PREFACE

After the end of the cold war, world has witnessed varied emerging new trends in different fields from economic through cultural to social and political arenas. New trajectories are certain to find out suitable means and modalities for restructuring and reshaping the old system of relationships. No doubt, world has seen untold miseries and bloodshed in the newly emerged so called ethnic and ultra nationalist based states but it has also presumably given a more viable and solid base for new economies to emerge, which need no more obsolete base of managing them but new one. India and Germany provides a case in point. Narasimha Rao’s government has initiated a series of measures for liberalizing its economy and thus have created suitable environment for foreign investors to invest in India. Cheap labour, big market, natural resources and political stability by and large – all these have made investment for foreign investors favourable.

In the past, major focus of the national economy whether in a developed or developing country was on armament and building up of military formation generally used as a tool of power. But in the post cold war period, the economic strength of the country is considered as a new instrument of power. As such, now the major focus of developed and developing countries are on raising their economic profile and raising the standard of living of their citizens by way of reducing expenditure on arms build-up and on evolving new or strengthening existing structures of market based democracies and promoting confidence building measures among
neighbouring states and fostering regional cooperation. A good example of this is the case of Germany. Germany has shifted from a “power state” to a “trade state”. Germany is obviously concerned about enlarging its market access in South East Asian region which accounts for over a quarter of the country’s total trade. In the past, flow of trade moved towards Eastern Europe. Today, the cosmopolitan spirit of commerce has found a new direction. Germany wants to be part of Asia. German businesses are rediscovering one natural advantage they had all along: India.

There were apprehensions about the feasibility of German unification and liberalization of Indian economy. Despite these apprehensions, both have actualized. On the 3rd of October 1990, the Laender of the German Democratic Republic acceded to the Federal Republic of Germany. The Iron Curtain which was running right through Germany was pulled down. After unification, Germany is emerging as a key power both economically and politically within Europe.

With the liberalization of the Indian economy, there has been a substantial growth in trade, investments and joint ventures. It is interesting to note that, despite the burden of economic reconstruction of former East Germany, the economic activities of United Germany have not been adversely affected to a very large extent. This thesis has tried to analyze the various aspects of Indo-German trade from 1991 onwards in five chapters. The first chapter gives an analysis of India’s economic liberalization giving details of the reforms introduced in various sectors.
The second chapter focuses on the changing configuration of Unified Germany’s economy. Analysis has been made on the effects of Economic and Monetary Union. Then of course, a detailed study has been made on the composition and task of the Treuhandanstalt and also Germany’s Eastern Trade Policy.

The third chapter examines the patterns of Indo-German trade since German unification and Indian liberalization. Attempt has been made to show how liberalization of India’s economy has opened up new vistas for more economic co-operation. Investment pattern have also been discussed. In the recent past there has occurred a substantial growth of Indo-German collaboration, both industry wise as well as region wise.

The fourth chapter deals with the environment policies and its impact on Indo-German trade. Indo-German co-operation in the protection of environment and natural resources has also been discussed.

The fifth chapter contains some concluding observations.