main areas: delivering and indianisation of the offered equipment, cooperation in R&D projects, investments and modernisation of production lines. The Bumar Group together with Indian partners are taking part in almost all governmental tenders for military equipment. Main products which Bumar offers on the Indian market are Armoured Recovery Vehicle – 3 , KROTON Mine Layer System with BELMA mines, next generation SAN-35 Air Defence System, the successor of L-70 system, and complex modernisation of ZU-23 Air Defence System. In all these programmes Bumar cooperates very close with Indian partners BEML Ltd. or TATA Powers. Apart from ARV and air defence systems Bumar also delivers to India optoelectronic equipment and spare parts for armoured vehicles.

In R&D projects, Bumar cooperate with Indian company BEML to build new generation of Armoured Recovery Vehicle on the MBT ARJUN chassis. This new vehicle will be based on the technology solutions from the Polish WZT-3, which is already in the Indian army service. In this project Bumar is giving technological know-how and will deliver elements for first 18 vehicles.

Within Indian legal frames Bumar is also interested in forming Joint Ventures with verified Indian manufacturers both from private and public (state-owned and supervised) sectors. Such ventures could deal with promotion, collaboration of R&D centres, production, assembly, maintenance services for the Bumar Group products – both on Indian and third countries' markets (e.g. Asian or African). Our basic aim on the Indian market is the gradual change from simple sale and seller-buyer relation to joint manufacturing products in Indian production facilities and providing services both for local, Polish, and third countries' markets. For this we modify our cooperation principles with our present partner BEML and in this mode they are established with new partners like:



23

Currently the Bumar Group consists of 23 specialised production companies integrated within four divisions which offer comprehensive system solutions in the areas of electronics and advanced air & missile defence systems from Bumar Electronics

- TATA Power Strategic Electronic Division – in cooperation concerning modernisation of Air Defence Systems, production of certain optical devices and Artillery Guns.
- TATA Advanced System Limited - in the field of discharging offsets;
- Bharat Forge Ltd. – in subassemblies of the Tanks, especially for its modernised version;
- Bharat Electronic Limited – Public Sector Undertaking electronic sector manufacturer; long-time cooperation with Bumar Electronics in the field of radar technology.

Third area of Bumar activity on the Indian market is cooperation in modernisation of Indian industry potential and civil production.

Bumar sp. z o.o. also supplies civil industry products, such as construction, road and mining plant and machinery, railway accessories and other industrial goods to domestic and foreign markets.

One of the most significant turn key projects in India in the last few years is the construction of manufacturing line for springs for the Indian railway. The contract was signed in 2007 between Bumar and Central Organization for Modernisation of Workshops (COFMOW). The line operates in Rail Spring Karkhana Sthouli, Gwalior. Line capacity is 60 springs per hour. The final protocol of commissioning was signed in August 2011.

Co-operation between Bumar and COFMOW is continued and developed. Bumar placed new offer for complete manufacturing screw type springs for rails in response for the tender called by the Indian Railways. It is expected that the tender results will be announced by the end of the current financial year.

Contact:



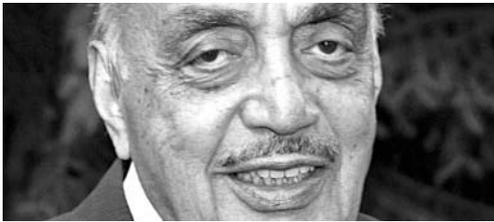
Marketing and Sales Centre:
Ms Anna Przewoźniak
 Marketing and Sales Director
 phone: +48 22 314 15 56
 e-mail: Anna.Przewozniak@bumar.com

Export Department – Indian Subcontinent
Ms Urszula Ściborowska
 Director
 phone: +48 22 314 15 38
 e-mail: Urszula.Sciborowska@bumar.com

Indian democracy at the crossroads

author: INDER JIT

India is hailed as the world's largest democracy and an emerging world power. In reality, the two main challenges the nation faces today are how to stay democratic and become a super power. Needless to say, to do so India needs to uphold the best tenets of democracy, which entails enjoying the popular support of its people.



India is truly incredible. Undoubtedly, it has strong and good reasons to rejoice, it is the world's largest parliamentary democracy. Sadly, however, India's democracy today is not what it was originally intended to be or what its founding fathers had planned and wanted. It is modeled on the British system but has moved far from the values that Westminster stood for.

INDIA'S VIBRANT DEMOCRACY

Over 60 years ago, the sheer concept of democracy being practiced in an Asian country was viewed as an experiment. However, in India it went down very well and is proof enough that democracy need not necessarily succeed only in the West. Today, India is praised for its political system and many developing nations across the world treat it as a role model for democracy.

The basic concept of democracy was well known to the Indian elite while under the British Raj. It was eagerly implemented by the then political and mass leaders, such as Nehru and Gandhi, who both received a good education in the UK. The Anglo-Saxon

mentality and values such as a free press, the British legal system (the most important architects of India's freedom were lawyers educated in the UK) or even, for that matter, cricket, are very much in existence today. This apart, British Commonwealth countries continue to be the preferred destination for youngsters seeking education abroad, with preference for the US and the UK.

Being an important bridge between Asia, the US and Europe, India's democracy has so far functioned well in the given diversified and complex socio-political reality of a country of 1.2 billion people. Unity in diversity is not easy to achieve in the subcontinent's multi-cultural society but democratic practices greatly help this process. Of the many strengths of Indian democracy, three in my opinion are the most crucial:

First, **every Indian has the right to vote**. It is a great achievement, considering the fact that we are the second largest country in the world. The last General election in 2009 had an electorate of 714 million people, larger than both the EU and the US put together! This, despite the fact that the nation can boast of only 74 per cent literacy, with the illiteracy level among women being just over 40 per cent in some States. The election itself was nearly a month-long exercise, staggered in five phases, with the voter turnout touching 60 per cent. Additionally, political pluralism does not stop anyone from contesting. A total of 8,070 candidates were in the fray from 363 parties — 230 national, 34 state and 322 registered but unrecognised parties. Indeed, democracy works and it is the ordinary voter who decides who should govern. Gone are the days of a single-party rule or monopoly. Today, coalition politics has become inevitable, both at the Centre and in the States. India's main

PHOTO: AUTHOR'S ARCHIVE

ruling party for over four decades, the Indian National Congress, has been overthrown thrice as the Opposition garnered numbers by forging alliances. The political class learnt another lesson: It is neither easy nor automatic to get re-elected. They cannot fool all the people all the time. Our people are now alert and watchful and judge the leaders not by what they say but by what they do. Second, notwithstanding the patriarchal culture and tradition of the country, **Indian democracy does not neglect women.** They not only have an equal right to vote (women constitute half of the electorate) but have been encouraged to participate in the country's governance – in Parliament and in the Government both at the Centre and in the States, and also in other political and administrative structures. In the 2009 election, of the 11,252 nominations, 827 were filed by women. And, of the 556 women who finally contested, about 10 per cent (59) got elected. While the numbers are by no standard something to be proud of, women today are very much part of the political elite. Modern India, which could boast of the longest serving woman Prime Minister (the late Indira Gandhi) in the world, has taken bigger strides. Women hold high offices including that of the President, Speaker, Leader of Opposition, four Chief Ministers, Chairperson of the United Progressive Alliance-led government, etc. To the West this may seem a paradox as India quite often hits the headlines with high female infanticide and bride burning

3 Number of members of the Nehru-Gandhi family who were prime ministers of India: Jawaharlal Nehru, Indira Gandhi and Rajiv Gandhi. Sonia Gandhi is currently President of the Indian National Congress and Chairperson of the UPA Government. Her son, Rahul Gandhi, is a Member of Parliament and Party General Secretary.

cases. Third, the international community sees **democratic India as a counterbalance to its neighbour China, another emerging power.** The two Asian giants share similarities vis-à-vis large populations, economic achievements and making an increasing impact on the global scene. However, there is a fundamental difference: China is under a communist regime, one party rule and has no freedom of speech, etc. Despite the winds of change blowing across the world, there is little hope of Beijing opening up, both politically and economically, despite its tremendous strides in modernising. In contrast, India, which was strongly influenced by communism in the twentieth century, has opted for liberalisation and an open economy. The western world, particularly the US, Britain, Germany and others which uphold democratic values, would obviously be more at ease dealing with India rather than China.

India is facing a great challenge: how to maintain and develop its democracy in order to become a great power.

This task is more arduous because Indian democracy is feudal and dynastic in nature.

No doubt, 64 years of Independence and a vibrant democratic system at work is by all means a great achievement. Importantly, we must be extra cautious not to undermine or lose this legacy, against the background of what we have been witnessing these past few de-cades. Candidly, we have the outward trappings of a parliamentary democracy — periodic General Elections, Parliament, a Cabinet and Civil Services etc. But its functioning is feudal, unashamedly feudal.

INDIA'S FEUDAL DEMOCRACY

In 1947, under the leadership of Mahatma Gandhi, we decided to rid our system of its feudal past, which had been calculatedly nursed and encouraged by our colonial masters. When freedom dawned, we swore to place the country before self, family, community and party — and make India a secular, casteless and classless society. Yet, we as a people have become more communal and more caste-ridden today than ever before.

Clearly, there is no place for feudal lords in any healthy democracy. Yet we have today many more *rajās* (kings) and *maharajās* (emperors) even, as those dethroned and democratised in 1947 have risen phoenix-like from the ashes. Genes, family ties and dynasty count infinitely more today than merit, probity, selflessness and record of service. The Gandhi 'dynasty' starting with Motilal Nehru is a glaring example, followed by other influential and political families in the country, be it at the Centre or State level, in parliament or the State Assemblies.

What may be good for private business (family succession) need not necessarily be good for the public domain. Therefore, attention needs to be directed towards the basic foundation of a modern parliamentary system: political parties. Most of our parties are anything but democratic, which makes the whole system weaker. Most parties today have willy-nilly become private limited companies or private armies with their own war chests. Anyone can be brought in or thrown out at any time. Generally, the top leadership prefers to nominate their people instead of holding elections within the parties, which are by and large run without any consultations with the members. This approach,

More power for women

Increase In share of women members of Parliament In India

	1996	1998
Total Constituencies	543	543
Total No. of women candidates	491	271
Total No. of women winners	40	43
Women voters	15, 10, 28, 30	16, 68, 21679
Increase in women voters against 1996		5%

Statistics: Election Commission of India, 1998

which is seen across the country, desolately gives the distinct impression that **the world's largest democracy is ruled rather than governed.**

Undeniably, India needs a strong law for regulating the functioning of its political parties, as in Germany. Among other basic requirements, the German model stipulates that the internal functioning of parties must conform to democratic principles and sources of funds must be accounted for publicly. While efforts on similar lines have been made by successive election commissioners, a lot still needs to be done.

Tragically, the erosion of democracy has led to an all-round debasement of character and values, greatly encouraging corruption and criminality in politics. A study of candidates in the 2009 General election suggests that of the 542 members of the Lok Sabha (House of the People) as per their affidavits, 28.14 per cent (150) faced criminal charges, of which 13.5 per cent were of a serious nature. Worse, instead of curbing the scourge, there has been a 17.4 per cent increase since the 2004 elections. Insofar as corruption is concerned, the less said the better. In one single generation, we have degenerated from a largely honest society to a dishonest polity. The anti-corruption movement across the nation, demanding enactment of the Lok Pal (Ombudsman) Bill, is indeed welcome. If and

8,070 This is the number of candidates in the general elections of 2009. The number of eligible voters in these elections was 714 million people, and 59 women were elected to the Lok Sabha (the House of the People), which has 542 members.

when this bill becomes an act, it will be a step, though small, towards cleaning up the system. Hence, it is time to exercise the required political will to combat corruption. India needs what Europe needs too: a better political class. We need to think of tomorrow as statesmen and make a fresh beginning in the new millennium.

WILL INCREDIBLE INDIA HAVE A CREDIBLE DEMOCRACY?

Given the glaring aberrations and the numerous paradoxes within, is India truly incredible in the eyes of the West? Well, as Churchill said: 'No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of government except all those other forms that have been tried from time to time.' Hence, democracy might not be a perfect system but we haven't invented anything better. At the same time, it should not be that democracy can mean everything to everyone. The misuse of the word and notion of democracy is truly a problem of the 21st century.

A new style and outlook needs to be initiated. Most of India's problems have arisen because we have forgotten the Father of the Nation, Mahatma Gandhi. We remember him ritually twice a year: on his birthday and on the day of his martyrdom, but we don't follow his sane and earthy ideas anymore. Our present day leaders ignore him on the plea that times have changed. This, according to me, is a lame excuse because certain things never change. As Woodrow Wilson said "Democracy is not so much a form of government as a set of principles." We need to pause and ponder and do what is desperately needed today: some soul searching.

Candidly, India must decide and clarify to the world what kind of nation it wants to be in the 21st century. It needs to answer two crucial questions: first, are Indians capable of building a fully democratic society or will they become subjects in their own country and resign themselves to live in a dynastic sham democracy? Second, will feudalism ever end in India? **If the answers to both questions are 'no', then India will never be able to emerge as a world superpower,** no matter how others like to flatter us – as did the US President Barack Obama in his speech to the Indian Parliament in November 2010. Unquestionably, without a fully conscious, well-educated and alert civil society, India will never really become modern, notwithstanding her achievements in industry, new technologies and the existence of a new Silicon Valley in Bangalore.

Only truly democratic procedures build a truly modern society, willing to take responsibility for others. We must cry a halt to the continuing debasement of democracy and its various institutions designed to provide good governance and ensure probity, transparency and accountability. Democracy, we should remember again

and again, is only a means to an end and not an end in itself. It must deliver and serve India's best interest, happiness and the welfare of its people. This can be achieved if the country follows American President Abraham Lincoln's famous maxim in letter and in spirit: "Democracy is the government *of* the people, *by* the people, *for* the people."

Ultimately, India's strong economy and powerful politicians have to be followed and supported by peoples' mindsets. It requires courage and the commitment of the country's present leaders to the democratic vision of its past leaders for the greater glory of the nation. Otherwise, India might not only fail as an emerging global power but even worse – drift back to what it has unfortunately been till today: a puzzle of over 500 pieces with a permanent risk of dissolution.

Indeed, India is at the crossroads. Will it pull back from its feudal precipices or will it surrender to it? Time alone will tell. ●

INDER JIT: Managing Director and Editor of India News & Feature Alliance (INFA) and a Member of Parliament (1989 and 1991-96). He was one of India's most widely read political columnists. He started his journalistic career with the *London Times* and *Daily Telegraph*. He represented India as a delegate to the U.N. General Assembly in 1977, 1990, 1999 and 2005, the Human Rights Commission at Geneva in 1995 and in inter-parliamentary Union meetings etc. He passed away in July 2011.

Dreams have great power

author: ALEKSANDER KWAŚNIEWSKI

Both Europe and India could be among the global players jointly creating a vision of world development. Whether this will happen will depend on the imagination of their leaders and on their abilities to create a vision corresponding to contemporary challenges.



– and I share this belief with European leaders – that the revival of a communist power or a power based on some other global ideology is not very likely. The United States' period of global domination also appears to be drawing to a close. The USA will no longer fill the role of sole power – not because it has become weaker, but because new centres of strength and development, such as India, have appeared in the world.

MULTI-POLARISM AND A COMPLEX BALANCE

The 21st-century world of global rivalry is only just taking shape, thus it is hard to describe it clearly. However, it can definitely be claimed that the Cold War has ended and the world is not threatened by a return to bipolar division. I think

I am convinced that the world towards which we are heading is a multi-polar one. An important role in this new international order will be played by the United States, Europe, Russia and the

The leaders of Europe and India should be thinking far ahead to create an inspiring new narrative of the future, corresponding to contemporary challenges.

newly emerging powers: India, China and Brazil. The process of producing a new balance of power is not easy and will not proceed smoothly. There will be tensions such as we have not experienced before and to which we will have to respond in a new manner.

India, like Europe, could be one of the key players in this multi-polar world. Europe – on the condition that it does not forget where its strength lies today, i.e., in the idea of European integration. The European Union should develop this idea and adapt to contemporary challenges. Integration is the great, not yet fully utilised, force on which the future of the continent could be built. Others also appreciate this force. The countries associated in the African Union and the regions of the world that are increasing cooperation, such as the Indian Ocean region, are looking towards united Europe and its experience.

I consider that the European Union should continue to develop its project, based on two essential and parallel processes. The first is to deepen integration and strengthen European institutions. Thus there should be 'more Europe and not less Europe', more common policies: not only energy and agriculture ones, but also foreign affairs and security policies, and therefore more relations between the EU and its main partners in place of the previous bilateral relations (Russia, China and other countries). The Lisbon Treaty was a significant step forward in this respect. These opportunities can and should be exploited.

66% The number of EU citizens who feel ill-informed about European affairs – the rights and benefits arising from EU integration. 73 per cent of respondents think people in their country are ill-informed about EU business.

Source: Eurobarometer 74, 2011.

The second process is further enlargement. The European Union, without undue haste, through a solid accession process and the support of reforms in countries aspiring to membership (Ukraine, Moldova, the Balkan countries and also Turkey at some point) could be expanded to become a continent of 600-700 million inhabitants, operating within a single market. This has enormous potential.

From this point of view the key task of the EU's political leaders is to observe how the global balance is changing and secure Europe's place within the group that will be making formative decisions over the coming decades. Europe cannot afford to forego these ambitions. In my view, European institutions and EU bureaucracy do not stress this perspective enough today, being forced by circumstances to concentrate on short-term goals.

India could also make it into the group of the most important world players. It faces other challenges, however. It must change the burden of its huge population into a competitive advantage and utilise it for the development process; it must also find a way to lessen the social differences, which are somewhat unimaginable now to Europeans, and include all citizens in the standard advantages of every contemporary power: universal education, social welfare and health care.

GREAT DREAMS INSTEAD OF A CONSERVATIVE ATTITUDE

In the changing world, Europe and India are transforming – they are seeking new forms and places for themselves. But this requires the ability to think in categories of a broader vision, imagining the form of internal relations and the role of both these Unions in the global game.

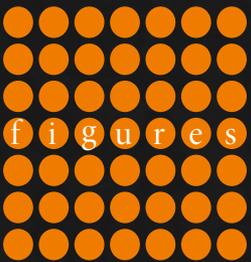
I believe that the European Union should return to the language of a great vision, the one conceived by its founding fathers, Jean Monnet, Alcide de Gasperi and Konrad Adenauer – a vision which did not remain solely on paper but became a fact, changing the reality and dimension of the continent. It is still worth respecting this vision and drawing from it the energy to pursue further change.

