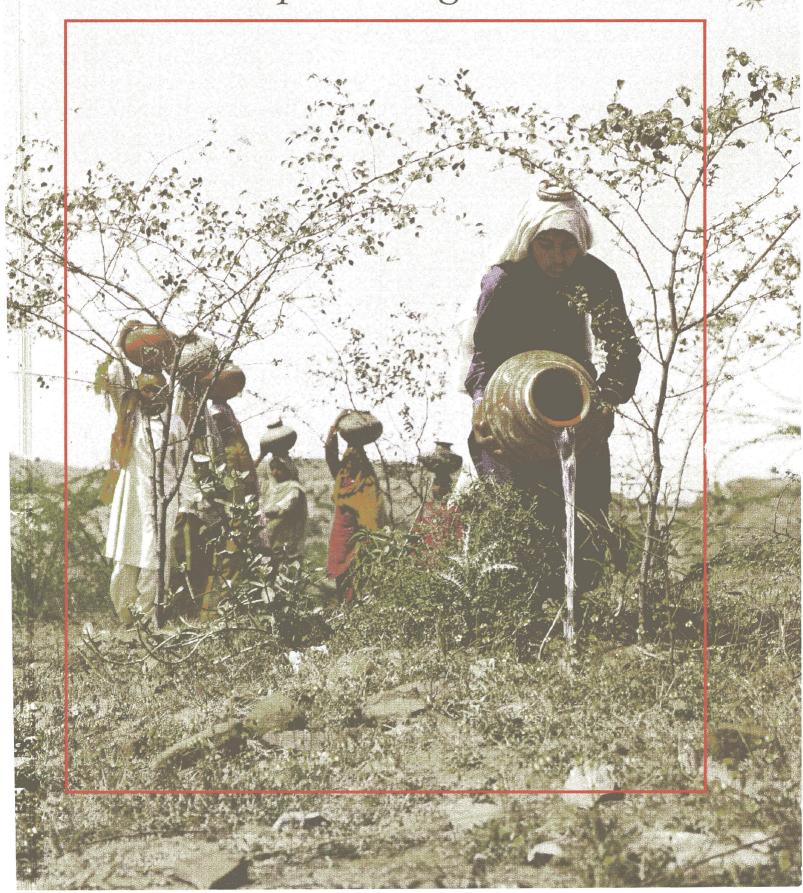
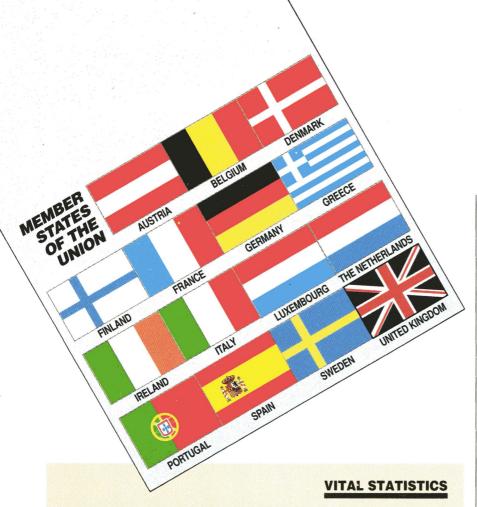
THE EUROPEAN UNION AND INDIA A Partnership For Progress





Basic Demographics Of The 15 Member States

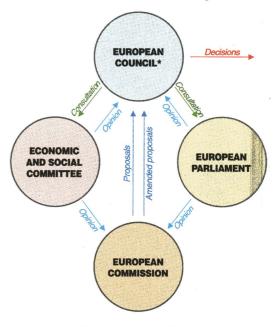
	Area ('000 sq km)	Population (millions)	Gross Domestic Product ('000 million PPS*)
AUS	84	7.9	136.2
BEL	31	10.1	172.3
DEN	43	5.2	88.5
FIN	337	5.1	68.4
FRA	544	57.6	1,015.3
GER	357	81.2	1,3 57.1
GRE	132	10.4	81.7
IRE	70	3.6	44.6
ITA	301	57.1	960.6
LUX	3	0.4	8.4
NET	41	15.3	248.1
POR	92	9.9	91.1
SPA	5 05	39.1	475.9
SWE	450	8.7	134.9
UK	244	58.0	922.0

* PPS: Purchasing Power Standard – a common unit representing an identical volume of goods and services for each country.



DECISION-MAKING

Main Institutions Of The EU



* Permanent Representatives Committee: The Council consists of the appropriate ministeriallevel representatives of the Member States

THE EUROPEAN UNION

The Process Of Integration

onflicts had ravaged the continent of Europe during the first half of this century, and at the end of the Second World War, there emerged a broad vision of a new united Europe which would transcend national antagonisms. This vision was shared by many statesmen across the continent – among them, Mr Robert Schuman, the then French Foreign Minister, who in concurrence with German Chancellor Konrad Adenauer, in a declaration on 9 May, 1950, proposed the pooling of the coal and steel industries of France and the Federal Republic of Germany.

Responding to this appeal, six European countries – Belgium, France, Germany, Italy, Luxembourg and the Netherlands – came together to sign the Treaty of Paris, establishing the European Coal and Steel Community. The foundations of the European Union were thus truly and firmly laid as clearly envisaged in the Preamble to the Treaty of Paris.

European integration has developed in several stages and various forms. In 1957, these six nations signed the Treaties of Rome to create the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM).

Initially, the EEC was conceived mainly to promote common policies in the pursuit of economic and monetary union among the Member States, involving the creation of a common free trade zone and a customs union. In 1962, the Common Agricultural Policy was adopted, establishing a single market and common prices for most agricultural products.

The Union's institutional framework, comprising the European Parliament, the European Commission, the Council of Ministers and the Court of Justice takes care of the legislative, executive, decision-making and judicial aspects of its work.

