

India - France's Indispensable Partner

If we go beyond the classic diplomatic clichés, the current relationship between India and France is quite paradoxical and relatively low-key if we compare it to the incredible fascination which our relationship with China holds over our country. Although India is extremely strong and self-assured as regards its political position, much more so than many French people might imagine, it appears to remain in the background in other fields such as the economic or cultural areas, if we set aside the extraordinary possibilities which have not yet been fully confirmed, concerning large export contracts for Areva's EPR power plants and Dassault's Rafale jets.

Apart from the fact that a true and lasting alliance between two countries cannot be solely based on the sales of certain large-scale equipment, it is also quite clear that the nuclear and arms industries do not, by their very nature, make peoples dream. Besides, such huge operations are more conceived of as sales and less as long-term partnerships. This is in sharp contrast with the German approach which consists in developing daily links with India through less spectacular industrial exchanges that nonetheless are, over time, more substantial.

It is nonetheless true that in recent years France's on-the-ground presence in India has increased and this has certainly been spear-headed by the President of the Republic: over five years, the number of French companies established in India has quadrupled (80% of France's top forty stock-market-indexed firms are present in India) and the number of Indian citizens who come to study in France has considerably increased (348 study grants were given by the French Government to Indian students in 2010, representing a budget of €1.06 million). However, it is always useful to remind French people that India has all too often been unjustly overlooked by our national *savoir* and imagination. Despite the continuing weight of its caste system and certain surges in fanaticism which still manage, at times, to pervert its religious life, it is by no means by chance or purely through its colonial heritage that India is the largest democracy in the world (1.2 billion inhabitants). Indeed for over a decade now it has been the proud possessor of the most advanced and reliable national electronic voting system in the world.

At a time when France was experiencing the Saint Bartholomew's Day Massacre of thousands of Protestants (1572), Emperor Akbar was introducing the notion of the equality of religions into the law. In a similar vein, centuries before British colonization, village and neighbourhood affairs were regulated in India by elected councils called Panchâyats which are indeed still today at the very cornerstone of Indian democracy.

If the French Monarchy had dared, France could have played a major role in India in the place of the British but at least there were still a few audacious adventures by a handful of Frenchmen which left their mark on 18th and 19th century Indian history,

as well as the names of a certain number of institutions such as the La Martinière Colleges. But who, in France knows that the greatest and most respected of India's industrialists, the man who developed the Tata Empire, J. R. D. Tata, was born in Paris, brought up by a French mother and is buried in the *Père Lachaise* cemetery?

India and France once more now have the opportunity to cross and influence each other paths. It is even clearer today that France must seize and not miss this occasion. Modern India should no longer be seen as a field to be conquered by our investments, neither is it a huge market for our exports, it is rather a major partner whose power is already impressive and whose ambitions are clearly to become the third economic force in the world within the next thirty years.

Thus we must pay as much attention to the role to be played by Indian companies and industrial partnerships on our own soil as to the French exports and investments in India. This is even more the case as many of our own companies have been weakened by the crisis and could be, without necessarily being aware of this, targeted by huge Indian industrial empires which have been founded by a single family and are thus totally independent of the markets and banks.

There is a real need in France for a more developed network of small and medium-sized businesses with structures capable of hooking into the complex and distant market which India represents. What is needed is for France, beyond the larger nuclear and arms contracts, to set out a true industrial strategy for working with a nation like India and providing it with what it needs whether that be in the field of food-processing logistics, environmental management or urban infrastructures in general.

India is also undergoing quite a bottleneck in its educational system at the moment. Despite the fact that its higher education sector, which is aimed at training its elites by means of fierce selection, provides it with educational excellence recognized on a world scale, the several thousand alumni who graduate each year from its top establishments, comparable to our HEC or Ecole Polytechnique, are not enough to fill the high executive and engineering positions in an industrial sector which is in full growth. Even if numerous agreements have been signed between French universities, engineering or management schools and their Indian counterparts, very few of them have led to concrete exchanges and operational partnerships.

There appears to be a real difficulty in turning what has been agreed at the highest level into concrete achievements on the ground and over time. This unfortunately characterizes our relationship with India. For example, the partnership which was agreed upon during the first official trip of the President of the Republic to India in 2008, concerning the setting-up of the IIT (the Indian Institute of Technology which would be at a comparable level to the best of our scientific *Grandes Ecoles*) in Rajasthan, has today run into the complexities and the mysteries of our inter-ministerial and budgetary system concerning two million Euros of funding. In addition, the contributions of certain private companies which are nonetheless well established in India, are being held up and there is a real risk that other countries could step in and offer more substantial funds, more quickly.