It is attractive enough to provide European societies with the strength to face global challenges. I perceive that Europe has a complex about the rapid development of China and India and a fear about whether Europe can match such growth. I have the impression that Europe views these countries with fascination and fear. Such an outlook can lead to unnecessary complexes. For all their rapid growth, both India and China have a whole range of challenges related to education, poverty, and development models. I don't believe that we, as Europe, would want to trade places with them, even for the sake of rapid growth. We are impressed by these countries' development, but this should not hide the real scale of the challenges they must overcome.

European challenges should also be seen in the appropriate perspective. While being aware of the problems facing the European Union, including those related to the financial crisis, the future of the eurozone, the demographic crisis or immigration, Europe should remember that these are problems with a beginning and an



CREATIVITY



EUROPE

3%

according to the *Europe 2020* strategy, this amount of EU GDP (public and private) is designated for research and development

Europe's creativity is one of its main competitive advantages. For that to remain the case, Europe needs to reflect more deeply on the subject of social capital, the 'creative class' and the influence of culture on innovation – as well as to reform its ageing education system, which destroys creativity and enterprising thought instead of supporting it.

end. They should not overshadow the significance and weight of the European integration process. It began a few decades ago and could be the most promising process of the century for Europe. The problems and difficulties, which are inevitable in changes of such scale and vision, should not prevent us from seeing the importance and attractiveness of the vision itself.

Thus I am calling today for a return to an inspiring, hope-filled vision. In Europe, for many contemporary politicians, the 'minimum programme' is sufficient – to not spoil what we have and to maintain our civilisational achievements. But such a programme is not inspiring. Just as the President of India, A.P.J. Abdul Kalam, PhD, once did, I am appealing to politicians of the younger generation: don't be afraid to dream, because only then can dreams come

true. Don't be afraid of confronting challenges that are truly global, with the possibility of helping to shape the world around you. Perhaps the first and second places on the podium are reserved for others. But it is still worthwhile to work for a place on the podium. Such is the role of leaders. ●

ALEKSANDER KWAŚNIEWSKI: President of Poland from 1995 to 2005. He was involved in the Round Table Talks that led to the peaceful transition in East-Central Europe. During his presidential term Poland became a member of NATO and the European Union. He lectures at Georgetown University in the USA, and is a member of the International Crisis Group, the Atlantic Council of the United States and the Bilderberg Group.

Governance through partnership

author: SHEILA DIKSHIT

In democracy, the people's vote is not a one-time affair. Instead it's a long-term relationship, which needs constant and close interaction, nurturing and a desire to build upon it further. Once elected, the politician should not wear a crown. **Rather the electorate has to be served.** Otherwise, like a bad marriage, the relationship is bound to end, and the politician will be voted out.



Delhi today is a very cosmopolitan metropolis, with a mind-boggling population of almost 17 million, which places it 6th on the list of the top 10 cities of the world. The biggest European city, London, with its 8-odd million population (12 million in the agglomeration), ranks only 21st. Delhi's

population has been rising steadily in the past few decades (by half a million people every year). Fortunately, it stabilised in 2010 and hopefully will remain as it is thanks to other cities growing as well. However, by 2020 **Delhi is expected to reach 3rd position, with its population expected to touch the 26 million mark!**

Delhi is a vibrant and universal city. Unlike other state capitals, which draw people from small towns and cities of the region, people flock to Delhi from all corners of the country, be it from the south or the north-east – in fact from every one of the 28 states and five union territories. We have the maximum number of migrants. Indeed, it is a 'little India', reflecting different cultures and identities. Furthermore, it is the seat of the Union Government and home to diplomats from around the world.

PHOTO: AUTHOR'S ARCHIVE

What draws people to Delhi? Well, it is in the true sense a land of opportunity. It has a huge job market, a wonderful system of health care, excellent schools, universities (including the world's largest distance learning university) and world-class technical institutes. Additionally, it is the most comfortable city in India to live in. Despite the density of population, it gives its citizens a feeling of space – every street gets sunshine as there are few high-rise buildings (unlike Mumbai and Chennai). It is clean and is one of the greenest capitals of the world. It has wide roads, an efficient transport system and is a **heritage city** – it has everything an emerging world power's capital should offer. In fact, professionals such as bureaucrats, corporate employees, bankers, etc. who come on transfers don't seem to go back. They eventually become *Delhiwalas*, that is, Delhiites.

But, being a big metropolis, Delhi has its quota of big challenges as well, quite different from those faced by European cities. Since taking over I have been faced with three major challenges: administration, infrastructure and social discrepancies.

CHALLENGE 1: ADMINISTRATION

Delhi is very different from other Indian cities. Its land is limited and our main challenge is how to develop it. Being the seat of the Union Government, the city operates in different conditions. So, while every other state government is free to do what it likes, we have to go largely by what the centre plans. It has far more control over us than it has over any other state. While there is no denying that Delhi's being the country's capital has its advantages, my powers as a Chief Minister are regrettably quite limited and my hands sometimes completely tied.

Unfortunately, important civic agencies which administer the city do not come under my supervision. My government does not own any land. So for public projects such as housing, schools, hospitals, etc. I have to approach the central government agency, the Delhi Development Authority. Worse, even the crucial Department of Police is not under me, unlike in other states. The local civic agency which provides basic facilities is partially under me and partially under the centre. Honestly, it is a **hotchpotch relationship**. In fact, **Delhi has nothing that belongs to it; even the weather is imported**: the cool breeze and rain comes from the mountains surrounding Delhi, dust storms come from the Rajasthan deserts, and water from adjoining states, as we have no water springs and most of our lakes have dried!

Those who elect us look to us for solving their problems, but there is no straight path. At the end of the day our ideas of what should be prioritised may or may not be accepted by the Union Government. Put more simply, my relationship with the Union

India's cities are centres of growth – and the rapid increase in their populations is both an opportunity and a challenge for the authorities. In governing Delhi (the world's sixth largest metropolis), three questions have turned out to be most important: administration, infrastructure and social inequalities.

Bhagidari (governing through partnership) is of key importance for the city authorities. It is a style of governing that is favourable to the inhabitants and ensures their participation in directing the city. It has permitted the rapid development of India's largest metropolis.

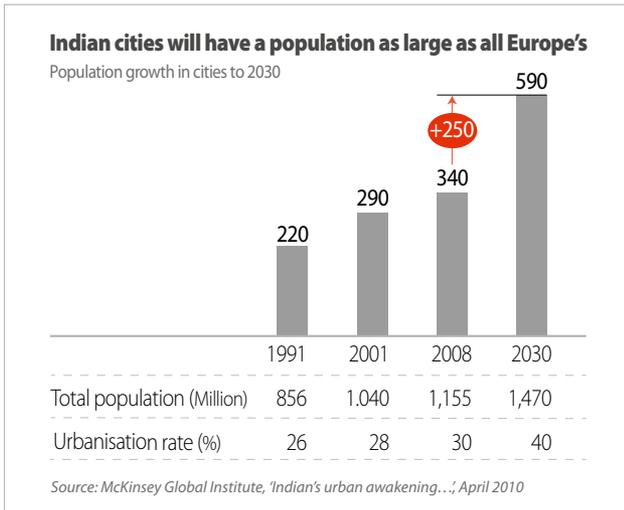
Government is similar to that of a child and a parent living under the same roof: love and compassion on the one hand, and misgivings and major issues on the other. Good governance is thus not an easy process here, particularly as my government has no decision-making powers. Sixty per cent of my time goes in straight PR with the centre. **We work on sheer good will.**

But we do have our projects – so what is it that the people want, what needs to be prioritised? It is imperative to have constant interaction with the citizens. In my view, **governance through partnership** is the only way to maintain the right balance in such a huge organism and ensure its sustainable growth. The edifice of our governance rests on this sturdy foundation. Democracy is not a one-time vote and then you are finished. We have outlined a philosophy for governance: responsive and participative. We call it *Bhagidari* (citizen-government partnership). It is a permanent process of interaction which works both ways. On the one hand it gives people a chance to voice their priorities and demands and on the other provides the government with a platform to express its limitations and constraints and to be understood.

How does this work? We have joined with the Asian Centre for Organisation Research and Development, (ACORD), which has designed Large Group Interactive Events as an appropriate model

30% The number of India's inhabitants living in cities. In Europe – 73 per cent; in Poland – 61 per cent. 13 Indian cities have more than 2 million inhabitants (in Europe there are five such metropolises).

Source: Eurostat, Indiatat



to train citizen groups and government officials to sit together, discuss viewpoints on common problems and build up consensus for solutions and implementation. The workshops involve about 3,000 citizen groups such as Resident Welfare Associations (RWAs) & Market Traders Associations (MTAs), NGOs, etc. This is followed by monthly and quarterly reviews and an overall evaluation by the top brass of the government.

Bhagidari has definitely caught the citizens' attention as they are participating in it enthusiastically. Problems, both big and small, come our way, be it for help with medical care, school admission, the cost of petrol, inflated electricity bills, bad roads, water scarcity, the nuisance of shanties around the locality, etc. While some of the problems are resolved immediately (financial help to the poor for health care, etc.), some involve long procedures (road repairs), and for some others we need the approval of the Union Government: for example, for building more schools or houses, which involves land allotment and city planning.

At the same time, I reach out to the people and involve them in our programmes. A good example here would be our campaign to keep the city clean. In India, this is not easy given the basic social habits and minimum concern for public spaces. Moreover, newcomers from the countryside are not accustomed to respect city rules such as throwing garbage in dustbins instead of just everywhere. Constant education and persuasion through campaigns is thus required for a change to take place. And it will, but only if mindsets change.

In addition to the above, I hold video conferences, accompanied by my administrative employees, once every two months with

groups of people, to listen, prioritise and resolve the issues. Furthermore, the doors of my residence are open to one and all (individuals, families, representatives of associations, schools, universities, companies, business people, etc.) from 9:30 a.m. till 11 a.m. They are free to voice their grievances, however large or small, or even to share ideas for improving infrastructure or services.

CHALLENGE 2: CITY INFRASTRUCTURE

When I was elected Chief Minister for the first time in 1998, Delhi was a decadent city – dirty, polluted, with long power cuts, a scarcity of water, poor roads... It could not be compared to any city in Europe, where these issues were resolved a century ago! But better late than never, we told ourselves, and started to put things on track. The vision was crystal clear: Delhi must reflect what a capital city of the second largest country in the world should be: a **smart and global city**.

Regular electricity and water supply: Water shortage is an increasing global problem. It is estimated that the number of people facing the issue will reach 5 billion by 2050. The scarcity of water and constant power cuts made life impossible in Delhi. Privatisation of the power supply helped. We were able to check power theft (by 52 per cent) and make people learn to pay their bills. The foundation has been laid, but the energy supply is still not sufficient for the city's needs. As for water, the situation has improved, but we continue to be dependant on neighbouring states.

Modern public transportation: In response to the ever-increasing number of inhabitants, vehicular traffic and expanding city limits, we envisioned an eco-friendly and efficient mode of transportation. Not only have public buses been multiplied, but the old ones have been replaced with modern ones. Roads have been widened and a number of flyovers built. But this has not helped to decongest traffic, which has been on the rise, with a mind-boggling number of cars and two-wheelers being added every year. We have thus extended the metro, which in these past 8-9 years has come to cover 192 km. The aim is to cover the entire city and the national capital region (Gurgaon, Faridabad and Ghaziabad). The metro is world-class and has not only become a trend-setter for other cities in India but also in South Asia.

Provide good education: More than 50 per cent of Indians are under the age of 25 and the illiteracy level is high (circa 25 per cent of the population). Worse, there are not enough schools or teachers to fill the gap. In Delhi, we are committed to providing free education in government schools and to ensuring that these are easily accessible. This apart, we have excellent colleges and eight universities

(including the world's largest distance learning university). Students from all over the country vie for seats in these universities.

Improve the social sector: Regrettably, small cities, towns and rural areas are devoid of a good health care system – hospitals, dispensaries or doctors. As a result, hordes of people (33 per cent) come from outside Delhi in search of treatment. The capital offers excellent health care facilities but the private hospitals and clinics are beyond the reach of the common man. While government-run hospitals can boast of top-class medical services, these are overburdened with patients. Our aim thus has been to increase the number of health services, and make treatment affordable or free of cost for a family earning up to 200,000 rupees a year (a little over 3 thousand euro).

25.8 The forecasted number of inhabitants of Delhi in 2020 if the tempo of growth that began in 2006 is maintained: 3.5 per cent annually. Mumbai will be inhabited by 26 million persons and Kolkata by 18.5 million.

Source: City Mayors

Showcase our national heritage. Like most world capitals, Delhi is a historic city. It was the centre of the Mughal Empire, the British Raj and the national movement. The city's monuments, some of which are 1,200 years old, are its treasure. But for many years this heritage was overshadowed by the city's vibrant political and economic life. After 64 years of independence, emerging India needs to showcase its history for the growing number of tourists and official visitors. We have listed around 147 historic monuments, which are being restored to their past glory.

As for the future, say the next 20 years, the most important task will be to take these efforts forward (whether I am around or not). Progress is being made, even if it is slow in comparison to the rapid growth in population. From this perspective, the hosting of the **Commonwealth Games in Delhi last October was a challenge worth taking.** The development of the infrastructure, which would normally have taken 10 years, was accomplished in a short span. Additionally, we have learnt an important lesson. **We tend to build and forget about it.** Unlike Europeans, taking care of a public space has never been an Indian forte. I have now insisted that 5-7 per cent of the city budget must be kept aside for the **maintenance** of buildings, roads and all other infrastructure.

CHALLENGE 3: SOCIAL DISCREPANCIES

India is the richest among the poor countries and the poorest among the rich. We have circa 40 million millionaires and 700 million people who live on 2 dollars a day. In Delhi too, the gap between the rich and the poor is unfortunately there for all to see – on the one hand there are palatial houses with Mercedes and BMWs standing outside and on the other slums and people sleeping on the pavements!

With half a million people coming to Delhi every year, (the majority being from the lower strata), we have a major problem in hand: where do we house them, where are the schools for their children, how do they earn a living, etc? **Low-cost housing for the poor** is therefore our priority. While the demand is huge, we have set a target of building 400,000 houses for the economically weaker sections of society, through subsidies and by offering bank loans, to be repaid in 20-30 years. So far we have completed around 18,000 such houses.

The wide disparity between the rich and poor is not the only gap that India struggles with. There is still another glaring social difference – between men and women. Traditionally, a woman in an Indian society is very much subordinate to a man – be it a father, a husband or a brother. Women have been neglected for centuries and it is time we provide them every opportunity to prove their mettle. This change can not be brought about by political declarations alone, but by giving women the chance to participate in every aspect of life, particularly in decision making and financial responsibility. Thus, while designing the low-cost housing project, we decided to sign the ownership clause only with women – to encourage them to be rightly the head of the family. For isn't it the woman who makes a home?!

Women's empowerment is one of the crucial processes for Indian growth. In Delhi we have launched the *Stree Shakti* programme, which entails capacity building among women, especially those belonging to weaker sections of society, by providing them with tips on hygiene, access to healthcare and medicine, job training and financial aid for self-employment opportunities. So far, we have over 100 women's groups to take this project forward.

In addition, we have paid special attention to girl children (*Ladli* – 'adorable girl child') so that parents should no longer be disappointed if a baby girl is born. Through this programme, we encourage parents to send them to public schools, where their education, uniform and books are free. Some even obtain scholarships. Before graduation, they are given a 100,000 rupee loan – to invest in further education or use in marriage. Dowry deaths (when young brides are killed because they did not bring enough money or goods

to the marriage) are still prevalent in India, but that's another story.

My advice to women is to stop positioning themselves as such. When I entered politics some 40 years ago, I stopped thinking of myself as a woman. Instead, I was just an individual doing what I wanted to do and I never had a problem. Of course, we need to change mindsets: why is it that in India we don't have a woman heading a finance, industry or commerce department?

We live in an urban age. More than half of the world's population lives in cities. It is estimated that by 2050, 75 per cent of people will be urbanised (50 per cent in India). India is big and likes big things. Indians love to live in their huge, noisy, densely populated cities, which give them a chance of being in the centre of events. One can

predict then that our cities will become even bigger in the next few decades as the countryside is too large to be as well-equipped or have similar infrastructure in the near future. It is thus all the more important to ensure that the cities grow to absorb the newcomers and be able to sustain themselves. ●

SHEILA DIKSHIT: Chief Minister of the Government of the National Capital Territory of Delhi (and city). She was elected for a record third term (five years) in 2008. She was a Member of Parliament (1984-1989) and Minister of State in the Prime Minister's Office (1986-1989).

Challenges in the world of participation

author: DANUTA HÜBNER

Europe no longer has the comfort of concentrating on itself as it had earlier.

It must learn to make joint decisions on world affairs with new players, such as India. Indian and European leaders must therefore understand how citizens have changed and **what sort of leadership is best suited to these times.**



In order to retain its significance, Europe does not need to conquer the world or to dominate it politically, economically or demographically. It is enough that Europe keeps its ability to set standards. One of these might be the mechanism of

multilevel governance, which is so attractive to rising powers. In order to take an active part in forming the new global order, Europe should accustom itself to the thought that it is no longer the best, the strongest and the wisest, but that it is creating the global order in common with others. The times of domination have ended – as the European Union knows because it benefits from internal mechanisms preventing the domination of any of its member states through a strategy of building compromises. These mechanisms increase Europe's stature; they universalise its message for the world and make it a global point of reference.

Multilevel governance, which is characteristic of Europe, is an excellent model of governing for the present century. It allows for

a common response at the global, national and local level to world challenges and to events that concern the continent. Decisions occur on many levels in a Europe of regional, local and small fatherlands. Today, 60 per cent of decisions are made at levels below the national rung.

The introduction of the principle of subsidiarity and increasing civic participation means that a growing number of competencies are devolving downward, which ensures a continual interaction between citizens and administration and prevents their estrangement. The division between the governing and the governed is slowly losing its *raison d'être* and is being replaced by a participatory style of decision making.

Such a manner of arriving at decisions combines very well with the old European discovery of democracy and the European conception of human rights, which is today accepted as the universal standard. Increased participation signifies a return to democracy's roots. This development is good for governing bodies as well, because citizens, seeking to affix blame for a regrettable state of affairs, can no longer say 'we' and 'they', but only 'all of us'.