Over the years, and considering the rapid development of exchanges and industrial development, neighbouring countries joined the successful Community – Denmark, Ireland and the United Kingdom in 1973,

Greece in 1981, and Spain and Portugal in 1986. On 1 January, 1995, Austria, Finland and Sweden also became members, taking the membership from 12 to 15.

In February 1986, the 12 member countries of the Community signed the Single Act, committing themselves to the creation of a single market with free movement of goods, capital, services and labour across national frontiers by 1992. On 1 January, 1993, the Single Market was



The European
Commission is the
executive arm of
the European
Union.



The free movement of goods and people within the EU is being made easier.

formally launched, removing internal frontiers for the 12 separate national markets.

A significant landmark in the process of European integration was the signing of the Treaty on European Union on 7 February, 1992, at Maastricht in the Netherlands. The Treaty came into force on 1 November, 1993, after it was ratified by the 12 Member States, and the European Community was renamed the European Union (EU).



The objectives of the Treaty are: a common European currency by 1999 at the latest; rights for European citizens; new powers for the EU in some areas, such as consumer protection, public health, visa policy, trans-European transport, telecommunications and energy networks, education, culture, environmental protection, etc, and the introduction of a common foreign and security policy.

The Union is today the world's biggest free trade area, offering the largest market in the industrialised world with a population of nearly 370 million. It is also the world's biggest importer of agricultural products.

More than ever before in history, the EU has become a major actor in world affairs. Far from being an economic 'fortress', it has emerged as a vibrant outward-looking force, playing a major role in the evolution of a new world economic order. It is closely involved in the economic rehabilitation of the Central and East European countries following the collapse of Communism. And for the developing countries of Africa, Latin America and Asia, the EU continues to be the largest donor of aid. With its growing responsibilities worldwide, the EU has now become an important political force as well, and is seen as the focus for peace, democracy and growth.

EU's Asia Strategy

for Asia, taking into account the growing strength of the Asian nations in the world economy. The overall aim of the new strategy is to strengthen the Union's economic presence in Asia. It therefore outlines a proactive policy towards Asia highlighting the need to improve policy coordination at national and European levels and also to identify clear priorities in terms of countries and sectors.

It underlines the importance of promoting peace and security by strengthening the European Union's relations with ASEAN and other

regional groupings.



The strategy envisages a greater role for the European private sector in the emerging Asian market and in this context suggests the need to foster joint ventures between European and Asian companies by providing financial incentives, extending scientific cooperation and establishing European technology centres in key areas where Europe has a comparative advantage.

INDIA AND THE EU

A Partnership For Progress

NDIA'S association with the
European Union dates back to over
30 years ago – when the six-member
Union was barely four years old.
India was among the first developing countries
to establish diplomatic relations with the
European Union.

India's two-way trade with the European Union – which is India's largest trading partner – has risen to over 12.1 billion ECU (Rs 47,381.3 crore) in 1993. The European Union's development aid, since its start in 1976, has crossed 1.6 billion ECU (Rs 6.324.8 crore).

As India's economic policies have changed from being inward-looking and public sectororiented into an outward-looking marketoriented private sector-driven approach, economic cooperation has become the most dynamic element of India-EU relations.

A new dimension was added to these relations with the signing of a new five-year

cooperation agreement on partnership and development in Brussels on 20 December, 1993 by Mr Pranab Mukherjee, India's then Commerce Minister (for the Indian Government), Mr Willy Claes, the then Belgian Foreign Minister (for the Council of the European Union), and Vice President Manuel Marin, for the European Commission. A joint statement on political dialogue was also issued at that time to underline and upgrade the ties between India and the Euro-



pean Union. This 'third-generation' agreement is based on mutual respect for democratic principles and human rights. The agreement highlights cooperation not only in the areas of trade, industry, energy, telecommunications, customs and banking, but also scientific research, tourism and environmental protection.

Under the new agreement, cooperation will focus on further development and diversification of trade and investment, facilitation of Standard currency conversions have been used throughout this publication, based on rates existing in March 1995.

1 ECU = Rs 40 = \$1.28 (approx)



These are:





better mutual understanding and strengthening of ties between the EU and India. The acceleration of India's industrial development, through support for its efforts in building up its economy, will be a priority.

The European Union's development cooperation strategy will focus on projects and programmes targetted towards the poorer sections of the population. Special emphasis is laid on rural development with participation of the groups to be targetted, public health especially in the form of primary health care and the environment.

India-EU political relations have flourished within the framework of the Joint Commission, marked by ministerial-level dialogue. Since 1982, meetings between the Indian Foreign Minister and the European Union Troika* have become a regular feature. These Troikas – the latest of which was held in Brussels in March 1994, and which was attended by India's then External Affairs Minister, Mr Dinesh Singh – provide an opportunity to exchange views on global political issues of common concern and interest.

Political relations have been further enhanced by the constructive interest shown by the European Parliament in India's stance on important global developments. In fact, the A variety of events related to arts and culture help communicate contemporary concerns and viewpoints between India and the EU countries.

Indian and European Parliaments have exchanged visits on a regular basis since 1981.

Cultural exchanges and events have further broadened the spectrum of India-EU relations. EU Film Festivals in India are a regular biennial event. India-EU relations are characterised by constant interactions

in the spheres of trade, development aid, economic cooperation and scientific exchanges.

In this scenario of growing cooperation and friendship, India and the European Union, the world's two largest democratic entities, can look forward to a real working partnership based on mutual interest in the years ahead.

*Note: The Troika consists of the Foreign Ministers of past, present and future Presidents in the Council of the European Union and the responsible European Commissioner.