After several months of research in France and a trip which enabled us to meet the major players in industry, culture and politics, we are convinced that France must prepare its future, in particular in the economic and industrial fields, in the framework of a partnership with a large emerging power and that India is the only one with whom we could envisage such a strong relationship. Our political relations are better than they have ever been and on India's side, stronger than with any of its other partners. Despite India's shared linguistic background with the United Kingdom, this relationship is, in the eyes of many Indians, indelibly marked by the colonial past, whilst the United States still appears as an imperial power with which any alliance would imply a form of submission. French know-how in the fields of energy, agriculture and the environment, to name but a few, is of particular use to India and French is, after English, the most widely-taught foreign language in India. We share democratic and human values which provide partnerships with stronger foundations and greater solidarity.

However, in order to construct such an alliance, it is essential to build up an organizational structure, through both public and private funding, which can fulfil the required objectives. It is for this reason that we recommend the setting-up of a "Strategic Investment Fund for India" which would bring together public and private sector leaders and which could mobilize all the available means, in particular those of the French Agency for Development (AFD), of the French Ministry for Foreign Affairs (MAE) and of the Ministry for Higher Education and Research (MESR) and would distribute them according to France's needs as well as overseeing our long-term commitments and projects. For such a partnership to exist, it is necessary to base it on a political impetus which would be clearly understood by both Parliament and the population and which would be underpinned by a strong organization capable of overcoming the various cumbersome procedures above and beyond even the heavy administrative processes. In this time of crisis, a great western nation, such as ours, has to understand that it must construct its future on different foundations in a world which will no longer be the same as before. France must understand that such a construction needs to be built in partnership with a great emerging nation and that clearly India should be that indispensable partner.

Summary of the recommendations of the report

India - France's Indispensable Partner, by Eric Woerth and Paul Giacobbi

To Achieve Greater Indian Involvement in France and Greater French Involvement in India

- Set up a public/private sector strategic fund dedicated to India

Strengthen the High-level Political Relationship

- Broaden Franco-Indian discussions to new themes of common interest such as Afghanistan and Africa
- Continue the redeployment of the diplomatic and consular services in the broadest possible sense, in the interests of India
- Obtain an assurance from the AFD (French Agency for Development) that it will maintain its lending conditions at a sufficiently attractive level for India

Consolidate Cultural, Scientific and Technical Diplomacy

- Provide adapted budgetary means by, at the very least, putting an end to the decrease in funding in order to maintain the diversity of actions in the cultural field
- Re-launch French studies in India
- Set up a Franco-Indian Academy devoted to cultural activities
- Promote an integrated approach to scientific and technological cooperation, to university exchanges and to economic relations
- Strengthen the funding of the IFCPAR (Indo-French Centre for the Promotion of Advanced Research) which provides a huge impetus to cooperation
- Ensure the dynamism of the two Indian IFREs (French Overseas Research Institutes) by providing them with the necessary funding
- Create a Franco-Indian Working Group on Innovation

Create a True Educational Partnership

- Set a goal of 20,000 Indian students per year in France by 2025 by implementing the following means:
 - continue the rebalancing of public funding in India's favour for the promotion of the teaching of French and the granting of scholarships;
 - develop the number of courses offered in English in scientific subjects and if

necessary adapt the *Loi Toubon* to this new situation;

- facilitate training in French, both in India and in France, for students on grants and exchange programmes thus making it easier for them to work later on, either in France or with French networks;

- loosen up the visa conditions for students or graduates of certain priority countries, including India, and thus making it easier for them to stay longer and to take advantage of work experience schemes;

- encourage India to share the cost of scholarships;

- Set up a scheme to follow foreign students in their studies. This would be useful both in encouraging the dynamic of student exchanges and in creating a pool of professionals available both for our businesses and for our political leaders;

- Foster the setting-up of Franco-Indian establishments so as to train students to be recruited by our companies and encouraging said companies to become involved in such initiatives

- Complete the Rajasthan IIT project thus showing the importance given by France to the development of the educational and scientific partnership with India

Strengthen Economic Links

- Set new detailed targets for investment and economic exchange: €13 billion of trade in 2015, 1,000 new French businesses in India with 2% of the Indian market

- Strengthen the support network for businesses through the devolution of means which will lead to the growth of expertise and to the development of support missions throughout India

- Highlight the image of French companies and their know-how

- Pay particular attention to small and medium-sized companies by selecting those choosing India amongst other possible destinations in emerging countries and by ensuring the sustainability of their Indian projects

- Re-launch the incubators for partnerships and in particular, the Indo-French Business Forum, by mobilizing our Indian partners

- Facilitate the development of Indian involvement in France by ensuring a close follow-up for the great Indian industrial groups

- Develop useful cooperation in the key investment sectors in which France has real know-how and which correspond to India's needs, particularly in the fields of energy, agriculture, food provision and processing, sustainable development and infrastructures.