THE EXPORT OF GOVERNANCE STANDARDS

The EU is using multilevel governance in its own structures, but has difficulty promoting such an approach abroad. The problem is not only with the EU's attempts to create the best common foreign policy, but above all with its ability to join in the formation of multilevel mechanisms of global governance. Business organisations have been operating in such a manner for many years, but political entities are only just now adapting these solutions. Europe, however, has difficulty with thinking in these categories, and an excessive concentration on its own affairs results in a shortfall of leadership capacity in the global dimension.

Europe's fatigue with strategy is partly explained by its awareness of the fact that its share in the global population is decreasing (presently around 8 per cent, in 20 years it will be 5 per cent), as is its share in global GDP, exports, number of discoveries and patents. In our conceptual system, we define the phenomena unambiguously: we lose. It would be closer to the truth, however, to state that the world is returning to a balance disturbed by the domination first of Europe and then of America.

The question is what, in such conditions, Europe should do in order to regain its importance in the world. In my opinion, the EU should concentrate not so much on its share of world population or GDP, but rather on preserving its role as an authority, a point of reference. Share in GDP or market size are not, after all, identical with significance and influence, as can be seen by many examples

The 21st century is the age of joint decision making – both on the international level, and in the relation between the governed and the governing. Both India and Europe have much to do in these two dimensions.

in the world. 'Less Europe' in such areas does not at all mean less strength, if it means 'more Europe' in the sense of quality. But in order to keep its role as an authority, Europe should identify the source of its own soft power.

THE EUROPEAN MODEL OF GOVERNANCE

I believe that such a role could be played by the European model of governance. The multilevel model of governance and decision making in Europe is a solution suited to the times: it has been tried and tested in Europe's multicultural conditions; it is very good at mobilising people, because it frees their individual and social potential; and it increases the possibilities of countries and continents while simultaneously giving to the new, connected citizen a sense of participation and mutual responsibility. In Europe, we are observing the positive effects on a daily basis, which is why the principle of subsidiarity is so important for us.

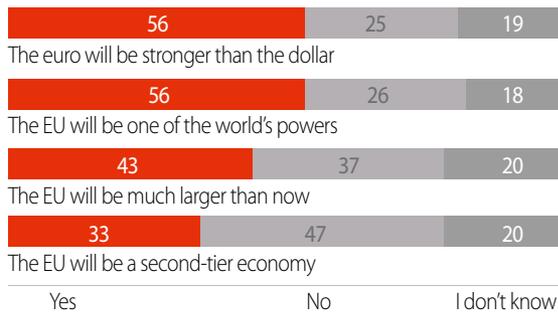
The events in North Africa have indicated that this model could be attractive for the outer world. I view the processes that have been taking place since early 2011 as the beginning of a wider transformation in developing countries. These processes are above all the consequence of changes in communications and access to information. The start of the new century has seen quickened growth in the global circulation of knowledge, information, capital and ideas. Africa, Asia and the Middle East have shared in the dissemination along with Europe and the United States. The events in Africa and the Middle East have shown that in the 21st century it will be

32% of Europeans think they are well-informed about European affairs. This means that communication and public acceptance for the direction of change remains a challenge.

Source: Eurobarometer 74, 2011.

How things are going

Europeans on EU in 2030.



Source: Eurobarometer 6/2009 (EU27).

difficult to govern people (with their individual aspirations) and entire societies (freeing themselves now from oppressive dictatorships) without their assent and participation.

The world will therefore be turning to democracy. With all Europe's various weaknesses, democracy is its greatest achievement. We know that the European model has proven itself not only in the West, but in other parts of the world as well (as can be seen, for example, in the case of India, which has been independent since 1947). It is currently obvious that democracy can be adopted in Muslim countries, and soon it will be found in countries of other religions and cultures. Thus I think that multilevel governance is the most valuable capital that Europe can share with the world.

PARTICIPATORY LEADERSHIP

The desire to participate in decision making is being felt at all levels of public life today. Young people are very well informed, mobile and active; outside of their traditional social spheres, they are seeking new dimensions in relations: interpersonal, local, national and intercontinental. Thanks to the Internet, communications and social media, they function in a borderless network. Well-informed citizens have access to information and global knowledge, but live in their own small world. Their feeling of participation in important decisions, of civic subjectivity, will depend on these two dimensions. They have less tolerance for decisions that are taken without them.

Such a citizen needs another kind of leadership: leaders who understand the new paradigm but speak an understandable language. Leaders cannot create advantages for themselves through an asymmetry of information – so that they know more than those they are governing. The unequal access to information is today much less than in the past. Well-informed citizens want to participate in matters that not only concern themselves directly, but also their city, their region, their country or every other community in which they are active – including the global order.

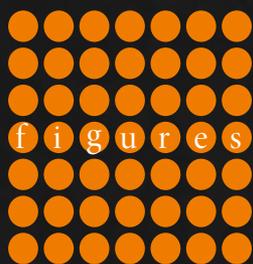
Change in the attitude of citizens should thus force a change in leaders' activities and the appearance of other mechanisms for participation in decision making. A well-organised society 'gets ahead' of its leaders – it forces them to keep up rather than to be at the forefront. Both India and Europe, as democracies, are facing a similar challenge here. This is an opportunity to exchange experiences and good practices. ●

PROF. DANUTA HÜBNER: Member of the European Parliament. Professor of economics. She was formerly chief of President Aleksander Kwaśniewski's Chancellery. She worked for the United Nations, and was head of the Office of the Committee for European Integration.

2.8 billion The total number of inhabitants of the BRIC countries. This is 40 per cent of the world population. India, China, Brazil and Russia produce 25 per cent of world GDP.



VARIETY



EUROPE

23

– the number of Europe's official languages: in addition, over 150 local and minority languages are spoken

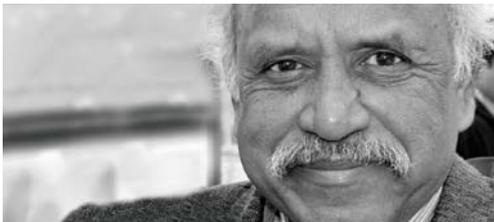
Cultural diversity is one of Europe's most distinguishing characteristics.

The official motto 'unity in diversity' (*in varietate concordia*), introduced in 2000, stresses the importance of cultural diversity and the array of traditions out of which Europe grew.

What could stop India from becoming a superpower?

author: BISHWANATH GOLDAR

To fulfill its destiny as a future economic superpower and include a wider spectrum of society in the economic miracle, India has to go through severe structural reforms and shift its focus from services to manufacture-led growth.



India will become the third largest economy after China and the United States by 2025 or 2030, and its income per capita will rise from about 1,000 USD now to about 7,000 USD by 2030. In his book *Three Billion New Capitalists? The Great Shift of Wealth and Power to the East*, Clyde Prestowitz writes that by 2030, India will overtake Japan in absolute dollar terms, and that in the second half of this century the country will be the world's largest economy. According to him, the power behind this miracle is primarily demographics. The rising ratio of the working-age population (also known as the demographic dividend) is expected to last till 2040. At the same time Europe and most of the Western economies will struggle with an ageing population.

IS GDP GROWTH EVERYTHING?

In the past six years (April 2005 to March 2011), the average rate of economic growth in India has been about 8.6 per cent per annum, and according to the Indian Planning Commission, it should be about 9 per cent per annum for the 12th Five Year Plan, 2012-2013 to 2016-2017 (the projection is likely to be lowered to 8.5 to

8.7 per cent per annum in view of the global economic uncertainty). For several reasons, it is not illogical to think that a growth rate of a similar magnitude in the Indian economy will prevail for the next 15 years. These reasons include: (a) a high and increasing rate of savings and investment in the country, (b) a large and growing middle income class creating rapid growth in demand for industrial goods and services, (c) an education system producing a large number of highly skilled professionals, many of whom will work in India for much less than their professional counterparts in the United States and Europe, and (d) a sizeable English-speaking population, which has been a key factor in the establishment of a fast-growing back office operations (BPO) industry serving multinational corporations and information technology enabled services (ITES).

One may, however, raise doubts on several grounds. Is the nine per cent growth sustainable? Will the rate of increase in productivity be sufficient to sustain such growth? And finally, is a fast growth in GDP terms sufficient to make India an economic power? In the midst of euphoria about the Indian growth story, it is sobering to realise that some 475 million Indians live on less than 1.25 USD a day and India's eight poorest states have more people living in poverty than Africa's 26 poorest nations. About 70 per cent of the Indian rural population is dependent on agriculture, in which the growth of output and productivity has been sluggish. Evidently, it is difficult for India to emerge as an economic power in a true sense if the growth process leaves out a sizeable section of the country's population.

Growth in the last two decades has been spearheaded by the services sector, which creates demand mostly for skilled/educated workers. To reap the benefits of the demographic advantage, those

young people entering the labour market will have to be employed. Unfortunately, their low education level may render many of them effectively unemployable in the service economy, which could sabotage the economic growth of the country.

FROM RURAL TO INDUSTRIAL INDIA

Employment opportunities for those less educated workers can be created only if the industrial sector grows rapidly. Thus, if India has to emerge as a major economic power, it has to move increasingly towards manufacturing-led growth rather than services-led growth. To emerge as a major economic power, India must also become a major industrial power.

The Indian government is about to announce a new manufacturing policy, designed to help increase the share of manufacturing in GDP in India from 15-16 per cent at present to about 25 per cent by 2020 or so. National manufacturing and investment zones (a new scheme, somewhat similar to export-processing zones) will be a key element of this new manufacturing policy. These zones will have services and infrastructure and will be used for encouraging domestic and export-led production of manufactured products. The contract labour abolition act will not apply to these zones, and employees will have temporary status. Entrepreneurs will therefore enjoy a good deal of flexibility in respect of labour use.

To attain a fast rate of growth of manufacturing, India needs to be able to export more. The free and preferential trade agreements that India has concluded or is currently negotiating with other countries, including the EU-India free trade agreement, will definitely help in augmenting manufactured exports through increased market access. Technology may, however, turn out to be a major constraining factor in raising exports. India lags behind several important developing countries when it comes to share of technologically advanced products in its total export (see graph), and this may mar the country's efforts to increase exports of manufactured products. In this context we may note that in 1985, the proportion in question was lower for China (5.1 per cent) than for India (12.4 per cent), while the figure for Thailand (17.2 per cent) was only slightly higher (UNIDO, *Industrial Development Report*, 2002/03). In the course of the next two decades, medium and high-tech products came to occupy a major share in manufactured exports from China and Thailand (about 60 per cent), while in India the proportion increased from 12 per cent only to 23 per cent.

Clearly this shows that much greater efforts have to be made for technology upgrades in Indian manufacturing. This requires appropriate policies to encourage R&D activities among domestic industrial firms and to facilitate foreign direct investment and

If India is to become an economic power, it must gradually move towards manufacturing-led and not services-led growth.

This is the emphasis of the government's new policy, whose key element will be national manufacturing and investment zones offering investors flexible labour use and other benefits.

Outdated manufacturing technology and the lack of a 'middle' – medium-size firms – might hamper the development of manufacturing in India.

imports of capital goods and technology. The Federation of Indian Chamber of Commerce and Industries, for instance, has sought a technology focus in the new manufacturing policy of the Indian government, aiming for policies of income tax exemption.

A second factor that may get in the way of India becoming an industrial superpower is that about 80 per cent of its industrial workers are employed in the unorganised industrial sector, which comprises very small business units. Nearly half of these are own account manufacturing enterprises, which run on family labour, and have no hired workers. The other half have some hired workers, but the size of the units is often too small to make use of advanced technology. As a result, the level of labour productivity and labour incomes in the unorganised industrial sector is very low, not much better than that prevailing in agriculture.

The organised industrial sector accounts for about two thirds of industrial output and about one fifth of industrial employment. The organised sector is dominated by relatively large industrial units. India does not have an adequate number of medium-size units (say 100 to 500 workers) able to combine the advantages of advanced technology with large-scale creation of decent jobs. This is known as the problem of the 'missing middle' in Indian industry. To provide an indication of the lopsided size structure of industries in India, it may be noted that the share of enterprises with six to 10 workers was about 40 per cent in India by the end of the 1980s, whereas this proportion was about 20 per cent in the Philippines, and less than five per cent in Korea, Malaysia and Thailand.

54% The number of India's inhabitants under 25 years of age. A young society is a competitive advantage for India in comparison to China, for instance, where the trends are similar to Europe's on account of the birth control policy.

Source: *Indiastat*.

The problem of the missing middle is mainly due to rigid labour regulations, which are also responsible for the sluggish growth in employment in organised manufacturing. However, recent data on India's factories indicates that employment in organised manufacturing has been increasing rapidly in recent years (over seven per cent per annum), mainly thanks to labour market reforms undertaken by the Indian states. According to a recent study of the Planning Commission, even worse for the job market than archaic labour laws are problems related to land, water, licences and clearances. The report notes that high transaction costs because of multifarious clearance and licence norms, availability of land and water, and environment clearances are bleeding the manufacturing sector more than old labour laws.

India's journey to the status of major global economic power is driven primarily by the forces of globalisation, and it cannot attain such a status without the economic cooperation of other countries. The EU is India's largest trading partner, and also a major source of foreign direct investment in the country. Evidently, India's trade and investment relations with the EU will play a pivotal role in its path to becoming a major economic power, and this is why the EU-India free trade agreement is so important. ●

BISHWANATH GOLDAR: Professor at the Institute of Economic Growth, Delhi University, New Delhi. He is the author of several dozen publications on industrial economics, foreign investments and trade, and environmental economics.

Opportunities on the streets

author: SANJAY DALMIA

Adept investment of European capital in India may bring huge gains. A billion new consumers are waiting for a **better life**.



In the course of the last 20 years, India has transformed from a backward country with an increasing poor population into an emerging market with a growing number of consumers. This is an important socio-economic change, as it proves that the model described by C.K. Prahalad in his book

The New Age of Innovation is accurate: the greatest profits can come from the least wealthy if there are enough of them. The billion-plus Indians are in fierce competition with each other: almost 200 million of them live at the level set by Western standards (and several dozen million are very rich) and the remaining billion aspire to a place in this group. These people, hungry for a better life, have a great motivation to act, and are capable of taking risks and working hard. They will do anything to make the day-to-day lives of their children easier and more pleasant. This is why they have to buy the first mobile phone, a television, a car, and a flat with furniture, water, electricity and internet. Consumption in India will continue to increase at least fivefold before the market is saturated.

Stagnation in Europe is the result of prosperity. Most Europeans live in houses with all their needs at hand, drive good cars, are well

dressed, and have everything in abundance. European shops are filled with goods, and advertisers try all manner of tricks to convince customers of their need for the latest consumer whim. The rich and satiated do not have the motivation to put in effort, and the few per cent of the population working hard are not enough to generate a continual growth for a market of half a billion people.

In India it is not the 200 million affluent people who propel development but the billion-plus of the population aspiring for a better tomorrow – it is on them that Indian growth indicators depend. **This is no longer about a billion paupers, but a billion consumers whose needs and potential are growing rapidly.**

India also has a huge potential for enterprise. Young Indians often make up for a lack of education with a so-called flair for business. Just look at the slums – apparent extreme poverty and yet in almost every one you will find a ‘business’ – a shop, a factory, a workshop. India’s population works hard to support families made up of several generations and many children – this is a huge motivation. Some are unable to read and write, but this does not stop them from using mobile phones, making business transactions and counting money.

Young people in affluent Europe are much better educated on a mass scale, but they live without having a knife to their throat (without such a need to earn money). They can also always count on parents or the social welfare system if necessary, and social security does not encourage risk. On top of this, in a mature, saturated market it is hard to find a niche for oneself. This is why Europeans more often look for safe employment. This is where they are different from Indians, who try to find any way of making money.

In India the largest business opportunities involve supplying the needs of the mass consumer market. In order to survive, you just need a product that the man on the street wants. This is why instead of looking for alternative models of growth for its native market, Europe should look to emerging markets, such as India. **European capital – invested in the right way in India – brings a several-times higher return than the same capital invested in Europe.** The financial lever is a billion consumers. It is a little like credit cards for students – banks give them to young people who

Instead of seeking growth in its difficult native market,

Europe should turn towards an emerging market such as India. European capital – appropriately invested in India – would bring a much higher return there than in Europe.

are not earning yet so that they can buy goods which they will pay for when they start to work. Europe can be this bank for India.

India is also a much bigger market of services and innovations than Europe. In Belgium recently I met someone whose company had come up with the world’s best technology for managing atomic waste. I asked how many of these systems could be sold in Europe. ‘One, maybe two’, came the response. In India in the coming years there may be a demand for as many as 12! It is quite clear what the fortunes of this company might be if they won that contract.

It is Indians who do the best business in India, as they understand their country. It makes sense to entrust European capital to them, as they know how to multiply it there. It is worth giving them new services and technologies, as they know how, where, and to whom to sell them. Running a business in India is not easy for a European used to different standards of services, organisation of work, and mentality of workers.

The globalised economy is like a system of communicating vessels: the level of prosperity of societies is straining to even out. On the scale of the whole globe this will certainly not happen soon. But, observing India’s growing market, I am confident that it is just a question of time. Business opportunities are literally lying on the street. ●

SANJAY DALMIA: Chairman of Dalmia Group, an Indian holding company founded in the 1930s which deals in the production of cement and cigarettes, trade and media. The group’s total annual turnover is in excess of 5 billion USD.

55 The number of India’s billionaires (in USD); Europe has 266. But Europe has 3.1 millionaires (in USD) while India has scarcely 153,000. Poland has 4 billionaires and 25,000 millionaires.

Source: India Times

'Made in Europe' products can also originate in Poland

author: WOJCIECH INGLOT

In India and in other emerging markets, the 'Made in Europe' label can decide a company's success. It is time Polish entrepreneurs became aware of this.



The global expansion of the Inglot brand began four years ago in a rather untypical manner – by chance. It is not we who were looking for a way to conquer the world – the world came to us. A Canadian entrepreneur visited our shop in Warsaw's Wola Park commercial centre. He liked our business concept so much that he became interested in opening a franchise. And so our first foreign store was opened in Quebec. This store made such an impression on an Australian cosmetics chain that the Inglot brand arrived on the Australian market.