INDIA-EU TRADE

An Avenue For Expansion

trade partner, accounting for about 30 per cent of both imports and exports. At the same time, trade with India represents only around

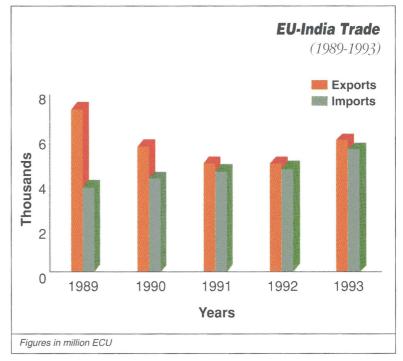
1 per cent of total EU trade. In 1993, two-way trade improved dramatically with India's exports having increased by 20 per cent, rising to 5.9 billion ECU, and imports by 19 per cent to 6.2 billion ECU.

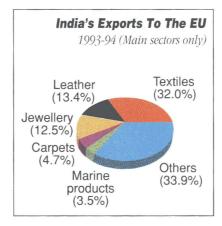


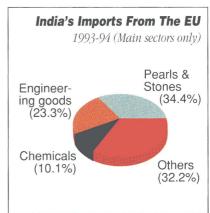
Generalised System Of Preferences

beneficiary of the EU's
Generalised System of Preferences (GSP). Under the new GSP scheme that came into place from 1 January, 1995, and will run up to 1998, India continues to enjoy preferential access to EU markets.

The previous system of ceilings and quotas is abolished, being replaced by a modulation of the tariff according to the sensitivity of the product. Under the new graduation system, some countries or specific sectors have their preferences withdrawn once they have reached the appropriate level of development. In the case of India, only two sectors, textiles and leather, will be graduated from the system in 1997. In both cases, India has achieved a high degree of development (final objective of the GSP system) and has been expanding its exports to the EU at a steady pace. •









Jewellery forms a major component of India's exports to the EU, and thus a valuable source of foreign exchange for the country.

These increases are particularly important in a year when extra-EU overall imports had declined by more than 1% and overall exports grown by 10 per cent.

The main Indian imports from the EU are engineering goods, chemicals, pearls and

Textiles Agreement

s a Follow-UP to the recently agreed multilateral textiles agreement negotiated in the Uruguay Round, the EU and India have concluded a new bilateral textiles agreement which came into effect on 1 January, 1995. The EU, which will be phasing out all quantitative restrictions in the next few years, has increased the quotas allocated to India and will provide greater flexibility in the implementation of the regime. India will eliminate some balance of payment restrictions imposed on the import of textile products and will bind some tariffs.





precious stones, while India's main exports to the EU are textiles, leather, jewellery, carpets and marine products.

The EU and India grant each other 'Most Favoured Nation' (MFN) treatment in their trade relations. Moreover, under the new Cooperation Agreement, both parties have agreed to consult each other, at the earliest opportunity, on any specific issue which may arise in connection with bilateral trade. •

ECONOMIC COOPERATION

A Framework For Collaboration

developed in response to the opportunities opened up by the decontrol and restructuring of the economies of Asia and Latin America in the last few years. As a result, the scope for private participation in the overall process of development has become much wider than before.

In India, industries now exposed to global competition need fresh infusions of capital and advanced technology, while, at the same time, European companies need overseas partners to establish the manufacturing or marketing facilities that will improve their position on the Asian market.

Moreover, infrastructural sectors such as telecommunications and energy, requiring capital which is beyond the capacity of the Government, have been thrown open to private investments.

Despite the new vistas opened up for private companies on both sides, particularly large transnationals, public support remains irreplaceable and essential in several priority areas. EU-India economic cooperation, recognising that mutual interest is the best guarantee of sustainability and therefore the best guide in determining concrete programmes for support, addresses these priorities.

Three priority areas have been identified under economic cooperation: improvement of the general framework, improvement of institutional structures and facilitation for business. (A list of ongoing economic cooperation projects is provided on pages 16 and 17.)

The projects taken up are seen on both sides as providing significant support to the objective of increasing contacts between Indian and European industry. These initiatives, not specific to individual companies, have a catalytic effect and are useful to all. This should be apparent from brief descriptions of the individual projects of the economic cooperation programme in India.



The EU's participation in trade-related events such as the Indian Engineering Trade Fair is an indication of its commitment to developing stronger trade ties with India.



© GENERAL FRAMEWORK

The first priority under the chapter of economic cooperation is the improvement of the general framework for most business-oriented contacts through the enhancement of the technological potential of partner countries and the promotion of a mutually greater level of cultural awareness.

★ Euro-India Cooperation and Exchange Programme in Management

In the initial five-year period of this programme, around 50 professors from nine Indian management institutions have visited counterpart institutions in Europe for periods ranging from six to nine months, during which they have participated in seminars, teaching and research. With European professors visiting India, the exchange programme has contributed to the mutual appreciation of their respective potential – of the EU as a market and a source of technology and of India for the size of its market and the technical and entrepreneurial skill of its managers.

Exchanges will continue for another two years but will increasingly involve practising managers, both Indian and European.

★ Energy Cooperation

Energy efficiency and conservation is the focus of EU-India cooperation in this sector, which has been organised through the Energy Management Centre (EMC), set up five years ago by the Energy Ministry. Under the first phase, an energy audit programme implemented by the

Tata Energy Research Institute in Bangalore, the National Productivity Council in Kanpur and the Maratha Chamber of Commerce in Pune was provided with energy measuring instruments and specialised training. Energy audits in manufacturing plants, at first subsidised, are now fully commercial operations and substantially benefit industry.



A team from the Indian PHD Chambers of Commerce and Industry monitoring electrical energy consumption as part of an energy audit.

The present and second phase of this programme will comprise support for information exchange activities; sectoral training programmes; extension of energy audits nationwide; in-depth studies and audits for energy efficiency in the agro-food and marine sectors; the building up of an industrial energy database; and studies, workshops and seminars related to policy formulation for demand-side management. As in the first phase, a European energy adviser is resident in India working full-time at the EMC.

Satellite earth stations are an important link in the Global System for Mobile communications. Training schemes for Indian engineers are being developed by the EU in the field of GSM.