Not long afterwards, also under the influence of the positive impression made by our existing stores, we signed franchising agreements with businesspeople from the Persian Gulf countries such as Saudi Arabia, UAE, and Kuwait; with India; and also with European countries such as Ireland, Finland or Serbia. We operate through franchises on all markets. We conduct part of our operations ourselves, however. Such is the case in Australia, the United Kingdom, Lithuania and the USA. In the USA, we opened a store in Manhattan, at the corner of Broadway and 48th Street, next to Times Square with its 40-odd million yearly visitors.

As a beginning producer of cosmetics in the 1980s, I did not think in larger terms than the local market. During our first 17 years in business, we developed our operations in Poland,

striving to satisfy and predict the needs of domestic clients. During that time, our business model matured and we created our very own market space. We began selling cosmetics in pharmacies, and today we sell them exclusively in our own stores.

These stores are designed in a special manner from a visual and functional point of view. Each of them offers a rich array of goods: Over 1,500 types of lipstick, hair spray and eye shadow. Our large selection is a distinguishing mark – as is the possibility of testing our products. In addition to a good product, customers can count on make-up advice – a visit to our store is an experience for the customer. Our relatively low prices go hand in hand with high quality – the effect of our care for the right technology and of close supervision over the production process in Poland.

Today we have 265 shops in 33 markets, including seven in India: three in Delhi, two in Mumbai and one each in Kolkata and in Madras. By the end of 2011, we will have over 300, ten of which will be in India. All are located in modern shopping centres which, in terms of infrastructure and the wealth and expectations of their average clients, are no different than their European counterparts.

The Inglot brand was brought to India by a company which is developing our network in Dubai, Abu Dhabi, Saudi Arabia, Bahrain, Kuwait and Qatar. It is characteristic of our business that we concentrate on perfecting our product and business model, yet we are open to the proposals of other countries. We do not engage in market expansion – most of the risk and costs are assumed by the franchisers and they come to us with their own proposals. This approach has allowed us to grow rapidly.

In India, our cosmetic products have met with a very favourable response. Indian women love bright colours, they are eager to talk of us on blogs and recommend us on social portals, and

they come to try out our new products. Our great advantage is that we are a company from the European Union. Just as was the case in Poland, anything originating from the West is viewed as superior in emerging markets. This also applies to cosmetics. My company is consciously taking advantage of the prestige that comes with a European brand. Thanks to this, we can place our products better than back home and sell them with a greater profit margin.

It is deplorable that Polish companies that are present on the Indian market under their own brand can be counted on the fingers of one hand. Polish businesspeople should follow our example and bring more boldness to their dealings with countries

● **European brands** enjoy much respect on the Indian market. This is worth taking advantage of.

like India which – given their growing population – hold great potential for the development of trade. Especially for companies with the ‘Made in Europe’ label. ●

WOJCIECH INGLOT: chemical engineer and the founder and main shareholder of INGLOT Cosmetics, a company that sells its products globally.

Old Continent needs India today

author: J.J. SINGH

Entrepreneurship and resourcefulness are common traits of Poles and Indians. Poles can help Europe understand India, and India can teach Polish entrepreneurs to understand **the global world**.



In Poland, communism fell and was replaced by capitalism and democracy, and in India – which had been democratic all the while – the reforms of the then minister of finance, now prime minister, Manmohan Singh, ended the period called the Licence Raj, which had tied the hands of private entrepreneurs.

Indian business was well acquainted with the Western market: with Great Britain, France and Germany. But beginning to do business in Poland was, for the majority of us, exactly the same as doing business in Russia. At the same time, Europe also did not treat Indians as serious businessmen. It seemed then that India could at most export textiles or spices to Europe. No one yet thought of Indian capital as a source of investment or about the dimensions of the Indian domestic market.

When I first came to Poland 25 years ago, both countries had closed economies dominated by heavy industry, mostly controlled by the state. Private enterprise was rather a marginal phenomenon. I have thus been a witness to great changes.

Today it is more Europe that needs good relations with India than vice versa. The similarity between Poland and India means, that Poland could play an important role in bringing the two continents together.

A SIMILAR ROAD TO SUCCESS

Today, two decades later, I look with admiration on what India and Poland have achieved. Both countries have gone through the crisis well, only slightly slowing; both have strong and independent economies and are beginning to be treated by the world as equal partners. The path to Poland's and India's 'recognition' in the world has been similar. Mutual perceptions have changed too. 20 years ago, Poles could not differentiate Indians from Arabs and disliked both peoples. Today, in large measure thanks to Indian investment and the popularity and charm of Bollywood films, their attitude has become very friendly. It is not without significance that Indian immigration to Poland differs from Indian migration to the West. The Indians in Poland are mostly business people. Poland is not wealthy enough to draw migrant labour and the language is an additional barrier. In spite of the apparent differences, both cultures are very similar. Family ties and traditional values are important both for Poles and for Indians; both nations are also enterprising and resourceful. Poles have their saying, 'a Pole can do it' – Indians, 'jugaad'. In Hindi, this word has many meanings and signifies, among other things, 'creative solving' – that is, cheaply and effectively, making use of available resources. It also denotes the ability to find a solution that gets around the existing limitations.

This similarity is an enormous opportunity for Poles. India is looking towards Europe now because it is seeking investment opportunities and ways to invest capital. Poland is a natural hub. Membership in the EU, lower labour costs than in the countries of Western Europe, and cultural likeness mean that manufacturing or BPO (business process outsourcing) investments of the greenfield type are being located chiefly in Central Europe. Another reason for Poland's attractiveness is its closeness to Russia. Indian firms regard Russia with distrust; they have had bad experiences connected, for instance, with the Russian mafia on Goa. For security reasons, they would prefer to invest somewhere a ways from Russia, but still close enough to be able to serve that market. Poland appears to be the ideal option.

Who needs whom more? In Western Europe, Indian firms are today mainly seeking opportunities to take over or merge with known brands. A good example is the acquisition of Jaguar and Land Rover by the Tata concern. The purchase of an icon of British

industry is doubtless a symbolic gesture, but above all a cold business calculation. **First, the demand for luxury products in Asia is higher these days than in Europe.** Western concerns are aware of the fact: for instance, Bentley has started up an assembly plant in India in order to supply local demand. Taking over Western marques and joining them to existing sales structures in Asia makes it possible to benefit from the situation. **Second, for firms from Asia, the takeover of known brands is an investment in their own prestige and a display of their know-how.** It is also a display of strength. It is a step towards attracting conservative Western buyers, with their stereotyped thinking, instead of spending decades trying to instil confidence in them.

Today, Europe needs Asia more than Asia needs Europe. Two decades ago, the opinion prevailed that India was a country of poor people. In truth, 70 per cent of Indian citizens are still poor, but 30 per cent of India's inhabitants have a fair amount of capital and consume and invest. In absolute numbers, India is already one of the world's largest markets.

The takeover of renowned firms in Europe is a shortcut to prestige, technology and know-how, but India can manage quite well without them. India has its own brands, which can be developed on the domestic and global markets without Europe, and it also has the engineers to produce its own technology. One of India's advantages is its very industrious, well-educated, inexpensive labour force, and also its good schools.

Indian firms are more open and prepared to do business in Europe than vice versa. Indian businessmen have been educated in the West or in native institutions patterned on the best global models. Thanks to this, they manage well in European conditions. The situation is worse in the other direction – Europeans do not understand the Indian mentality or the specifics of business in the subcontinent. Their image of India comes from the Discovery Channel – poor people, cows, saris and snake-charmers. Thus they are not at home in the cultural conditions of doing business in Asia and commit fundamental mistakes due to their lack of acquaintance with the functioning of the market; they overlook the multi-cultural conditions and succumb to stereotypes. Indians appreciate managers who are sufficiently sensitive to the cultural conditions, respect Indian culture and learn to work with it.

BETWEEN THE TIGER AND THE ELEPHANT

Europe should think through its strategy towards India – above all in the context of creating close global alliances, which will be important for its competitiveness. Being open to the Indian subcontinent is in Europe's interest. For now, the old prejudices still

linger in mutual relations. In the several-year-long negotiations on a free trade agreement, the point of contention is clearly the free flow of labour. Europe is still creating problems over it. Great Britain has, for instance, placed limits on the number of immigrants from Asia, and similar practices are applied in other countries.

The creation of these barriers is supposed to be a way of combating domestic unemployment and is dictated by fears of an influx of large numbers of immigrants from India. It should be remembered, however, that if Europe does not open itself to Asia, Asia will not be open to Europe. At the same time, an increasing number of Europeans want to work in India, seeing an opportunity for development outside of the more pessimistic Old Continent. Unemployment in India is currently at such a low level that Europeans can find work there – often better than is available on their home market.

In a world where new ties are being formed, Europe will doubtless have to choose in making closer alliances. In Asia, the natural choices are India and China. For several reasons, India is the closer choice. Today, China is far ahead of India as a manufacturing location. That does not mean, however, that the situation won't change. China has cheaper labour, but to do business there is much harder on account of the necessary relations with the government. In India, business and politics do not mix. As chairman of the Indo-Polish Chamber of Commerce, I have noticed that Polish firms feel much more comfortable doing business with India than with China.

The problem with India lies elsewhere. It is rather like the United States. The fairly independent Indian states have their own taxes, legislation and languages. This diversity could be a difficulty for firms from Europe; it's also a limitation for Indian firms. For instance, Tata wanted to produce its famous Nano model in Orissa, one of the poorest Indian states, which indeed needed investment. However, on account of the company's inability to come to an understanding with the state authorities, it had to move production to Gujarat.

It is the mental barriers that are hardest to cross, though. Poles know this well, thanks to the experience of Poland's own transformation and accession to the European Union. A similar experience of transformation and economic opening, a similar entrepreneurship and resourcefulness, a similar hunger for success and world recognition, and also the lack of points of conflict in their common history – all these mean that Poland could play a certain role not only in business, but also in the political rapprochement of the two continents. ●

J.J. SINGH: entrepreneur, directing the WECO-Travel office. He is also chairman of the Indo-Polish Chamber of Commerce and Industry (IPCCI) in Warsaw, which brings together Polish and Indian firms.



INDIA EU COUNCIL

Centre for Information and Cooperation

The India EU Council is an association registered in Poland in 2008.

Its mission is to build contacts and promote joint projects between Central and Eastern Europe, India, and other South Asian countries.

It aims to increase mutual understanding between these two important regions of the world.

The India EU Council is active in four areas:

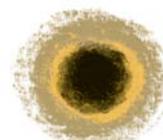
- social communication and media
- education and science
- the socio-political environment
- economics and entrepreneurship

The India EU Council conducts informational, educational and publishing projects, cooperating with other non-governmental organisations, as well as institutions of higher learning, local governments, central administration and diplomatic institutions. Particular attention is paid to activities aimed at the media.

YOU ARE INVITED TO PARTICIPATE!

www.indiaeu.eu

office: 24 Ogrody Street
03-994 Warsaw, Poland
council@indiaeu.eu



India EU Council

Investment with optimism but also with care

author: SEEMA BHARDWAJ

Investors from Europe encounter in India a dynamic business environment with many opportunities. The legal and tax systems are, however, based on the common law system and therefore not easily understood. European companies therefore need to be aware of the tax and legal aspects of their activities in India in order to avoid unplanned risks and costs.



Observing the trends in Indian business during the past 20 years, 'positive' would be the only right word to describe the business climate in India. From the viewpoint of investors and as per the 'Ease of Doing Business' report, India is among the world's top 40 'most-improved' economies in the past five years. Though at the international level only ranking 137th out of 169 economies when it comes to 'Ease of Doing Business', India has witnessed steady economic growth, surpassing by far not only its neighboring Asian economies but also many Western ones.

Traditionally, India's inclination has been strongly Anglo American. The awareness in India of European companies as trading partners is limited. Indian businesses, for historical reasons, tend to view the United Kingdom as their prime trading partner within Europe, followed by Germany and France. Relations with other EU member states have room for expansion.

For EU companies, India is a very attractive partner. For the year 2011-2012, India's growth rate is projected to reach 8.5 per cent. This may be less than the highest ever growth rate of almost 10 per cent in the year 2007-2008, but India still managed to master

the global financial crisis, thereby proving its solid and sound economic fundamentals. Prompted by the crisis, India further facilitated foreign investment by introducing various new policies in the first half of 2011.

THE LEGAL SYSTEM – FULLY DEVELOPED, DIFFERENT CULTURE FOR INVESTORS FROM CONTINENTAL EUROPE

Investors in India are protected by a well-developed legal system. The Indian regulatory setup allows many models for foreigners as per their business needs, from exporting services to India, setting up short-term project offices, engaging in joint-ventures or setting up their own company or partnership. Equality before the law prevails; foreigners are treated on a par with Indian nationals and the State respects foreign intellectual property in line with international standards.

India inherited its legal system from its colonial past under British rule. Its commercial laws are similar to the ones which apply in commonwealth countries like Australia, Canada, the United Kingdom, and Singapore. As in these countries, special care must be taken in India while drafting commercial contracts. European businessmen with a continental legal background often regard Indian contracts as unnecessarily long and complex. However, detailed drafting is required in order to cover as many aspects of the business relation as possible.

The biggest practical hurdle investors face in enforcing their rights in India is the very long duration of proceedings before the courts. Arbitration is a very important, established and well-regulated option for settling disputes in India.

A COMPLEX TAX SYSTEM AND HIGH TAX RATES

The guidance of foreign investors through the Indian tax system is highly important. Investors are confronted with high tax rates and highly complex compliance requirements. Being a major source of fiscal income, foreign investors are in the focus of the Indian tax authorities.

The current uniform income tax rate for Indian companies is 32.45 per cent. An additional tax is levied from the Indian company at 16.22 per cent of the dividends paid to its shareholders. Summing up, the profit earned and paid to the shareholders is subject to tax in India at approx. 43.10 per cent. Only the newly introduced Limited Liability Partnership (LLP) carries a lower tax burden of 30.90 per cent. However, the LLP may not be financed by shareholder loans from abroad. Whether it will be a suitable alternative investment vehicle for foreign investors remains to be seen.

TRANSFER PRICING – INCREASING SCRUTINY

Indian tax authorities examine closely all cross-border transactions. Being a 'high-tax' location, Indian tax laws governing cross-border transactions between 'related parties' – so called 'transfer pricing' laws – are increasingly important in practice. Indian as well as foreign companies active in India must prove that prices agreed upon with related parties (especially main shareholders) are fair ('at arm's length'). Enterprises are obliged to maintain detailed up-to-date documentation about their business and about how such prices were actually arrived at. Transfer pricing reviews are increasingly common and in more than half of the cases result in profit additions, demand for additional tax and penalties. Being prepared for such reviews is a must for foreign invested companies.

PERMANENT ESTABLISHMENT – PROJECT WORK MAY RESULT IN A TAX PRESENCE

A second field often troubling investors is having a 'Permanent Establishment' (PE) in India. A PE is an expression for a foreign enterprise becoming subject to tax in India (usually without intending to). A typical case is a European enterprise performing assembly or assembly supervision services for more than six months in India.

Engaging an economically dependent distribution agent also carries a high risk of unwillingly having a Permanent Establishment in India. As per the DTAA India-Poland, an agent securing orders for the foreign company will suffice to make the foreign principal subject to tax in India.

The practical relevance of a Permanent Establishment is very high. Most cases will be brought to light. The reason is that an

India offers multiple investment opportunities and permits foreign direct investment in most sectors without restrictions.

The legal and tax frameworks are complex and require careful planning by the European investor.

Indian enterprise purchasing services from a foreign enterprise needs to withhold taxes from payments made. While the applying tax rate is in general 10 per cent, payments to a foreign company having a Permanent Establishment in India would be subject to tax at a rate of more than 40 per cent. Any shortfall on the side of the payor to withhold the correct tax rate from the payment would entail serious consequences for the payor, including non-deduction from tax and/or the levy of interest and penalties. Thus, the Indian payor will opt for safety and withhold tax at 40 per cent if he feels there is the slightest possibility of Permanent Establishment. The only option of the foreign enterprise is to produce a certificate from the Indian tax authorities confirming a lower tax deduction. But to get such a certificate the payor needs to disclose all the facts and present all the corresponding contracts, etc.

INDIRECT TAXES – MULTIPLE LAYERS

The third tax-related challenge is indirect taxes. With many federal taxes levied on the sales of goods within an Indian state, with central taxes levied on the sale of goods between two states, and with taxes on manufacturing and rendering services and various local taxes levied, the task is not to save taxes but to simply know which tax is due. An indirect tax reform introducing a uniform goods and services tax is still under discussion and is expected to be introduced in the next financial year.

India is a promising investment destination but also a 'high-maintenance' location. Foreign investors should take the opportunity to invest in India, but proper care must be taken to assure success.

SEEMA BHARDWAJ: based in Berlin, a member of the India Team of Rödl & Partner with offices in India (New Delhi, Mumbai) and Europe (Nürnberg and Berlin). Ms Bhardwaj is an Indian advocate and admitted to the High Court of New Delhi. Her working languages are English, Hindi and German. She studied law in India and Europe (Germany) and for many years worked in India and later Europe advising foreign investors. Her focus areas are commercial law and labour law.

IDEA FOR DEVELOPMENT



Małopolska: as incredible **as India!**

Małopolska is the region of Poland that is currently most closely engaged with India. Among the region's largest investors is Arcelor Mittal, one of India's most sizable firms, and Bollywood also makes use of Kraków locations, recently filming there the superproduction *Azaan*.



Małopolska is one of the most dynamically developing regions of Poland and Central Europe. It is located at the crossroads between the West (Austria and Germany), the East (Ukraine), the North (the Scandinavian countries) and the South (Slovakia and Hungary), and every year it draws 8-10 million tourists, new investments and young people to study at its institutions of higher learning.

The region has around **3.2 million inhabitants**, and an area of **15.2** thousand square kilometres; on the border with the Republic of Slovakia, its western neighbour, is the Silesian industrial region. Małopolska's capital is historic Kraków (750,000 inhabitants, the second largest city in Poland). The cradle of the Polish state, it is a city which has over 200,000 university students and where tourists can admire the Royal Castle on the Wawel Hill, the historic Old Town, the bustling Kazimierz district, and museums, galleries, theatres and musical venues. Kraków-Balice, Poland's second largest airport, serves **3** million passengers a year and has direct air connections to the majority of European countries.