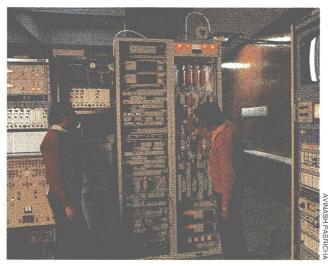
★ Telecommunications (*Training*)

A new training scheme is being developed for Indian engineers in the fields of Integrated Switching Distribution Networks (ISDN) and the Global System for Mobile communications (GSM).

★ South Asia Integrated Tourism Human Resource Development Project

All SAARC countries participate in the South Asia Integrated Tourism Human Resource Development Project, whose main objective is to upgrade the quality of human resources in the tourism industry and to provide better manpower services in a sustainable manner. This project has four main components:

To establish an operational, institutional framework for South Asia human resource

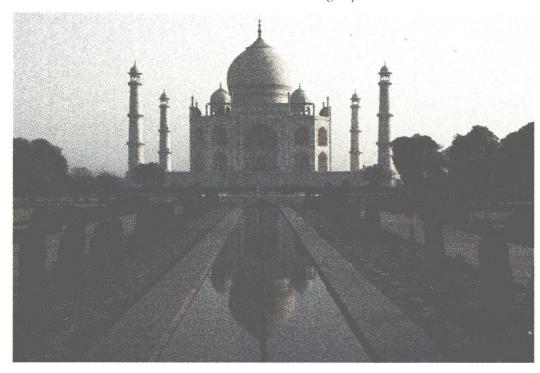


development in tourism.

To develop regional tourism training standards, testing and national training packs, usage guides, etc.

To develop, test and monitor specific skill trainer development programmes and implement the training of the trainers.

To adapt regional standards to national training requirements.



The South Asia
Integrated Tourism
Human Resource
Development project
will offer great scope
for promoting and
exploiting India's rich
potential for tourism.



PROCESSED FOOD: Two Indian laboratories, both belonging to the Bureau of Indian Standards, are being modernised with technical assistance provided by the CAMDEN Food and Drink Research Association, UK.

© INSTITUTIONAL STRUCTURES

A second kind of activity is focussed, more specifically, on the improvement of institutional structures which support the economic environment for trade and investment.

★ Standards and Quality

The EU-India standards and quality programme is a major component of bilateral cooperation. From modest beginnings in 1987 as essentially an information exchange action, the standards programme has over the years grown both in content and coverage. At present, it includes the modernisation of Indian testing laboratories, the setting up of a National Accreditation Scheme to international norms, and the introduction of education in quality in engineering colleges.

• Modernisation of Laboratories: This is a project to assist India in the modernisation and upgradation of its testing laboratories in three key areas - automotive sector, domestic electrical

appliances and processed food. The assistance concerns transfer of technical knowhow to establish modern installations and personnel training, with a view to giving them a knowl-

edge of testing procedures and enabling them to operate and maintain installations according to internationally accepted norms so that testing is done indigenously.

- **Harmonisation of Standards**: Under this project, 142 Indian standards have so far been harmonised with EN standards, and EU directives/regulations.
- **Quality Training:** Sixty Indian officers belonging to various Government and private agencies have been trained to become qualified assessors by Batalas, UK. A further batch of five Indian officers were trained as lead assessors.

The Confederation of Indian Industry (CII) was designated by the Government of India as the nodal agency for quality training under the India-EU programme. Two separate sets of training, one for certified quality engineers and the other for instructors, were conducted by a German organisation.

- National Accreditation Scheme: At the request of the Indian Government, the EU has provided assistance in the preparation of a National Accreditation Scheme (NAS) for India. Under this programme, a five-member European expert group recommended a comprehensive NAS, the essential elements of which are:
 - O The National Quality Council (NQC) would be the apex body for operating the scheme in India. It should be an autonomous

AUTOMOTIVE SECTOR:
Four Indian laboratories
have been identified for
modernisation, with
expertise provided by two
European laboratories. The
Automobile Research
Association of India is now
able to conduct
homologation tests at its
own labs, for Indian
vehicles and components
meant for export to



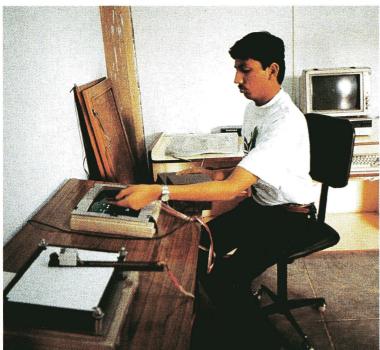
body, under which five separate boards will function:

- A national accreditation board for the certification of product and quality management systems.
- □ A national accreditation board for the certification of laboratories.
- A board for the registration of qualityrelated personnel.
- □ A national enquiry service of standards and conformity assessment.
- ☐ A national awareness campaign
- Education in Quality: Another EU initiative aims to provide education in quality in engineering and management colleges in India. The

implementation on a pilot basis of an undergraduate course on Total Quality Management (TQM) and a post-graduate programme based on quality is foreseen. The Indian Institute of Technology, Delhi, will be the nodal agency for the implementation of the programme, which will be later replicated in other institutes of technology and management institutions.

★ Intellectual Property Rights (IPRs)

In the industrialised countries intellectual property rights play a key role in technological development. In India, a lack of awareness about patents has been a major hurdle in the integration of the country's research efforts with the manufacturing sector. India has now signed the Uruguay Round accord, including the TRIPS agreement. Its implementation will clearly require changes in the domestic intellectual property rights system.



With these ideas, the EU and the Government of India agreed to launch an IPR technical cooperation programme. The programme should help improve trade, investment and the R&D environment in India, and promote economic exchanges between the EU and India

Engineering colleges in India are being made the focus of programmes of education in quality. The Indian Institute of Delhi is the nodal agency for the implementation of this programme.





New ideas - technical, intellectual, creative - will receive greater protection from piracy under the intellectual property rights system that the EU is helping the Indian Government to create.

by strengthening and modernising the intellectual property rights system in the following key areas:

- Enhancement of user awareness and enforcement of IPRs through training and information.
- Improvement of the structure and operations of the Indian IPR administration and upgradation of the professional skills of its staff.
- Finally, technical assistance, if required, in the preparation of a modern intellectual property rights legislation, including the necessary implementing regulations.

A national IPR Centre is envisaged, which is targetted to become the focal point of training, discussion, information and research in this field.

♥ FACILITATIONFOR BUSINESS

The third pillar of economic cooperation comprises direct support or facilitation for business. With this objective in mind, the European Union provides technical expertise for specific sectors, which in the case of India has already been extended to machine tools, automotive components and medical and surgical equipment.

★ European Community Investment Partners (ECIP) Facility

This scheme is a powerful instrument of economic cooperation – focusing on the development of business linkages between enterprises in India and Europe.

The objective of the ECIP facility is to promote joint ventures and technology transfer through financial assistance for identification of potential projects and partners, for operations prior to launching a joint venture, for financing of capital requirements and for HRD training and management assistance.

ECIP finance is designed to provide a part of the initial capital input essential for starting a joint venture. It does not aim to substitute the risk capital for the private sector but, acting as a catalyst, stimulates private funding by strengthening the financial structure of business.

This decentralised facility is available as a banking product and is channelled to the companies through the banking system. In India, the EU has agreements with three financial institutions, namely ICICI, IDBI and EXIM Bank. In addition, the EU relies on the services of the partner financial institutions, both European and Indian, to implement the scheme, thereby allowing companies to apply for ECIP finance through an institution of their choice.

Since its operation in India, 80 projects have been approved with an EU financial commitment of over 10.8 million ECU (Rs 41 crore).

★ Council of EC Chambers of Commerce

The Council of EC Chambers of Commerce in India was created in 1982, to serve as one of the key players in the promotion of Indo-EU industrial and commercial cooperation. It is the apex body of bi-national Chambers of Commerce and bi-national business committees of India and the EU Member States.

Its primary objective is to encourage business-to-business cooperation between







AUTOMOTIVE COMPONENTS: Under this programme, technical assistance was given to 20 medium sized private sector companies for quality upgradation; and links were created between testing and certification bodies and industry associations of auto components in India and Europe.

firms from the EU and India, in order to foster investment, technology transfer, business, trade and services.

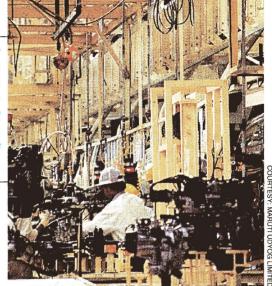
The Council also provides secretariat support to the Indo-EU Joint Business Forum (JBF). The JBF was created jointly by the European Union and the Government of India. It is designed to facilitate a two-way open dialogue between European and Indian businessmen on main business and policy matters.

★ European Business Information Centre

Also under the umbrella of the Council of EC Chambers, the EU is establishing a European Business Information Centre (EBIC) in Bombay. The objectives of the EBIC are:

- The establishment of links with the wide range of relevant marketing and sectoral databases located in Europe and in India.
- To offer a range of business and information services including the access for the Indian business community to the Business Cooperation Network (BC-Net).





★ European Investment Bank

In 1993, the European Investment Bank (EIB) decided to extend its lending facility for infrastructure projects in Asian and Latin American countries which have cooperation agreements with the EU. Following this decision, in December 1993, the EIB gave a 55 million ECU (Rs 217.41 crore) loan for an electricity development project in India.

EIB's first loan to any country in Asia was given to the Power Grid Corporation of India to finance a modern load dispatch, control and communication system for the high-voltage electricity transmission grid of the southern region, covering the states of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu.

★ Technology Information Centre

This project, co-sponsored by the European Union and the Confederation of Indian Industry (CII), will establish a unique database on selected environment-friendly technologies, their suppliers and their performance. The six technology sectors chosen for this database are:

- Dyes and dye intermediates
- Pulp and paper
- Drugs and pharmaceuticals
- Leather tanning
- Pesticides
- Cement

TELECOMMUNICATIONS (Networking):
The setting up of a
'Telecom Long Distance Training Network' will result in the
creation of a multimedia institute in India,
with the main objective
of training professionals to manage telecommunications and
broadcast facilities

14

MARITIME TRANSPORT: As maritime transport is of great importance for trade facilitation between the EU and India, the Indian maritime sector has been identified as an area where technical assistance is required. Following bilateral contacts between the European Union and the Indian authorities, specific areas for cooperation were agreed:

- Port management and maintenance.
- Modernisation of customs procedures.
- Introduction of an Electronic Data Interchange (EDI).
- Stimulation of India-EU business cooperation.

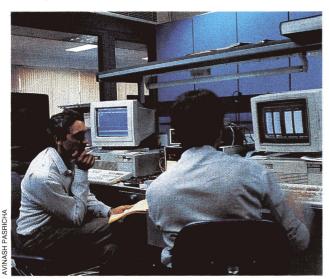
These sectors were selected because of their relatively greater need for technology information and their environmental sensitivity.

★ Electronics – Software

In the field of electronics, the EU has helped to set up the Software Services Support and Education Centre Limited (3SE) in Bangalore. Jointly funded by the European Commission and the Department of Electronics, Government of

India, the Centre aims to promote cooperation between the EU and India in the field of computer software.

The Centre will seek, on the basis of the needs of the Indian and European software industries, to bring them together to create mutually beneficial Euro-Indian partnerships. It will provide information on the EU and Indian software markets and help Indian software companies attain world-class standards of quality and productivity. ◆



Indians are among the world's best software professionals. EU-India cooperation in the field of software development focusses on helping Indian software companies attain world-class standards.