From Kraków, the roads lead to other urban centres of the region: to Tarnów (115,000 inhabitants), which is known for its well-developed chemical industry; and to Nowy Sącz (85,000 inhabitants), seat of firms in the construction, food processing and machine industries. To the south of Kraków lies Zakopane, the Polish centre for winter sports and tourism, in the heart of the Tatras, the most beautiful of Poland's mountains. Around

8 million people live within a radius of 100 kilometres of Kraków – which indicates the potential of the internal market.

Małopolska attaches great weight to protecting the natural environment. There are six national parks here, as well as numerous scenic parks and nature reserves. Eight historic sites in Małopolska (including the Old Town in Kraków, the Salt Mine at Wieliczka, and the Auschwitz-Birkenau concentration camp) have been registered on the UNESCO World Heritage List of cultural and natural properties. Małopolska is traditionally a place for enthusiasts of winter sports, mountain-climbing, mountain tourism, bicycling and water tourism. There are golf courses, waterways for canoeing, and stables.

One of Małopolska's major advantages is its human resource potential. Over 10 per cent of the region's inhabitants have a higher education. 13 per cent of Polish scientists work in learning institutions in Małopolska, and expenditures on the research and development sector are the second highest in the country. Testing of Małopolska students has shown that as many as **65** per cent of youths are able to speak English, and German, Russian and French are also widely known. 34 Małopolska institutions of higher learning are educating future personnel in the areas of technology, economics, medicine and the humanities. Małopolska creates 7.7 per cent of Polish GDP (2010) and the GDP per capita amounts to 8,000 euro. The forecasted influx of direct foreign investment to Małopolska in 2010 was **625** million euro (5.7 per cent of all investment in Poland).

Over 10% of the region's inhabitants have a higher education. 13 per cent of Polish scientists work in learning institutions in Małopolska.



The main economic branches in which foreign investors have shown the greatest interest are:

- the automotive industry, in which such firms as MAN (Germany), Nidec (Japan), Valeo (France), Delphi (USA), Cooper Standard (USA), and Clifford Thames (Great Britain) have invested
- the metallurgical industry, with the firms Arcelor Mittal (India) and Vesuvius (USA)
- the chemical industry, mining and processing, with the firms Air Liquide (France), BP (Great Britain) and St. Gobain (France)
- the power industry with the firms EDF (France) and ČEZ (the Czech Republic)
- the food industry, with the firms Carlsberg (Denmark), Bahlsen (Germany), Philip Morris (USA) and Coca-Cola (USA)
- trade, with chains such as Carrefour (France), Auchan (France), Metro (Germany) and IKEA (Sweden)
- new technology with firms such as Motorola (USA), Google (USA), ABB (Switzerland), IBM (USA) and Luxoft (Russia)

In 2010, according to the firm Global Services and Tholons, and to the UNCTAD ranking (2011), Kraków was recognised as one of the best emerging markets for firms in the BPO/SSC branch (business process outsourcing and shared services centres). Over 50 firms of this type have headquarters in Małopolska's capital, including Capgemini, Shell, Philip Morris, Lufthansa, Amway, UBS, HCL Technologies (India), Intelenet Global Services (India), Electrolux, Ahold and State Street, and recently also the firms of Capita and Heineken.

The main motive for locating firms in the SSC branch in Kraków is the high quality of available employees, the real estate and the high quality of life.

Another important persuasion for investors is the Special Economic Zone managed by Kraków Technology Park. Firms such as Nidec, Woodward Governor, Niff Rubber Industry, Elettrostandard, Capita, Synthos, MAN, Food Care and others have already invested within the SSE's area of 588 ha (23 subzones). Firms located within the SSE can take advantage of income tax exemptions in CIT (corporate income tax), and the zone will operate until the year 2020.

Małopolska maintains partner contacts with many regions of the world. Among these is the Indian state of Andhra Pradesh, with its capital of Hyderabad. Since 2005, the region has organised three economic missions to India: to Delhi, Mumbai and Hyderabad. Around 70 meetings took place with Indian firms in the IT sector and with representatives of the Andhra Pradesh State Government and the Government of India. Representatives of Małopolska business took part in the Polish-Indian IT Workshop in Kraków (2005), in the seminar 'Poland – Your Partner in the EU' in Mumbai (2009), and in the Polish-Indian Investment Forum in Bangalore (2010). The Indian film industry is also showing great interest in Małopolska. In 2010, the first Bollywood superproduction, *Mujjahir* (premiering in India in 2011 with the title *Azaan*) was filmed. A new Indian film, *Saguni*, is being presently shot in Kraków.

We look forward to hearing from you!

www.businessinmalopolska.com

Contact: _____

The Business in Małopolska Centre

41 L Jana Pawła II Street
 Kraków, Poland
 phone: +48 12 620 91 40
 fax: +48 12 620 91 66

Beata Górska-Nieć

Business in Małopolska Deputy Director
 phone +48 12 620 91 46
 mobile +48 602 700 829
 e-mail: beata.niec@businessinmalopolska.com

Enterprising social solidarity

author: RAJEEV DUBEY

In India, commercial enterprises often solve important social problems. The manner of viewing the connection between the two spheres could be an inspiration for firms interested in producing benefits both for themselves and for the local social environment.



Social responsibility is a must for businesses in India. Since catering to the basic needs of a population of over one billion – such as general access to healthcare, education and social aid – goes beyond the capabilities of the public sphere alone, Indian companies attempt to complement its work. This especially concerns the large businesses which prosper throughout the country, such as Mahindra, Tata and Birla. And this is not just about moral responsibility, but is something crucial for business to function and develop.

NOT FOCUSED SOLELY ON PROFIT

Companies in Europe at times look almost by force for areas in which they can get involved in order to prove that they are socially responsible. They frequently become involved in social affairs out of political correctness and the desire to construct a good image for themselves in the eyes of the government and shareholders. On a wider scale this is not something that people expect from firms, as the Western world is used to the idea of businesses being focused solely on creating profit. India is different in that social problems requiring urgent attention can be found at every step

– just outside the factory gates, in the homes of our workers, and even in our own families – and this is why thinking only in terms of individual benefits is of no use.

In spite of the country's rapid economic development in recent years, poverty, illiteracy, lack of food, and environmental pollution and the illnesses associated with it are still problems that affect hundreds of millions of people living in the immediate vicinity of companies, and their owners and managerial staff. This is why Corporate Social Responsibility (CSR) activities are much older in India than the concept itself. This century, however, the approach to them has changed – rather than occasional charity campaigns, companies are trying to accord a strategic, comprehensive, business character to their CSR work.

NATURAL, NOT FORCED, CSR

Mahindra's social involvement comprises many areas, but three of these are key: education, healthcare and the environment. We are not isolated in this; incidentally, most Indian companies are active in these fields, as it is here that social needs are greatest. Among the projects which we operate are free meals for almost 42,000 schoolchildren, scholarships and special courses for children from deprived communities, and employment programmes for graduates of these courses. Once a year, the Mahindra Esops (Employees Social Options) scheme gives our staff, together with business partners and local communities, the opportunity to become involved in one of many volunteer programmes: planting trees, collecting and separating plastic waste, or travelling around India on the 'Lifeline Express', a hospital train funded by Mahindra. While these campaigns provide people with tangible help, the

PHOTO: AUTORS'ARCHIVE

company also gains measurable benefits. A volunteer work placement is an excellent opportunity for team integration, gaining the ability to work in a group, acquiring new knowledge and forming managerial skills. CSR programmes play a similar role throughout the world. What makes India special is its natural – and not forced by fashion – combination of social solidarity and the spirit of enterprise, so typical of Indians and as old as civilisation.

Many Indian companies are trying to make a profit while also taking into consideration the broader social context in which their products or services function. Concern for the social dimension of business means, therefore, that new products or services are designed in such a way that they will be available to the uneducated or the poorest people. This means, for instance, that they must be both uncomplicated and cheap, which entails a great emphasis on reducing production costs, creating items that are easy to use, guaranteeing very low prices (e.g. of shoes), and manufacturing things that are durable and can be repaired many times (e.g. simple and easily repairable bikes).

SEEKING MUTUAL BENEFIT

Efforts to come up with super-cheap, simple, universal products, sold with a minimal profit margin, but to a market of a billion people, are evidence of care for the needs of consumers with limited means – and undeniably excellent business. This is especially true as innovations or technologies created in this way can often be adapted for more expensive products, designed with the Western market in mind. Such was the origin of the design for the cheapest car in the world, created by the company Tata, and in this way too, cheap water filters, smoke-free biomass stoves and economical solar panels came about. In terms of services, Nokia Money, which enables people with no bank account to save money using their mobile telephone and a virtual account number attached to it, is worth a mention.

What makes India special is its natural – and not forced by fashion – combination of social solidarity and the spirit of enterprise, so typical of Indians and as old as civilisation.

Mahindra's specialities include cars and engines. We aim to design projects that take into account the realities of life in Indian towns and villages, yet at the same time balance out threats to the environment. A good example of this is an electricity generator powered entirely by biofuels – its introduction is of huge importance for reducing air pollution in Indian towns and cities; it thus supersedes the very popular (given the unreliability of the electricity network) petrol generators. Vehicles with alternative power (from biodiesel to electric cars) are another of Mahindra's important products. Here we are working with the Indian government to popularise urban railway solutions that are environmentally friendly and energy-efficient.

A special team at Mahindra measures the effects of social initiatives on three levels: strategic, managerial and operational. As a result we are able to effectively connect the social and business dimensions of our activities. So the boundaries between business and the social responsibility of companies are becoming fluid, supporting and driving each other. In searching for an effective solution to the important social problems of over a billion people, we often find solutions that have commercial applications for our market and others. Contemporary India has thus become an example of how to produce mutual benefit: to profit and to contribute to resolving the social problems we perceive in our immediate surroundings.

RAJEEV DUBEY: Vice-President of Mahindra & Mahindra responsible for CSR and human resources.

2% The amount of revenue that – according to government plans – Indian firms were to designate for various social needs. After long debate, this bill was finally rejected as being unworkable.

You can grow, but with the support of your people

author: RAJKUMAR NANDLAL DHOOT

Big businesses cannot be built alone by an individual. Proprietors and leaders can provide a vision, but it is only with the help of supportive employees that the goal can be achieved.



The recipe for success in business is similar everywhere: clear ideas, creative minds, hard work, self-confidence, courage, the ability to make the right decisions, and good financial backing, but also the all-important element of luck. While this is true for India as well, Indian business leaders need to be well-versed in their social environment, as it is this that forms the basis for their success.

Importantly, four factors play a pivotal role in shaping businesses in India:

- ↪ **Demographic:** India's population has passed the 1.2 billion mark, making it the second most populous country in the world.
- ↪ **Religious and cultural:** Indians have an incredible adaptability to work in any environment and without any complaints.
- ↪ **Risk:** Indians have a great capacity to live on the edge and take calculated risks from time to time.
- ↪ **Creativity:** Indians have an amazing talent for inventing.

A young, vibrant and huge population offers numerous choices in the search for skilled employees. At the same time, it brings to the fore inexperienced workers and produces a great demand for jobs – both skilled and unskilled. The adaptability of employees is

exhibited by their willingness to perform all kinds of tasks, to be content with the salaries offered and always show eagerness to do the work even without the requisite knowledge. Courage in taking high risks may help business to grow but it also results in a faster rotation of work places. Creative minds help make projects brilliant and support innovations, but on the negative side they can spin yarns which could be detrimental to business.

In India, relations matter a lot. **If one looks for work, it can be found, but when it comes to loyalty, there will be a question mark.** Indian people – young, ready to adapt easily, open to risk and always ready to invent – are not loyal by definition. One of the most critical aspects of human relationships is trust, camaraderie and recognition. Affinity with companies is built only when employees are recognised, rewarded and appreciated. Although commercial considerations, including salaries and associated benefits, are desirable, adding a personal touch is equally important. Employee loyalty is crucial for success in business as it directly impacts customer experience, specifically when every single interaction with the brand is through the employee.

Building loyalty amongst employees and partners is the most important challenge for Indian business leaders. One can achieve this only by being open, diplomatic and simply oneself. A few tips can do wonders. First, if you are dealing with managers then make sure you give them a free hand to make decisions. Second, make them feel important by giving them status and social recognition (credit cards, a car, flights in business class, etc.). Treat them as co-owners of the company even if legally they are not. If you are dealing with ordinary workers then instil confidence, provide opportunities, be protective, pay well and never lose your temper. And generally, promote your own people and enlarge your network of relations, your 'clientele'. This is what counts.

Also remember that once you are successful and have made your fortune, **never forget your roots**. Always give some of your money back to society. For example, I started my business in Gangapur, a small village in the south of India where I was born and educated. Years later, I set up a school there, free of charge for the poor. I didn't see it as charity, but as an investment: perhaps it would encourage more young business leaders to follow in my footsteps. Last but not least, one must always make time for one's family, because it is the most natural source of strength or weakness. Many companies here are run on the basis of a family business model, with the next generations taking over. However, this can have a downside, as in some cases family feuds can ruin the business. It is best to guard against this kind of situation developing.

The local social environment is the source of success for leaders of Indian firms, thus they try to be familiar with it, not cutting themselves off from their roots and separating themselves from others.

RAJKUMAR NANDLAL DHOOT: Member of the Indian Parliament (Rajya Sabha – the Council of States); President of ASSOCHAM, India's Associated Chambers of Commerce and Industry; Co-founder of Videocon, the country's largest electronics company. Today, the company has holdings in oil and gas, and Mr Dhoot's family holds the majority of the shares.

Distant and yet close

author: PIROUZAN PARVINE

Every political and business venture is relationship-based and the quality of interpersonal contacts has a major impact on business transactions. **The distance between Poles and Indians** is not as great as might be suggested by geography and they would do well to appreciate this fact.



In this age of globalisation, Poles and Indians not only have more opportunities to get to know each other, but also to capitalise on the fact that the distance between them is by no means as great as one might imagine when looking at a map.

In fact, I believe that as far as mentality and culture go, Poles – a nation that doesn't ring many bells in India – resemble Indians to a much greater extent than do the British, American or French, with whom the Indians are so eminently familiar. While you see many more Asians in Paris or London than in Warsaw, this does not mean that the cultural match actually works better with the former than the latter.

Increasingly often, modern-day leaders must acquire the kind of cultural competences that allow them to enter into dialogue with partners in diverse corners of the world. Leaders in Poland and India are seizing the opportunities offered by their respective countries' economic growth and setting their sights on new markets – thanks to the resilience of their own economies to the global

PHOTO: AUTOR'S ARCHIVE

crisis. However, having spent years operating within a smaller, more domestic or regional scale, they must get to know new worlds – and they have to do their learning fast. Both India and Poland display rather conservative attitudes towards the unknown, and uncertainty about the future continues to be palpable in both countries. This also triggers a need for trusted advisors (such as lawyers and investment bankers) in these countries to gain the capability to advise and secure the national economic champions of their respective countries on business ventures far from home.

Being a lawyer myself, I sense in both these countries a too prudent approach in engaging with partners in a foreign territory. Based on my experience in working with clients from both Europe and Asia, I find that these attitudes are best eliminated by exchanging knowledge and working to develop personal relationships and more generally on investing in preparatory work about the investment target country.

IN WHAT WAYS ARE WE SIMILAR?

Poles and Indians observe the economic successes scored by their countries with a measure of incredulity and are only gradually learning to do away with their respective complexes. Neither Poland nor India has had an easy time over the past two centuries. First, they had to engage in a protracted struggle for independence – which forged their determination to act, their strong characters and their clear sense of national belonging. Next, they both experienced real socialism and the consequences of experimentation with central planning. Today they pin their hopes on their young and powerful economies and their dynamic spirit of entrepreneurship, while displaying a hunger for success and the desire to get rich through hard work. Unlike the French and the British, who are struggling to set aside their centuries-long heritage of domination, the Poles coming to Asia do not adopt the haughty attitudes the Indians are so sensitive to. This is an opportunity for Poles, as the relationship background will not be emotionally charged, as is the case, for instance, with relations between France and Algeria.

Furthermore, hardened in tough times, the Poles are a bit disdainful of material things and are unwilling to plan ahead – believing from past experience that everything can change unexpectedly at any time. Experiences and attitudes of this kind are, to a large extent, also the lot of Indians.

Poland lies at a crossroads where East meets West and South meets North. This breeds in Poles a healthy paradox: having a culture well balanced between the individualistic part (closer to certain western parts of Europe) and the collectivist part (closer to Asia). In this as well, Poles can connect well with Indians who are undergoing

a slow rebalance of their collectivist society into a slightly more individualist approach to life. Both can speak the language of business and personal success, and yet remain close to their roots and family.

The family is central in the lives of Poles and Indians alike. In India a business meeting may be called off because a child fell ill or grandma was taken to hospital. People in Poland will understand this perfectly well but in France an explanation of this sort may be met with resentment. In Poland's and India's societies the elderly are highly respected – people get up when they enter the room, give them their chairs to sit on, stand aside to let them through the door and always greet them first. Not so in the Western world, where the elderly are frowned upon and relegated to the margins of society, while 'eternal' youth is promoted. To confine a family member to a nursing home is a last resort action in Poland – in India it is unthinkable, while in Great Britain or France it has become over the years quite commonplace.

HOW ARE WE DIFFERENT?

Indians perceive their country as a universe in its own right and are not always receptive to the idea that they might need a partner from the outside world. India is a fast growing country, with internal consumption on the rise, and this only encourages Indian business people to cling to their gigantic domestic market. That said, India has been for centuries a vast melting pot of religions and cultures, and this makes for the mental openness of the people inhabiting this country. Poles are the other way around: they feel a strong urge to reach out beyond their country, to benefit from the opportunities offered by the single European market and to forge international alliances.

The culture of developing relationships is where more differences can be seen. Hierarchy is a big thing in Asia, whereas in egalitarian Europe it is a much less important factor. Contacts in India are much more formal, ceremonial, full of rituals. When organising a business meeting of two company presidents — a Pole and an Indian — we can whip off an email to the former, but must write a formal invitation to the latter, possibly addressed to his or her

28 India has this number of states (plus 7 union territories), while the European Union has 27 countries. Both Unions can thus pride themselves on democracy, diversity and multi-culturalism. The EU is inhabited by 87 ethnic groups, of which 54 have the status of national minorities.

Those involved in Polish-Indian ventures will do well to remember that:

Indians will analyse not just the offer but also the persons coming forward with it.