Project	Outline Description and Objectives	Funding (ECU)
European Business Information Centre	The establishment of links with the host, located in Europe and India, of relevant marketing and sectoral databases, so that information from them can be provided through the EBIC.	978,484
European Community Investment Partners	A simple and efficient financial instrument which offers four facilities to support the four stages of joint venture creation and operation.	10,800,000
Telecommunications	Training of Indian engineers in the fields of ISDN and GSM; Setting up of a 'Telecom Long Distance Training Network' which will result in the creation of a multimedia institute in India.	300,000
Electronics	In the field of electronics, the EU has helped set up the Software Services Support and Education Centre (3SE) in Bangalore.	275,300
Intellectual Property Rights (Phase II)	The EU has agreed with India to establish IPR cooperation action. The objective is the improvement of trade, investment and the R&D environment in India, and the promotion of economic exchanges.	850,000
Science and Technology	Under a plan for 1994-98, research priorities will be on renewable resources; agricultural production; and health and population control. The amount allocated by the EU for cooperation with all developing countries is 540 million ECU.	To be agreed
Maritime Transport	Specific areas identified for cooperation are port management and maintenance; modernisation of customs procedures; introduction of EDI; and stimulation of India-EU business cooperation.	970,000
South Asia Tourism HRD	To upgrade the quality of human resources in the tourism industry and to provide better manpower services in a sustainable manner.	8,255,000

TOTAL 29.2 mECU



© COOPERATION IN SCIENCE AND TECHNOLOGY

Science and technology cooperation is an important area of partnership. Over five years (1990-1994), the EU has financed joint research projects and post-doctoral fellowships to the tune of 15.5 million ECU (Rs 62 crore). Quality has been the main criterion for these scientific awards. In 1993 and 1994, 26 joint research projects in key areas, including medicine, chemistry, biotechnology, mathematics, physics and engineering, were launched. Also, 70 post-doctoral fellowships were granted to Indian PhDs to work for periods of six or twelve months in European laboratories of their interest. Simultaneously, nine projects in tropical agriculture and medicine were sponsored.

In the EU's new Fourth Framework
Programme for Research and Technological
Development (1994-98), the three priorities have
been identified as:

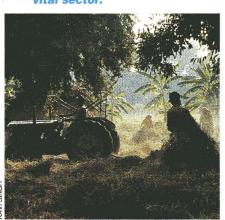
• The sustainable management and use of renewable natural resources.

• The improvement of agricultural production.

• Health and population control, focussing on preventive medicine and the impact of demographic changes on human health and the environment.

Since India is considered to be well advanced in science, other mutually interesting priorities may also be included in the bilateral research agenda.

Agriculture remains the backbone of India's economy. The high priority placed on the improvement of agricultural production in the EU's Fourth Framework Programme should provide a boost to this vital sector.



Joint Research Projects

1993

- Zeolite catalysts for dehydrogenation and oxidation reactions
- Contaminants in the marine environment; their fate in the abiotic and biotic compartments with emphasis on the biological responses (biomarkers) of organisms
- Detection in miniaturised separation systems
- Synthesis and reactivity of polynuclear metal complexes containing RN=NR, NR and Related Bridging Ligands
- Absorption processes on metal oxide surfaces
- An assessment of the ecological importance of mangroves in the Kakinada area
- Molecular characterisation of the mitochondrial genes conferring cytoplasmic male sterility and nuclear genes conferring fertility in oilseed *Brassica* species
- A new approach for plasma deposition: experimental and numerical investigation of expanding DC and microwave plasmas used in processing advanced materials
- Regeneration and large-scale propagation of bamboo species using tissue culture technology
- Identification of micro-organisms and systems to improve primary fermentation and effluent treatment during ethanol production from molasses in India
- Research on the fine structure of cotton fibres, on factors that determine their structure and on the significance of this structure for the technological value of the fibres
- Reaction engineering of non-isothermal catalytic reactors
- HLA restriction of immune responses in tuberculosis

1994

- Study of core levels and electronic states near the Fermi level in high-temperature superconductors and related compounds
- Growth of ultra-thin films of SiGe/SiC on silicon and design of high-speed silicon HBTs
- Advanced solar-hybrid absorption cooling system for decentralised storage of agriculture products in India
- Acoustic characterisation of undersea sediments to initiate commercial application (Accoustica)
- Investigation of new copper-based superconductors, chemical synthesis and physical characterisation
- Optical and electron co-relation effects in semiconductor manostructures
- Recovery of nickel, copper and cobalt from complex Indian oxide mineral deposits
- On-line sample-handling gas chromatography for the analysis of environmental samples
- Design and synthesis of chiral heterogeneous pillared clay catalysts for asymmetric synthesis
- The use of immobilised cyanobacteria for continuous ammonia fertilisation in rice production
- Molecular genetics of the silkworm: fundamental studies and applications to sericulture
- Male reproductive physiology of lepidopteran insect pests: a target for pest suppression techniques
- Selection of and studies on Indian species of fairy shrimp (*Anostraca*) usable in practical aquaculture.

1

DEVELOPMENT COOPERATION

A Commitment To Prosperity

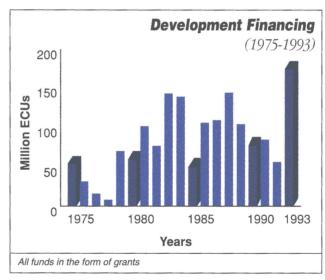
HE OBJECTIVE of the
European Union's development
cooperation programme is to
contribute to India's efforts to
improve the quality of life of the poorest and
most disadvantaged members of society. This is
reflected in the strategy for development
cooperation between the European Union and
India agreed at the EU-India Joint Commission in
October 1994. Support will be given for sector
policies and for projects and programmes that
promote a more efficient and sustainable use of
resources and improve basic social services.

To achieve these objectives, activities such as the development of irrigation, forestry, environmental rehabilitation, livestock improvement, dairy development (Operation Flood) and integrated watershed management will continue and will be strengthened. Priority will also be given to new initiatives such as programmes of primary education and those related to health and HIV/AIDS awareness and prevention. (A full list of current development cooperation projects is given on pages 27 and 28.)

★ Financial resources

Development projects account for over 95 per cent of the EU's total financial commitment to India. The European Union is now the largest donor of grant funds to India, having committed more than 1.6 billion ECU (Rs 6,324.8 crore) since 1976. A major part of this is for large

bilateral projects implemented by government departments. However, the EU has also supported many smaller projects undertaken by non-governmental organisations (NGOs) from specifically designed budget lines and is actively expanding its support for larger projects implemented by competent NGOs and the private sector.



★ Evolving Improved Management to Maximise Impact

The EU aims to ensure that the substantial resources committed to development projects and programmes achieve maximum impact. It is recognised that scope for improvement exists, and initiatives already in place to improve the efficiency of project identification, implementation and monitoring and evaluation will continue to be strengthened. These initiatives include an assessment of the projects' likely impact on

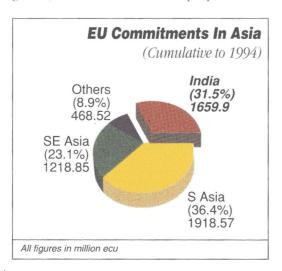


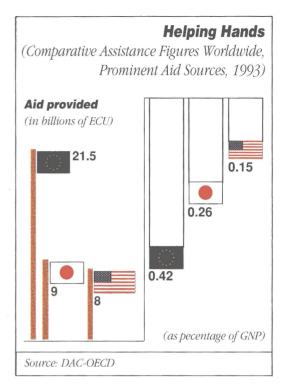
issues of gender and the environment. The participation of beneficiaries at all stages of a project is being promoted and is unquestionably improving the impact of projects. The selection of the most appropriate implementing agency, from either the public or private sector, is also important for efficient and effective implementation.

★ Towards Sustainability

Increasingly, the priority for management is to create the conditions necessary for sustaining a project after support has ceased, principally through the development and strengthening of the technical and managerial capabilities of local institutions. Irrigation schemes, for example, are being managed by locally formed water user groups. Village committees promoted and supported by project staff have also demonstrated their potential in the planning, implementation and maintenance of renewable natural resources projects.

Despite India's recent rapid economic growth, an estimated 250 million people are still





classified as living below the poverty line, a majority in rural areas. Development projects will therefore continue to account for the largest part of the resources (95 per cent) as part of an interdependent and complementary cooperation programme.

Future Relations

OR THE FUTURE, the emphasis of development cooperation between the EU and the Government of India will continue to reflect the broad strategy agreed in 1994. A range of projects and programmes are constantly under consideration, but priority will be given to identifying those that fill current gaps, such as in rural enterprise development, pollution control, primary and reproductive health care and the improvement of social services in deprived urban areas. This will increase the coverage of cooperation and generate a balanced portfolio of projects in line with the priorities and objectives of the Government of India.



© RURAL DEVELOPMENT

Projects aimed at the alleviation of poverty in rural communities continue to form the mainstay of development cooperation. The European Union supports a diverse range of activities in several Indian states. Irrigation projects of different scales, which contribute to increasing agricultural productivity, remain an important element of the programme. The EU has provided funds for irrigation projects in Rajasthan (Sidmukh and Nohar) and Orissa that aim to generate significant benefits for local women, as well as projects in Tamil Nadu and Kerala for small- and medium-sized farmers.

The EU also supports three watershed development projects in the rural hill areas of Uttar Pradesh, where land degradation has become severe and is a constraint to agricultural production. These projects are successfully promoting the participation of local people and have adopted an integrated approach to the implementation of solutions.

★ Community Management of Natural Resources: Gujarat

Community participation also forms the basis for the implementation of a major rural development project in Gujarat. This project, 'Community Management of Natural Resources', represents an important innovation in the EU's development programme. With an EU commitment of 14 million ECU (Rs 55.34 crore), it is the first bilateral project to be implemented in collaboration with NGOs, the Aga Khan Rural Support Programme and the Sadguru Water and Development Foundation.

The target beneficiaries are over 750,000 people, including tribals, in 460 villages in the poorest areas of four districts of Gujarat. In these areas, constant population pressure has caused a downward spiral in the quality of life, due to the over-exploitation of land and environmental resources that is now becoming typical of many tribal areas of India. With emphasis on participatory techniques of implementation, the project has led to the following activities:

- The conservation of ground and surface water resources, coupled with their improved utilisation through the development of lift irrigation schemes.
- The reforestation of private farms and waste lands.
- The construction of bio-gas plants.
- Staff and specialist training through the establishment of multi-purpose training centres.
- The foundation of savings and credit groups.
- Village institutional strengthening.

The two NGOs involved in the project have built on their established reputation in the area and their technical expertise to generate a strategy for more sustainable management of natural resources in partnership with the local people. The progress of the project to date has encouraged the EU to consider support for other bilateral projects implemented by competent NGOs. A project, to be undertaken by the well-known NGO, Bharatiya Agro Industries Foundation, on 'The Transfer of Sustainable Technologies', has also been approved recently.





The project has set up more than 60 nurseries to raise the plants needed for the rehabilitation process. These have provided local people, especially women, with employment and helped to raise awareness about the project.

© ENVIRONMENTAL REHABILITATION

The environmental conditions of an area are an important factor contributing to people's welfare, particularly in rural areas, and the European Union is committed to project management that reflects this. A comprehensive environmental impact assessment is mandatory for all projects before implementation begins. In addition, the EU also supports a number of projects which are specifically aimed at environmental rehabilitation.