A 'straightforward' approach will not be appreciated in India, while Poles will be impatient with Indians 'wasting time' to discuss incidental matters.

Personal contacts and the family are important for both parties and jointly undertaken projects should be shored up by developing personal ties – both between the executives and their respective families

Poles tend to be impatient, while Indians need much more time to make their decisions.

Once negotiations reach the stage of written arrangements, cooperation will require a precise setting out of details and the execution of an agreement.

private secretary, laced with titles and respectful phrases, and then follow it up with phone calls, never sure that the meeting will in the end take place. Once it does take place, the Indian will want to learn not just about the business partner's company but also about the person he or she is dealing with because a person's roots and family connections often define his or her place in social structures. Poles meanwhile are often surprised by such probing of their personal lives and are unwilling to allow invasions of their privacy.

Vertical management is standard in India while Poles naturally tend to a more horizontal management style, especially in the younger management generation. The egalitarianism prevailing in Europe makes it natural for people to help one another out in the workplace. In Poland a boss will often pick up his phone if the secretary happens to be away from her desk, or will bend down to remove litter from the floor. In India this does not happen because tasks are assigned to social positions and these may be compromised if someone else performs them.

The differences between Poles and Indians can be seen clearly during negotiations. Poles get straight to the point and quickly grow impatient if the meeting ends without any conclusions. Indians meanwhile never start off with the crux of the matter and love to extend the conversation, to dwell on asides and to repeat things over and over again. Poles strive to agree on amounts and order

volumes while the Indians focus on assessing needs and building a relationship. Poles interpret what they are being told literally while Indians will never say 'no' for fear of damaging mutual relationships. ('This is a very interesting offer, we will need to think it over' means 'no', at least in the short term.) Poles are not fond of paperwork, complex contracts and detailed instructions, whereas in India no undertaking will be embarked upon without bureaucracy. While Polish leaders often rely on their intuition when taking up binding obligations, the Indians will first of all want to obtain as much information as possible about the given person, product and company. This draws out the decision-making process and calls for more time to complete the negotiations. Finally, the Poles are averse to haggling and insist on sticking to the price once it has been negotiated, while the Indians will see today's price as non-binding tomorrow — if the contract is yet to be signed.

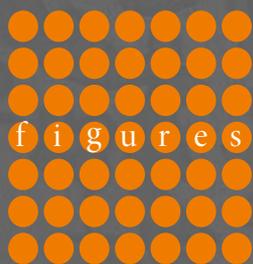
WASTED POTENTIAL

It is common knowledge that better familiarity with national character and cultural/mental circumstances has an important bearing on business ventures. Given the geographical distance separating them and the shortages in knowledge about each other, Indians and Poles are not eager to establish mutual contacts, although they do see the profits to be had from cooperation between the two countries. The Poles, still a bit wary of opening up to foreigners, are unaware of the potential locked up in their Polishness. The Indians on the other hand do not know enough about the Poles to appreciate their qualities and take initiative in establishing contacts. It is high time to change all that – especially since the similarities between Poles and Indians are conducive to developing stable relationships, the differences between the two nations notwithstanding. ●

PIROUZAN PARVINE: lawyer, the only partner with Asian roots in the Polish offices of the Salans law firm. Pirouzan specialises in handling foreign investment projects and transactions in emerging markets. He works out of Warsaw and Paris, advising clients doing business in Western, Central and Eastern Europe, the Middle East, Western and Northern Africa and Southern Asia. Pirouzan has a Polish wife. Salans was the first foreign law firm to open an office in post-communist Poland (in 1991). Now, 20 years down the road, it is the largest law firm in the market, with 150 lawyers from a range of countries. Salans specialises in legal advisory in multi-cultural contexts.



THE POWER OF WOMEN



INDIA

Notwithstanding the patriarchal culture and tradition of the country, Indian democracy does not neglect women. They not only have an equal right to vote (women constitute half the electorate) but participate in the country's governance. To the West, this may seem a paradox as India quite often hits the headlines with high rates of female infanticide and bride burning cases.

556

This is the number of women who contested in the 2009 elections: 59 got elected

Multiculturalism in global business: a barrier or an opportunity?

author: ARVIND BALI

Managers in India operate in a highly diverse socio-cultural reality. This helps them not only to understand the emotional diversity of a globalised world, but also to make use of it **in business practice as their key to success.**



Over the past two decades of my professional career I have worked in a diversified business atmosphere. Business needs have led me to travel across the globe to almost 54 countries spread over five continents. From starting my career as a management trainee to bearing the title today of CEO Global Operations, I still haven't found the answer to the all-important question: what makes managers successful? However, what I have learnt is that knowledge of management rules and technique alone is not enough. One has to understand the macro-level variables of the business environment, such as the laws of society, social habits and cultural diversity, as well as to respect people's emotions and beliefs.

MULTICULTURAL BUSINESS WORLD

Socio-cultural differences play an important role in business practice and need to be recognised by all successful managers. Let us try to understand this with a few simple examples. In India, unlike in most Western European countries, adherence to time during working hours is always an issue. The work culture is by and large laid-back, with important time wasted on unrelated

matters. This casual approach translates into unwarranted longer working hours, which forcibly eats into time for family and friends. It is a different matter that the Indian corporate world has gradually started changing its work culture. In contrast to this, in Japan people have an entirely different approach to work. Most of them spend their working without life looking at their watch. They have a very dedicated and concentric approach to their occupation and at times, if the work demands it, they even end up neglecting their family life. Furthermore, the concept of a weekend off (Saturday and Sunday), a tradition adopted from Christian Europe, is not followed strictly around the world. While a manager in the Western world eagerly looks forward to the break, parts of the Arab world nurture the tradition of having Friday and Saturday off, with Sunday as a working day. No manager can afford to insist on his traditional weekend off.

Likewise, earning good money, a goal for most North Americans, may not necessarily be a priority for Latin Americans, say, who instead attach greater importance to happiness or having a good time rather than amassing wealth. Also, in the case of Europeans, gifts may be preferred to money. Thus, it is always recommended that Europeans should give their employees smart presents, in order to keep them motivated. On the other hand, in India, gifts are not as important as taking care of human sentiments. Giving your employee due respect should be of primary importance to a manager. However, in neighbouring China, one has to be mindful of what one says to motivate employees, for it could be construed as an order which must be implemented, whatever the cost.

During one of the visits I made to Serbia in 1992 during efforts to acquire a local company, I sensed unease amongst the

employees over an Indian taking control of their factory. Apparently, they recalled Yugoslavia under Tito, who had then gone all out to help an economically backward India. My task was obviously to change their perception and instil confidence in them. Twenty years later Serbia would look at India differently, itself having an image problem after a cruel war. Today, travelling in business class, I find European co-passengers approaching me, as they find Indian businessmen smart and innovative. **Perceptions have changed dramatically.**

If you are born an Indian, you encounter socio-cultural differences on a daily basis. The Indian sub-continent has many cultures and mind-sets. The difference between northern and southern India is just the tip of the iceberg. The Indian sub-continent is known for its cultural wealth as well as its pluralist, multi-lingual and multi-ethnic society.

In the 21st century, India has emerged as an independent and politically stable nation. Managers have no choice but to learn to adapt to this multiculturalism and to global conditions. While the constant clash between socio-cultural differences and business objectives does motivate managers it can also prove to be detrimental in meeting business objectives. If one is able to organise work in India, then one can do likewise anywhere else in the world!

At the same time, the scale and opportunities provided by the Indian market are immense and can be an overwhelming proposition. Though consumerism is at a nascent stage, the demand is very high. Today, 40-odd million billionaires make India the number-one market for luxury goods, with top European brands selling very well, unlike in Europe, where consumers find them far too expensive. Undoubtedly, the Indian rich have become super-rich. The middle class, which will become larger than the population of the US in a few years, has also started earning more lately. Finally, around 700 million Indians do not mind paying a little (or sometimes a lot) for important goods and services such as education, food, clothes, railway tickets or mobile phones. If your business succeeds in India, it does not need to succeed anywhere else. And the Europeans who have made it know this very well.

LESSONS FROM INDIA

In a rich, diverse and complex country like India it is difficult to draw generic conclusions which can be used by those doing business. Regionalism, religion, language and caste are factors that need to be taken into account. Behaviour, etiquette and approach are thus modified depending upon who is being

Unlike in sport, in business sheer technique is not enough; at times feelings contribute more in achieving the desired goals. Effective managers need to consider people's beliefs and understand their emotions.

Managers in India operate in quite varied socio-cultural situations. In business relations, Indians allow their intuition, inner feelings and faith to prevail. They attach greater significance to hierarchy and relations than do Europeans.

Understanding these fundamental differences in approach makes it possible not only to manage joint projects better, but could also lead to the development of better business relations between Europe and India.

addressed and in which context. This apart, hierarchy plays a key role in all of the cultural influences that impact Indian business the most. With its roots in Hinduism and the caste system, Indian society operates within a framework of strict hierarchy that defines people's roles, status and social order.

Doing business in India involves building relationships. Indians only deal favourably with those they know and trust – even at the expense of lucrative deals. It is vital that a good working relationship is established with a prospective partner. This must take place on two fronts – on a business level, i.e., demonstrating strong business acumen, and on a personal level, i.e., relating to your partner and exhibiting positive traits of trustworthiness and honour.

If your business dealings in India involve negotiations, always bear in mind that these can be slow. If trust has not been established, then concentrate on building a rapport. Decisions are always made at the highest level. If the proprietor or director of a company is not present at the negotiations, then the chances are that the talks are at an early stage. Indians do not base their business decisions solely on statistics, empirical data and exciting PowerPoint presentations. They allow intuition, gut feelings and faith to guide them. Always exercise patience, show good character and never exhibit frustration or anger. Once the terms have been agreed upon, you are expected to honour them.

AN OLD LADY AND A YOUNG GIRL

Emotions are behind everything that we think and do. Both Indians and Europeans are from 'CCC' cultures – they believe

in **compassion, comfort and convenience**. However, while most of the 500 million citizens of Europe have already achieved this level, in India the majority of the 1.2 billion people still cannot afford it. They have a long way to go.

Additionally, **Europe today is like a wealthy lady getting on a little in years**: she is not particularly motivated to work because there is already enough in the house (or even more). If she accepts the need to make an effort, she expects to be paid very well, or else she refuses and spends time with her family or on holidays instead. **India, on the other hand, is like a young, gorgeous girl**, with a hunger for wealth and good things in life. Hidden treasures are waiting to be found and taken. One day, she too will grow old, but it will not happen soon.

Indeed, emotions make both Indians and Europeans work or laze around, struggle or surrender, move ahead or give up. These emotions must be understood and taken into serious consideration. To grow in a sustainable way, **different parts of our multicultural global world need managers with emotions**. At least this is a lesson from India. ●

ARVIND BALI: Manager and currently CEO Global Operations in Videocon, with 20 years' experience. Videocon is an industrial conglomerate worth 4 billion USD, with 17 factories in India and additional factories in China, Poland, Italy, Mexico and elsewhere.

Why has Bollywood fallen in love in Kraków?

author: MAGDALENA SROKA

Kraków's good cooperation with Indian firms is proof that understanding one's own heritage and respect for other cultures are the foundations of partnership.



Why is Kraków regarded with such interest by India? Being the second largest city in Poland – one of the leading European cities – Kraków had no need to attract the attention of representatives of one of the world's most powerful countries and

could have found sufficient sources for development in Europe. India could also have turned its gaze elsewhere, and could have chosen to cooperate with other European cities. But in cultural, business or partnership relations, is equality really the most important thing?

Kraków is a city where the living heart of European culture beats. Its scientific and humanist traditions, its fondness for expressing the ideas of freedom and respect for human dignity, and also its centuries-old ethnic, religious and cultural diversity testify to a sensitivity and imaginativeness capable of delighting and inspiring Indians. But Kraków also has sufficient boldness and creativity to forge this potential into practical relations and solutions.

THE INFLUENCE OF CULTURAL INSPIRATIONS

This transfer of inspiration between Indians and Małopolska occurs in many areas. Mention could be made of common cultural roots; Jerzy Grotowski, one of the founders of contemporary Polish and European theatre, and many Polish jazz musicians, shared fascination with India. It would be hard to forget the great Trilok Gurtu, Indian percussionist and composer, one of the most influential of contemporary jazz musicians, as he talked on the concert stage about soundtracks for Bollywood films drawing inspiration from Polish melodies.

In Kraków, this cultural fascination has transferred into cooperation, especially all in the area of film recently. Film crews from India regularly make films and advertisements in Kraków, with the support of the Kraków Film Commission. Two Indian dramas have been produced in Poland so far – both in Małopolska. The first film, *Fanaa* (2006), was a romantic comedy directed by Kunal Kohli and filmed in Zakopane and its environs. The second film, *Mujjahir/Azaan* (2010) was a thriller directed by Prashant Chadha; it was filmed in Kraków, among other places. *The Times of India Mumbai* published an article about the production under the striking headline: 'India Everywhere' and subheadline – 'Bollywood Blows up a Medieval Market Square in Poland.'

Importantly, Kraków not only won the competition for this film against Prague, which was previously considered the most popular location for film-makers, but the city will be playing itself, as the screenplay has the action actually happening here. The joint proposal that drew Bollywood film-makers was prepared by Film Polska, Ltd, Alvernia Studios and the Kraków Film Commission. Thus success on the Indian market depended, and still depends, on the cooperation of the public and private sectors.

In April, during the Off Plus Camera festival, Amitabh Bachchan visited Kraków; he left charmed by the city's atmosphere, saying he would return to film here. "I am greatly impressed by the city and that it is aspiring to be the Polish film capital. After my return to India, I will share my impressions with my colleagues. Thank you for the key to the city, because it will be a unique souvenir for me, and also for my grandchildren, who thanks to this will be assured that they can always come here" – he said after meeting with the mayor of Kraków, Jacek Majchrowski.

Before the film-makers decided on Kraków, however, they could become acquainted with the Kraków Film Commission's range of services through presentations conducted by the Małopolska authorities in Mumbai. Kraków showed that it can assure film crews of comprehensive assistance: from permits to take pictures and make changes in the traffic, to providing actors and technicians.

The potential for cooperation is easier to distinguish at the city and regional level than at the national level. Kraków has seen opportunities for cooperation with India in several areas: in Business Process Outsourcing (for which the city is known throughout Europe, as India is known throughout the world) and in the area of movie-making – Indians have begun to film their productions in Poland.

The experience of Arcelor Mittal's investment in Kraków's Nowa Huta has shown the importance of breaking through the cultural barriers and distrust between investors and local society, and also of cooperation in the area of culture.

The region and the city ensured security in public locations, and by their official cooperation increased security guarantees for the development of the film industry. The filmmakers from Bollywood responded with an enthusiastic appraisal of working in the city and stated their intent of returning for successive productions.

This cooperation is developing: in March, the Indian advertising agency Radical Infinity made an advertising spot here for one of the largest air conditioning producers in India. A few months later, Bollywood film-makers were again visiting by the Wawel Hill; this time with the production Yeh Hai Jo Mohabbat, a romantic story inspired by the fate of Romeo and Juliet, but set in contemporary times. The Jagiellonian University, the Planty gardens, the Juliusz Słowacki Theatre and the Vistula Boulevards appear in the film. In October, unusual crowds of inhabitants and tourists surrounded the set of the film *Saguni* in Kraków. For the first time they could see Bollywood choreography – performed this time by a Kraków folkdance group. And all this against the backdrop of the most recognisable Kraków streets and buildings.

To the excellent development of cooperation between Kraków and India in film-making, literature has been added lately. For the second year in a row, the Conrad Festival, which in the course of three years has become one of the most important Polish literary events, has hosted Namita Gokhale, the well-known Indian writer, publicist and publisher, founder and director of the prestigious International Literary Festival of Jaipur. After her visit to the festival last year, the interest in cultural events in Kraków increased among Indian journalists writing on culture. The festival was also accompanied by an exhibition of the work of Naresh Kapuria, an Indian



The streets of medieval Kraków became the backdrop for the thriller *Mujjahir/Azaan*, directed by Prashant Chadha. Not long after, Amitabh Bachchan also visited Kraków.

artist, cultural animator and friend of Poland, who was involved, among other things, in promoting the participation of Polish artists at the Triennale India 2005. The exhibition opening, co-organised by the Embassy of India in Warsaw, was honoured by the presence of the ambassador of India in Poland, Monika Kapil Mohta.

MITTAL IN NOWA HUTA

A large Indian investment appeared in Kraków eight years ago. The Sendzimir Steelworks, once the pride of the Communist authorities and reason for building the enormous Kraków district of Nowa Huta, became a part of the global concern Arcelor Mittal. Among the inhabitants of Nowa Huta this engendered a certain uneasiness – fear of the unknown is encoded in the mindset of every society. The investment saved the steelworks and thousands of

jobs, while the social programmes introduced by the new management – including Nhpedia.pl, an innovative internet compendium of Nowa Huta, realised jointly with the local inhabitants and the city – allowed the initial distrustfulness to be overcome.

As vice-mayor of Kraków, in charge of culture, I am aware of the great importance of direct contacts and respect for traditions in building good relations in every area. Kraków's long and multi-cultural tradition has been helpful in this respect. The growing Indian society in Kraków has its meeting places, actively participates in Kraków's cultural life and is gaining a group of local friends. The success of our cooperation is also the result of that mutually displayed openness to a different culture. We experience this every year when Kraków makes the news thanks to the harmonious cooperation of the city with the steelworks management to realise ambitious enterprises; the concerts of the Sacrum Profanum Festival

and the Kraków Film Festival held in Arcelor Mittal's industrial grounds have become a legend of Polish and European cultural life. Audiences are drawn not only from Poland but from across Europe.

It is hard to be surprised, therefore, that new Polish-Indian enterprises are appearing in Kraków – sometimes entirely independently and sometimes with the cooperation of the Kraków Special Economic Zone. These are chiefly outsourcing firms – Kraków has been recognised in world rankings as one of the most friendly centres for such activities – but there are plans for cooperation in a variety of other areas utilising the city's intellectual capital: from scientific collaboration to the creative industries and high tech.

Kraków harmoniously combines many contradictions. It is viewed as a mainstay of tradition, a city of historical monuments and national heritage, but it is simultaneously a city of young people: the enormous numbers of ambitious and creative students

constitute 25 per cent of the total population. This huge potential gives great hope for the future; it brings an air of freshness to the old walls and an openness to new meetings; it means that in the city's strategic situation, the most important element of economic development is the city's creative resources and its social potential. I am speaking here about Kraków, but I am well aware of how this description also fits contemporary India. Perhaps this is why Kraków and India have managed to find so much in common. ●

MAGDALENA SROKA: Vice-Mayor of the city of Kraków, in charge of culture, sports and promotion, among other matters. Previously, she directed the Kraków Festival Office; she was also director of the Ludwig van Beethoven Festival. She is a culture manager, a producer and coordinator of many international projects, and a specialist in art and cultural issues.

Our familiar India

author: KRZYSZTOF ZANUSSI

I recall the expression 'Indo-European languages,' which include Polish and Spanish, Latin and German, Russian, French and Italian – all the languages with which I have some practical contact. India is not only the homeland of our languages, **but also of our entire spirituality.**



When I first stood on the triangular subcontinent in the middle 1970s, I understood that it was not only language that evoked in me a sense of closeness. This closeness expressed

itself for me in the gaze of the passersby, in the local culture of the senses and in similar values, such as compassion, noble-mindedness or selflessness.

To the east of Bengal begins a new, fascinating, but foreign world. For good or ill, I never felt any exultation in contacts with Hinduism as is characteristic for the New Age movement. I have before my eyes the insensitivity of Indian upstarts, but in my image of the Indian subcontinent, the sensitive gaze of dark eyes, the melancholy longing for good, the awareness of the drama of life and that universal compassion for the misery of our existence prevail.

I have no idea how one does business with Indians – only once, 30 years ago, did I shoot a film with their help. I recall the lofty

PHOTO: FOTOREZA / MICHAŁ WALCZAK



India is the homeland of European

languages and spirituality – it's unbelievable how close it is to us. In its contacts with India, Europe should put aside its Cartesian logic with its law of the excluded middle.

exaltation of my students at the national film school in Pune and the generosity of my partners from Mumbai. In the background was Bollywood, which I had discovered thanks to the tireless Professor Stanisław Byrski, whose essay revealed to me the rooting of India's filmed fairy tales – full of song and dance – in classic Sanskrit drama.

Bollywood is faithful to its audience's identity which it has been building for decades. It is difficult for Europeans to find delight in it but they can respect it. Satyajit Ray, the aristocrat of Indian cinema, brought delight to millions with his classic moral stories about the dilemmas of conscience and about what constitutes the quintessence of humanity. I had the opportunity to make his acquaintance years ago and to spend time at his home, and I had the good fortune to spend unforgettable moments with the family of the Bengal Nobel Prize winner Rabindranath Tagore.

For the past quarter century, I have been to India at least once a year. I have been following changes there at least since the green revolution began to overcome the spectre of hunger. During film festivals I used to meet Indira Gandhi. I visited a country at a unique juncture – when it broke down bloodlessly and did not turn into a dictatorship. Hindu India has a certain distaste for violence, even

if violence has always accompanied people. The recent discriminations against Christians and clashes with Muslims make it impossible to harbour any illusions that Gandhi with his non-violence remains eternally alive in India. It would perhaps be more apt to say that he is there, but faces innate violent impulses.

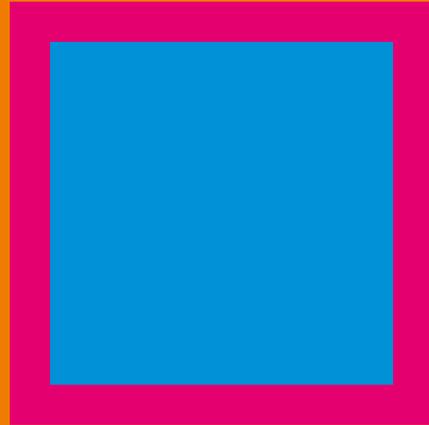
In its contacts with India, Europe should leave aside its Cartesian logic and its **law of excluded middle**. In the eyes of many Indians, **a thing may be and not be all at once**. But at the same time, are we Europeans so very different when we say, all at once "I love and I hate", or – like the Polish Nobel Peace Prize winner, Lech Wałęsa – "I am for, and even against"?

One can love India without illusions. It is extraordinary how all at once distant and proximate it can be to our familiar Europe. **What if we were to say 'our familiar India'? Family ties have their traces in language and, much deeper, somewhere in the heart – perhaps more so in the heart than in the mind because, like Russia, India cannot be fathomed.** ●

KRZYSZTOF ZANUSSI: one of the most outstanding Polish film directors and producers, and the author of over a dozen films that hold a key place in the Polish culture. Since 1980, he has been the artistic director of the TOR artistic ensemble and then the director of its film studio. He is a member of the European Film Academy, among other institutions.

10

The number of alphabets (among the 25 developed by mankind) that come from India. In terms of languages, the European Union and the Indian Union are similar: 23 languages are spoken in the EU; in India, in addition to the official Hindi and English, 25 languages are recognised as official in individual states, and there are over a thousand languages and dialects.



Visions of India's and Europe's future

- “Europe should devote itself to the imperative of caring for its vitality and dynamism. This is my vision of Europe: vital, open, strategically mature and independent” – writes **Bronisław Komorowski.**
- “In order to ensure a secure future for the generations to come, we must abandon conventional thinking and seek innovative and out-of-the-box solutions” – writes **A.P.J. Abdul Kalam.**

Future challenges and dreams coming true

author: BRONISŁAW KOMOROWSKI

From the perspective of time, it can be seen that Europe has not properly appreciated many challenges. **Let us be optimists though.** It should devote itself today to the imperative of caring for its vitality and dynamism.



The historic breakthrough of 1989, rightly called the *annus mirabilis* in Poland, created entirely new opportunities for the integration and unification of Europe. The transformation of the Community into the European Union became a reality and encompassed numerous – also non-economic – spheres of social life and of European international relations. Since the Maastricht Treaty, matters within the domain of the European Union have come to include, successively, foreign policy and security, free movement across borders, issues of freedom and justice, and defence of human rights. At the same time, a significant geographic enlargement has occurred. From 1957 to the beginning of the nineties, the Community grew by only six countries – to 12 members. Then, converted into the Union, in the course of the next dozen or so

years, it increased to 27 members. This required a colossal effort, and I will return to its effects in a moment. Nevertheless, integration, both in depth and breadth, enhanced the international role of the European Union. It appeared on the scene as a global player.

POLAND'S DREAM OF FREEDOM

Today's Europe is the fulfilled dream of many generations of Europeans: philosophers and political thinkers, poets and national leaders, economists and scholars. The European structure is similar to the entity described by the Czech King George of Poděbrady, by the Duke de Sully, and by Penn, Montesquieu, Kant, Saint-Simon and Hugo. They all dreamed of eternal peace in Europe, of the cooperation of nations, and of a European federation.

Polish politicians also had such dreams. Poles were present among those who tried through their ideas and actions to overcome the religious, dynastic, national and doctrinal divisions of Europe: for instance, King Stanisław Leszczyński at the beginning of the 18th century, or Prince Adam Jerzy Czartoryski, head of the national government after the 1830 revolution and during the November Uprising, that is during the Polish-Russian war of 1830-1831. The latter was the author of an interesting and mature concept for permanent peace and European unity through the establishment of an organised association of states. At this time, too, an original work appeared by a versatile Polish scholar, the naturalist Wojciech Jastrzębowski. Right after participating

PHOTO: KRZYSZTOF WOJCIECH GRZEPIŃSKI

in one of the bloodiest battles of the 1830 war, in which he took part, Jastrzębowski wrote *A Treatise on Eternal Peace between the Nations – The Constitution for Europe*. He postulated the creation of Europe without internal borders, as a republic whose authorities would include the representatives of all the nations and which would have a single body of legislation. This vision, noted down during the battle of Olszynka Grochowska, turned out to be quite prophetic.

Europe was also, for many years, Poland's dream of freedom. I would like to quote here a few words from Tadeusz Mazowiecki's essay 'Czuj się wolny' ('Feel Free') from the collection *Druga twarz Europy (The Other Side of Europe)*. In 1978, the future first Prime Minister of a free Poland wrote: "There is a nation (in Europe) that does not expect nor demand the impossible, a nation which, having been accused of unbridled romanticism, has demonstrated in difficult and dramatic moments that it knows the boundaries between the possible and the impossible. Accused of a tendency to idle anarchy, it gathered its ranks and, despite the many disappointments, put its faith in each new opportunity. A nation, in which there exists the thought and will to act for the better. [...] The will to act – not the one from paper declarations, but that which comes from hope and a sense of responsibility".

The Polish success of the last two decades is the effect of combining freedom with responsibility, dreams with knowledge about the limits of the feasible. It has been possible due to the hard work of Poles, whose entrepreneurship was liberated in Poland's return to the family of the free and democratic nations and inclusion in the open market zone. As a result, tremendous development and improvements in living standards are happening right before our very eyes in Poland. Everything points to the fact that some positive tendencies will be maintained in the future as well.

The changes of the recent years have allowed Poland to rebuild its position on the international stage and to engage

Today, from the perspective of time, we can see that Europe has not properly appreciated the various challenges connected with the effects of integration and with rapid enlargement. In a certain sense, it has fallen victim to its own success. Integration has increased expectations, and when they can't be met, doubts begin to be expressed.

Thus, we are dealing with the weakening of the Union's common political identity, a tendency to unilateral actions, a reduction in readiness to tackle serious problems and the disappearance of the ability to achieve a clear, unified position on important matters.

However, we have to be optimistic. Europe should devote itself today to the imperative of caring for its vitality and dynamism. This is also the Europe of my vision: vigorous, open, present in European and world affairs, strategically mature and independent.

actively in the mainstream of European politics. Thanks to our development, which we owe in no small degree to the support and openness of the European Union, the countries of the 'old Union' can consider Poland a valuable partner in the process of European integration. During his recent visit to Warsaw, President Barack Obama emphasised this quality many times, along with Poland's image as a dynamic and responsible participant in the Atlantic community and as a country which can serve as a model for democratic and free market changes.

IN THE GRASP OF EXPECTATIONS

I am stressing here the positive picture of Poland's and Europe's development. Good economic growth and significant export are today the lot of only a few EU members, however. Many countries of our continent find themselves in difficulties. We are also aware of the serious problems affecting the European Union as a whole. Important areas of its activity have come to a standstill, and many important achievements are threatened: for instance, the single currency or free movement within the Schengen system.

The background for these phenomena is the economic crisis of the West. The deep financial problems of many Western countries are rooted in an unprecedented indebtedness – of countries, enterprises and citizens. Carefree living above one's means, the inability to stay within the bounds of healthy macro-economic parameters, and insufficient knowledge of the financial and economic processes in certain countries, have placed the whole of Europe, including those members that tried to conduct responsible financial policies, in a difficult situation.

The crisis of the European Union, which we are witnessing, should also be viewed in this context. To a certain degree, the Union has become a victim of its own success. The achievements I mentioned and the extension of integration to new fields and countries have led to increased expectations. The European Union has come to be seen as a horn of plenty or a magic wand, able to resolve all the problems of the member countries. When the expectations aren't met, then pretexts are found for futile criticism and loss of faith in the Old Continent.

At the same time, structural reasons for the current impasse need to be recognised. The rapid inclusion of a large number of countries into the great multinational aggregate of the European Union could hardly have avoided producing complications in its efficient management. We did not appreciate the weight of these problems in the past; no doubt we were a bit too optimistic. Today's problems with the common currency are a classic illustration of the situation. We in the European Union did not foresee all the possible consequences of introducing a single currency to so many different economies and societies without advanced coordination in financial, economic and social policies.

We first believed that the answer to the growing complexity of the integration process would be the constitutional treaty, and then, when it collapsed, the Lisbon treaty, which entered into force at the end of 2009. It hasn't turned out to be the remedy. The modification of the treaty, conducted very quickly – through introducing a stabilisation mechanism for

the euro – only confirms the fact. We don't know yet whether it will prove sufficiently effective. This is an example of the wider crisis in the European Union's manner of reacting to crucial challenges in integration. We are dealing with the weakening of the common political identity of the European Union, with a tendency to unilateral actions, with decreased readiness to tackle difficult issues and with the disappearance of the ability to achieve a clear, unified position on important matters.

EUROPE MEANS 'OPENNESS'

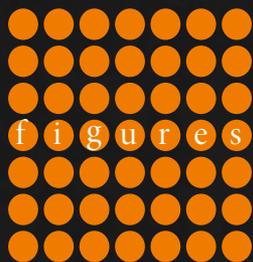
Regardless of the problems I have presented above, I would like, in this special issue of THINKTANK magazine, to share my optimistic vision of, and faith in, Europe. I draw my optimism from the knowledge of the past of this conglomerate of countries and nations, which John Paul II called our 'European motherland', with its capacity for self-renewal after periods of crisis or weakness, and also from Poland's experiences, especially those in which I took part, first in the anti-communist opposition, and then in various functions in the institutions of the democratic and sovereign Polish state. I know very well what sort of road has to be travelled from the moments of despair and inertia to the moment of pride in Poland's achievements as a free country and in its ability to share them with its neighbours.

The Europe of my vision is vigorous, open, and present in European and world affairs. From the European experience, processed for decades by the thoughts of outstanding politicians and scholars, it appears that the real imperative for today's policy is concern for this vitality and dynamism. The world, with its gigantic economic and political transformations, will not have sympathy for our weakness. In order to meet its challenges, among other things, we have to reverse the population decline. As history has shown, economic and cultural vitality can not be maintained in the long run in conditions of weakening demographic vitality. If we want to live tomorrow in a strong Europe, we have to take care, as John Paul II wrote, of 'the Europeans of tomorrow'.

The European Union in its current shape is the product of European civilisation and should be the protector and promoter of that civilisation. We know the succeeding stages of its development, from Hellenic philosophy to Roman law and Christian spirituality. The outcome of this civilisational identity is today something that can be called the European style of life, the European social and economic model. Its essence is the maintenance of a balance between three values: freedom, justice and solidarity.



PROSPERITY



EUROPE

2000

euro – the
average
monthly wage
in the European
Union

In spite of economic instability, the citizens of the EU are prosperous in comparison with the rest of the world. High incomes allow people to lead decent and peaceful lives; they also attract immigrants looking for a better place to live. But Europe's satiety also has a less positive dimension – it makes us lazy and less willing to act.

Preservation of this model, with its social cohesiveness, which is the foundation of a stable and participatory democracy, in turn requires economic vitality. This means the European economy, as part of the world economy, must be set on innovativeness and competitiveness. Europe's economic strength, which ensures the maintenance of the European model of life, is essential for the credibility of our activities of promoting European values.

The word 'Europe' should mean 'openness'. I suppose none of us, regardless of worldview or political orientation, would disagree with this opinion, which is the result of Europe's experience in the last centuries. However, the political concept of the European Union's openness has numerous dimensions and some of them, under the influence of current difficulties, are beginning to be questioned. I don't intend to demonstrate a facile optimism here. An answer to the question about the limits of openness is not easy. We have to be conscious of the consequence of each form of openness.

THE FRAMEWORK OF EUROPEAN INTEGRATION

I believe that its limit should be Europe's identity. Europe is not solely a geographic concept, but above all – a cultural one. The enlargement of the European Union should occur according to civilisational criteria, which encompass spiritual factors, the sphere of values, and systemic aspects in the political-legal and economic sense. In addition, it is essential to maintain the community nature of the Union in this process, that is, the current pattern of integration.

This said, I would like to express my conviction that **the Union should be ready to continue the process of enlargement** to countries that fulfil the membership criteria and are ready to participate in affirming the internal and international identity of the European Union. I am aware that we find ourselves today in a phase of 'enlargement fatigue'. I understand the reasons.

The world 'Europe' should mean 'openness'.

We are not facing, however, a sudden 'large enlargement'. Before it comes to that, before the candidate countries are ready, Europe should also be prepared for this step. Enlargement to the east and south-east could become a further impulse giving dynamism to the internal development of the Union, as it happened in the case of the expansion that included Poland. This awareness makes Poland today part of the small group of EU members that is Euro-optimist and Euro-dynamic. The question of openness also comprises the issue of migration to Europe. In this case, too, the principle of openness should be considered in categories of the EU's capacity to assure proper conditions for persons coming to us from other continents. Aside from the economic and social aspects, we have to take into account our own legitimate desire to preserve civilisational cohesiveness, which is an essential foundation for preserving our system of values, our institutions and our social model.

Europe's openness must also depend on an active and constructive approach to relations with the countries and nations in its vicinity. In Europe, we appreciate the principles of the Schengen zone. They are one of the foundations of the community character of our union. At the same time, they can create an invisible curtain and artificially isolate us from our neighbours. We should remember that the European Union is often a motivation, a model and an inspiration for the societies living around us. "Sometimes we dream of Europe", wrote Juri Andrukhovych, one of the most original contemporary Ukrainian writers, nearly 20 years ago.

We cannot conduct a strategy of repulsion or discouragement in relation to these people and nations. The visa regime should be tight, but it should not be an insurmountable barrier for those who want to come to Europe to study, to become acquainted with our civilisation, and learn about our political culture. The same concerns the possibility of doing business with us, which will allow our neighbours to grow richer, to have work

To a certain degree, the Union has become a victim of its own success. The achievements I mentioned and the extension of integration to new fields and countries have led to increased expectations. The European Union has come to be seen as a horn of plenty or a magic wand, able to resolve all the problems of the member countries. When the expectations aren't met, then pretexts are found for futile criticism and loss of **faith in the Old Continent**.

and give work thanks to the cooperation with partners in the European Union. **We cannot underestimate this dimension of the European Union's openness.** It should become an element of a carefully considered, long-term strategy for all of Europe. The policy of openness and solidarity should serve to bring the Union closer to its neighbouring countries. This will be advantageous both for them and for us. I have in mind here the Eastern Partnership, which is not sufficiently appreciated by certain countries of the European Union.

TOWARDS STRATEGIC MATURITY AND INDEPENDENCE

A part of my vision of Europe – vigorous, open and present in the world order – is the international activeness of the European Union. The Maastricht Treaty's call for the creation of an international identity for the Union is today even more valid than in the early nineties. As a consequence of the 2008 crisis, the contours of the global order have been more precisely defined. It is clear that no single European country can be a partner for America or China. Only **the Union as a consolidated and active entity in international life** could have such a role. Only the Union as a whole could play a significant part in resolving great international issues and in forming the principles of a new world order.

The main instrument for forming international identity and representing the Union's collective interests is a common foreign, security and defence policy. For some time, some of its aspects appear to be insufficient. The Union's syndrome of strategic atrophy requires serious analysis. It results from structural and cyclical factors. We have to understand that just as giving up a part of national sovereignty on behalf of the Union is advantageous for all, so the interests of the member countries are better served by limiting individual ambitions on behalf of cohesion and a firm common position on external issues.

In recent years, the slowing development of the Common Security and Defence Policy (CSDP) has been particularly disappointing. A bold review of the European Security Strategy needs to be made in order to rescue it from stagnation. Poland should show initiative in this matter during its Presidency. The military capabilities of the Union should

be modified. A breakthrough needs to finally be reached in the matter of establishing permanent operational planning cells, as Poland has long been requesting.

Some of our Union partners share this view, as is shown by the joint letter of February this year of the Ministers of Foreign Affairs and Defence of the Weimar Triangle. The stasis in this area is useful for those who claim that the Union is condemned to a secondary position in matters of security and defence. We in Poland do not want to agree to this. The changes taking place in the geopolitical sphere, including the transfer of America's interest to the Pacific, require the Union's strategic maturity and independence. Only in this manner will we be a valuable partner for the United States. The platform for the unity and joint action of the entire West will unalterably remain NATO, of which Poland is a reliable member.

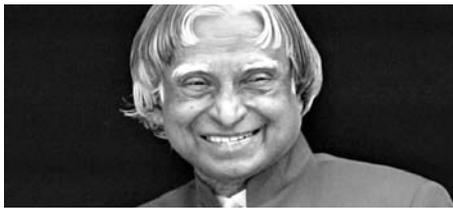
There are many other important topics for discussion, from strengthened cooperation and redefinition of the principle of subsidiarity to the issue of tighter coordination of economic policies. Perhaps Europe will have to give up certain illusions, and some issues will have to be defined anew. We do not pretend in Poland that we have ready answers to all the questions and problems that the Union is facing today. However, the Poles' unquenchable Euro-enthusiasm and readiness to participate in breaking the stagnation of the integration process make me optimistic. In addition to enthusiasm, Poles have energy and a sense of responsibility. They want to see the European Union offering its citizens a better life in conditions of freedom – a Union remaining in close, allied cooperation with the United States. Such an approach, expressing our faith in Europe and the value of its civilisation, its unity and role in the world, is our contribution to strengthening the entire West. ●

BRONISŁAW KOMOROWSKI: President of the Republic of Poland since 2010. Before 1989, he was active in the anti-communist opposition. Between 1991 and 2010, he was a member of the Sejm. He was Minister of Defence (2000-2001) and Chairman of the Sejm of the 6th term.

Global Vision 2030

author: A.P.J. ABDUL KALAM

The European Union and India radiate a message to the world that regional cooperation and inter-regional collaboration will lead to a win-win situation for all, so that we can have a politically, socio-economically emergent civilisation. Our contribution will be judged on whether we could, before the end of the 21st century, make all regions transform into happy unions leading to the emergence of a **world of prosperous and peaceful unions**.



I am reminded of the dream of the Indian poet Kaniyan Poongundranar, who said 3,000 years back: “I am a world citizen, every citizen is my own kith and kin”. With this experience let us examine how we can create a sustainable future for the generations to come. How do we create a world with nations which are people empowered states with vibrant democracy and efficiency? What could be the possible ways to achieve this vision?

There are two possible solutions. The first seems to be the conventional approach that has been followed so far across the world. It starts with working for prosperity

and peace at the national level within local boundaries and perspectives, hoping that over the long run it will percolate to the regional and ultimately the global level. Collective experience across the world highlights that this solution has not yielded the desired results, and with the globalising world, its efficacy in the future is uncertain.

The second solution would be to look at global prosperity and peace as the overall objective of the whole world, percolating to the regional and ultimately the national level of the participating nations. It is all about making a study with reference to a global context and of finding how every nation can align towards the global missions. It must be remembered that national missions inspire citizens; this spirit has to be directed towards globally important goals.

The present global environment indicates that we need new and out of the box solutions. What is the global dynamic of the present time?

GLOBAL CHALLENGES AND FOUR CONNECTIVITIES

Today, the challenges of the world are poverty, illiteracy, safe drinking water, clean and green energy, the equitable distribution of resources, quality education with values for all, societal imbalances, diseases, quality healthcare for all and good living conditions.

Individual nations are working together to find a solution. These challenges are not only individual phenomena of certain nations, but a collective responsibility of the global community. They take various manifestations depending on local dynamics and are interconnected with different factors.

The world today is integrally related through four rapid connectivities: the environment, people, the economy and ideas. We all know that global warming and climate change are no longer problems of individual nations, but are planetary. Today, a single product may be made out of components sourced from multiple continents and provide services to markets far from their place of origin. We have also seen how economic turbulence originating in one part of the globe has shaken the whole world and how a volcanic eruption in an island country brought the entire airline industry to a halt.

Advances in transportation have progressively made movement of people across nations and regions more feasible. This has led to the globalisation of skills and talents, which can flow seamlessly from one nation to another. It has also led to the globalisation of human diseases, the most recent instance being of different kinds of flu, which can rapidly spread across the globe and threaten the entire humankind. Similarly, ideas and innovations are no longer geographically or politically confined. An invention made today takes no time to find its market thousand of miles away. The expansion of information and communication technology and the convergence of technological tools are structuring new world knowledge, where the problems of one part of the world can be solved by multiple experts based at different points of the globe. The seamless flow of information and people also means that local or regional issues will invariably gain global prominence and unaddressed problems and poverty can mutate rapidly into global terrorism, as we are already witnessing.

In order to create a sustainable future for the generations to come we need to change the approach from conventional to innovative and find new and out-of-the-box solutions.

The world today is integrally connected.

Inter-connections between global vision, regional cooperation and the goals of individual countries are the basis for creating symbiotic relations and mutual contacts among nations.

Thanks to these connections a world that draws its strength from democracy could develop. I believe that all regions could develop happy relations among themselves and that thereby a world will arise of prosperous and happy unions.

A WORLD IN WHICH PROBLEMS CROSS NATIONAL BORDERS

This flow of ideas has also led to the increasing importance globally of human rights and the propagation of the idea of democracy. Let me recall an experience. When I was travelling in an aircraft abroad, I was told that much of its controls were software driven and had most probably been developed in India. When I presented my credit card, I was told that it was being processed by a backend server located in Mauritius. When I walked into a multinational software company in Bangalore (India), I was fascinated to find that it truly presented a multicultural environment. A software developer from China, working

The message I would like to convey is that it is possible for India, with core competencies in multiple fields, to work with many countries in a joint venture mode bringing together the multiple core competencies of partnering nations leading to successful enterprises.

under a project leader from Korea, was working with a software engineer from India, a hardware architect from the US and a communication expert from Germany to solve a banking problem in Australia. When I saw all of them working together like one family and forgetting about the culture from which they came or the language they speak, I felt that the best hope for such borderless interaction to continue is to inculcate the spirit of 'borderlessness' in every field of human activity on our planet Earth.

Hence, it is beyond doubt that we are progressively evolving a world where our problems would cut across all boundaries and would be multi-pronged. This implies that solutions will have to be integrated with knowledge of multiple nations and skills of multiple societies. I can visualise a distinctive profile for the **Nations of the World in 2030** that will result in a new global system for prosperity and peace. A World of Nations where:

- ↪ the divide between rural and urban, rich and poor, developed and developing has narrowed
- ↪ there is an equitable distribution of, and adequate access to, energy and quality water
- ↪ the core competencies of each nation are identified. Missions synergising the core competencies of different nations lead to economic advantage and faster development for all the societies
- ↪ all the students of all societies are imparted education with value system
- ↪ affordable quality health care is available to all
- ↪ where the governance is responsive, transparent and corruption-free
- ↪ crimes against women and children are absent and no one in the society feels alienated.
- ↪ every nation is able to give a clean, green environment to all its citizens
- ↪ people are prosperous, healthy, secure, devoid of terrorism, peaceful and happy and all continues with a sustainable growth path.

↪ creative leadership ensures effective mechanisms to resolve conflicts between nations and societies in a timely manner, keeping the overall peace and prosperity of the world as a goal.

This is the kind of the world we have to bequeath to the youth of the world, the foundation of which shall be enshrined in regional cooperation and development based on the experience of India and the European Union.

The world has witnessed many successes for regional cooperation, be it in political, economic, social, environmental protection, or common developmental missions. Such cooperation has led to mutual prosperity, sustained peace and will help overcome the centuries-old barriers.

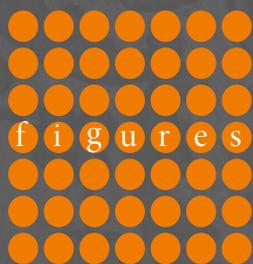
THE EU, AN EXAMPLE OF CONNECTIVITY AMONG NATIONS

One such shining example is the founding of the European Union. It should be remembered that Europe was the theatre of conflicts for hundreds of years among and between the nations, including two world wars,. Today, the EU has become an example for connectivity among nations, probably with no possibility of war, and lead to lasting regional peace. Its formation and performance reveal the necessity for active regional cooperation in the political and economic spheres between multiple regions of the world, of democratic nations even at difficult times.

Likewise, I would like to touch upon India's personal experience in regional cooperation to fulfill the millennium development goals set by the United Nations for developing nations. During my presidency, the Pan-African e-network between India and 53 African nations to provide seamless and integrated satellite, fibre optics and wireless network was established. As part of the project, 12 universities, 17 Super Specialty Hospitals, 53 tele-medicine centres and 53 tele-education centres in Africa will be connected by both sides.

This e-network will primarily provide tele-education, tele-medicine, Internet, video-conferencing and VOIP services. It also supports e-governance, e-commerce, infotainment,

SPIRITUALITY



INDIA

The four religions born in India - Hinduism, Buddhism, Jainism, and Sikhism – are followed by 25 per cent of the world's population. Jews and Christians have lived continuously in India since 200 B.C. and 52 A.D. respectively. Islam is India's and the world's second largest religion. The Vishnu Temple in the city of Tirupathi, built in the 10th century, is the world's most frequented destination for religious pilgrimage, larger than either Rome or Mecca.

300,000

This is the number of active mosques in India, more than in any other country, including in the Muslim world

As one says in India:

*Righteousness
in the heart*

Where there is righteousness in the heart
There is beauty in the character.
When there is beauty in the character,
There is harmony in the home.
When there is harmony in the home,
There is an order in the nation.
When there is order in the nation,
There is peace in the world.

resource mapping and meteorological services. So far, 45 countries are connected. This e-network is an example of international social responsibility emanating from regional cooperation and acts as an enabler, which has a cascading effect on the socio-economic development of many developing nations and their societies. Global communities may like to facilitate the execution of such international social responsibility programmes that will enrich regional development.

**WORLD KNOWLEDGE
PLATFORM**

This is a case how two nations, India and Russia, have engaged in ‘hard cooperation’ based on their core competencies to evolve a world-class product and systems using innovation, creativity and knowledge generation, sharing and dissemination among the scientists of the two countries. One of the significant technological breakthroughs in India and Russia in this decade is the design, development and production of the Supersonic Cruise Missile – BRAHMOS by joint venture. BrahMos is the first universal supersonic operational cruise missile in the world that can be launched from multiple platforms. Most importantly, this advanced, world-class system was realised

**Today,
the EU has
become an
example for
connectivity
among
nations
and lead
to lasting
regional
peace.**

in the shortest possible time, thanks to technological and financial co-operation.

The message I would like to convey is that it is possible for India, with core competencies in multiple fields, to work with many countries in a joint venture mode bringing together the multiple core competencies of partnering nations leading to successful enterprises. Besides, as a corporate social responsibility, BrahMos has extended the benefit of the lightweight callipers, a spin-off from missile technology, to 30,000 polio-affected children from India, Thailand, Laos and other ASEAN countries. The connectivity and sharing of core competences could lead to evolving global knowledge capital capital sharing platforms in the form of a World Knowledge Platform. One more such example is the establishment of the Indo-Korea Science and Technology Centre at the Indian Institute of Sciences in Bangalore.

Likewise, I have a vision of how nations can come together to solve our common problem of energy and the environment using the most potential tool of humanity’s knowledge. I have advocated for the research and development of Space-based Solar Power (SSP) plants, which could be the answer to humankind’s priority need for energy and our utmost concern of mitigating the climate change risks. For the realisation of such missions, we have to share knowledge worldwide and freely exchange data and information to establish the technical and economic feasibility of designing, building and operating a system-of-systems consisting of low-cost space transportation and solar satellites. I have suggested this be done in an open and transparent manner through a consortium of selected world universities, laboratories and industries organised as a World Knowledge Platform in which all nations, particularly the present and future

space-faring nations, could participate. This knowledge platform could function in the form of a global not-for-profit foundation as the first immediate step for creating mutual understanding between nations.

There may be many successful examples of regional cooperation and development, but these are all islands of success. If we were to connect these together like a garland in the regions, it would lead to global peace and prosperity.

INDIA VISION 2020

India is spearheading the developed **India Vision 2020 programme**, transforming itself into an economically developed nation. It has identified five areas where it has a core competence for integrated action: (1) agriculture and food processing (2) education and healthcare (3) information and communication technology – tele-education, tele-medicine, e-governance (4) infrastructure: PURA (Providing Urban Amenities in Rural Areas), the interlinking of rivers and water management, reliable and quality electric power, and surface transport, and (5) self-reliance in critical technologies. These five areas are closely interrelated and coordinated, leading to food, economic and national security.

PURA may be applicable globally for the sustained advancement of developed and developing nations and their societies. It means:

↪ Villages must be connected within themselves and main towns and metros through good roads and, wherever needed, by railway lines. They must have other infrastructure like schools, colleges, hospitals and amenities for the local population and visitors. This is **physical connectivity**.

↪ In the emerging knowledge era, native knowledge has to be preserved and enhanced with the latest tools of technology, training and research. The villages must have access to good education from the best teachers wherever they are, the benefits of good medical treatment, and the latest information on pursuits like agriculture, fishing, horticulture and food processing. This means they must have **electronic connectivity**.

A poem written and recited by A.P.J. Abdul Kalam during his address to the European Parliament in 2007:

Creativity – A Message from Mother Earth

Beautiful environment leads,
To beautiful minds.
Beautiful minds generate,
Creativity.

Created explorers of land and sea,
Created minds of innovation,
Created even a continent,
Created everywhere, why?

Created birth of many discoveries,
Created great scientific minds,
Created unexplored path,
Led the new pathway.
In the minds of the best,
Worst was born,
Generated battle scenes.
Hundreds of years with wars.

Many and many of my children,
Lost in the land and sea,
And also in many nations,
Tears filled, another ocean of sadness.

Then, then came,
The vision of European Union,
Took the oath,
“Never to turn human knowledge
against ourselves”.

United her thinking,
Action emanated,
To make Europe prosperous and peaceful,
Born, the European Union.

That ‘Glad Tidings’, captivated,
The people of the planet of my galaxy.
OH! European Union,
Let your missions spread everywhere,
like the air we breathe.

☞ Once the above is achieved, knowledge connectivity has been enabled. This can facilitate the ability to increase productivity, utilisation of spare time, awareness of health welfare, ensuring a market for products, increasing awareness of product quality, interacting with partners, getting the best equipment, increasing transparency, and so in general **knowledge connectivity**.

☞ Once these three connectivities are ensured, they facilitate earning capacity, leading to **economic connectivity**.

Thus far we have seen the inter-linkages and **inter-connections between global vision, regional cooperation and national missions**. There is a symbiotic and mission-oriented relationship among these three dimensions of development which thrives in a democratic environment. This is a symbol of the evolution of a people-empowered state with efficient missions.

What would be the standards with which we could define the distinctive achievements coming out of the three-dimensional approach to sustainable prosperity and peace for the world?

TOWARDS REALISING A PEOPLE-EMPOWERED SOCIETY

When the world joins together to build a cohesive people-empowered society, it is necessary to ensure that the benefits of development encompass all sections of the civilisation. The world over, poverty, illiteracy, unemployment and deprivation are driving the forces of anger, hatred and violence. These forces link themselves to earlier real or perceived historical enmities, tyrannies, injustices, inequities, ethnic issues and religious fundamentalism to flow into an outburst of extremism worldwide. Many nations have witnessed, and are witnessing, the manifestation of a reac-

tion against such inequalities. We have to jointly address ourselves to the root causes of such phenomena to find lasting solutions for promoting peace. Apart from economic prosperity, what we need is a carrier of 'righteousness', the eternal goodness and wholesomeness in human conduct.

THE EVOLUTION OF ENLIGHTENED SOCIETY

With this spirit of righteousness in the heart, an important outcome of evolving a people-empowered state is what I call the 'evolution of enlightened society.' How do we create it? The foundation should be based on imparting education with a global value system to the youth, transforming religion into spirituality and accelerating economic development missions for a societal transformation with inclusive growth across the nations. The evolution of such a society will be our most prominent framework for ensuring the sustainability of prosperity and peace achieved through global missions. ●

A.P.J. ABDUL KALAM, PhD: former President of India (2002-2007); an aerospace engineer, professor, and chancellor of the Indian Institute of Space Science and Technology (IIST). He is popularly known as the Missile Man of India for his work on the development of ballistic missile and space rocket technology. Kalam played a pivotal organisational, technical and political role in India's Pokhran-II nuclear test in 1998, the first since the original nuclear test by India in 1974. In May 2011, Kalam launched his mission for the youth of the nation: the What Can I Give Movement. He was awarded the Bharat Ratna, India's highest civilian honour, in 1997.

I have a vision of how nations can come together to solve our common problem of energy and the environment using the most potential tool of humanity's knowledge. [...] There may be many successful examples of regional cooperation and development, but these are all islands of success. If we were to connect these together like a garland in the regions, **it would lead to global peace and prosperity.**

www.roedl.com



Exceed the limits

with

Rödl & Partner

**Audit • Accounting
Tax • Legal • Business Advisory**



WE MAKE THE WORLD SAFE

Bumar is a leading Polish supplier and exporter of armaments and military equipment. More than 40 years of experience and innovation. Over 30 years cooperation with India.



NEW DELHI OFFICE
50 M SHANTIPATH CHANAKYAPURI
NEW DELHI 110021
TEL.: 0091 1141496943
FAX: 0091 1126886778