★ The Aravalli Hills, Haryana

A high-profile project of this type is 'The Rehabilitation of the Common Lands of the Aravalli Hills' which began in 1989 and has EU support of 23.2 million ECU (Rs 91.7 crore). The Aravalli hills are among the oldest mountain ranges in India, stretching from Gujarat through Rajasthan and Haryana almost to Delhi. Hostile semi-arid conditions, pressure from an increasing population and unregulated access to the common land and its resources have led to serious environmental degradation.

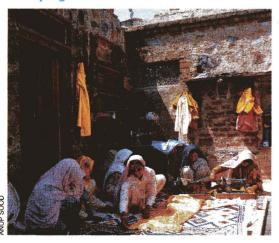
> The overall objective of the project, therefore, is to mental protection of the hills through restoration of the natural vegetation. To achieve this, it was recognised that a change from the present free access to the land towards

system controlled by the user community was

The link between the project and the local people has been achieved through the formation of Village Forestry Committees (VFCs) which are formal sub-committees of the panchayat (village council). Women have a central role in the project as they are traditionally responsible for collection of wood, fodder and livestock care.

More than 24,000 ha of land have been rehabilitated by afforestation and pasture development, and results from the system of more restricted access to the land are visible. The challenge now for the project is to ensure that the incentives, institutional infrastructure and technical skills, that will sustain the project after EU support has ceased, are effectively developed.

Women at work at the local skills training centre established as part of the rehabilitation programme.



ensure sustainable environa regulated and sustainable

OAGRO-INDUSTRY

The European Union's commitment to helping the rural poor is not limited to traditional 'grassroots' projects. To generate benefits that are as far-reaching and sustainable as possible, it is also actively involved in the development of the rural economy through initiatives to improve productivity, processing and marketing. In this way, employment, entrepreneurship and business opportunities in rural and semi-urban towns will be promoted.

★ Horticulture Development, Kerala

A prime example of this is a horticulture development programme in Kerala, which consists of eight pilot projects aimed at improving farmers' incomes by increasing the production of high-value horticultural crops. These pilot projects are interlinked and cover all aspects of production and marketing from supply of seeds to post-harvest processing.

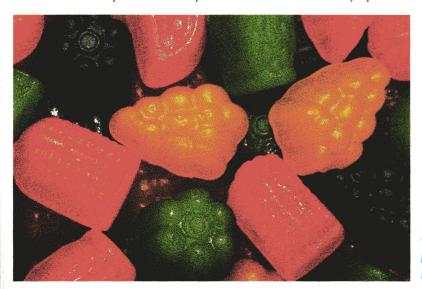
Two of the components - seed production

and fruit processing – involve an agro-industrial dimension with a capacity to expand and serve growers outside the confines of the original project targets. In both cases, the industrial units will be owned cooperatively with most shares held by the growers themselves.

It is envisaged that the fruit processing unit will manufacture 600 tonnes of pineapple juice concentrate, 3,000t of drinks in retail packs, 100t of pineapple fruit candy and 150t of banana chips each year. Although these products will initially be for the domestic market, export opportunities, especially to the lucrative market of the Gulf States, will be actively investigated.

The budgetted amount for the seed and fruit processing units is 4.98 million ECU (Rs 19.68 crore), of which the EU will provide 4.11 million ECU (Rs 16.25 crore) in grants, the Government of Kerala 0.75 million ECU (Rs 2.96 crore) and private contribution 0.125 million ECU (Rs 49.41 lakh). It is expected that construction of both units will be completed in 1995, and the units will be fully operational in 1996, providing direct

employment to more than 300 people.



The horticulture development programme is aimed at boosting the production of seeds and the processing of fruit products.



OPRIMARY EDUCATION

In 1993, the European Union launched a substantial programme of assistance to support the Government of India's policies for improving the quality and reach of primary education. This programme, with an EU commitment of 150 million ECU (Rs 592.9 crore), represents the first sectoral adjustment programme supported anywhere in Asia or Latin America.

The problems facing the Indian education system are enormous. The average national literacy level is only 52 per cent. For female literacy, the national figure is around 39 per cent; it is less than 25 per cent in approximately 200 out of India's 450 districts. Almost half of the children do not finish school and a high proportion of those that do retain poor learning achievements.

A large number of children, mainly girls and from scheduled castes and tribes, either do not enrol at all in schools or drop out. In addition, in nearly 80 per cent of Indian schools, teachers

The problems facing the Indian education system are enormous and the EU is trying to help the Government of India to resolve these. A major problem is the low enrolment and high dropout rate, particularly among girls.



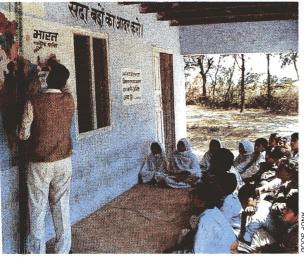
have to contend with teaching several grades of classes simultaneously.

★ In Partnership with Government

The EU is contributing financial and technical support to the Government of India's District Primary Education Programme (DPEP): a unique and innovative initiative to achieve universal elementary education for all by the end of the century. The DPEP is currently being implemented in 42 districts of seven states identified as the most disadvantaged in terms of female literacy rates or which have generated greater demand for primary education as a result of successful literacy campaigns.

The programme has decentralised planning and implementation to the district level and relies on community participation and involvement of teachers at all stages. Its special focus is on education for girls and children of scheduled castes and tribes. Activities are aimed at improving the effectiveness of the education system through teacher training, the upgradation of learning materials, and curriculum reform, as well as the expansion and improvement of infrastructure.

To ensure quality and equity in basic education, the DPEP aims to provide all children with access to primary education, to retain them in school up to the age of 14, and to ensure minimum levels of learning. Its objectives, however, go beyond education. By encouraging teachers, women and communities to have an effective stake in the education system, it is hoped that the programme will contribute to social change more broadly.



The Government of India's District Primary Education Programme, which has the objective of universal elementary education for all by the end of this century, receives financial and technical support from the EU.

○ NON-GOVERNMENTALORGANISATIONS

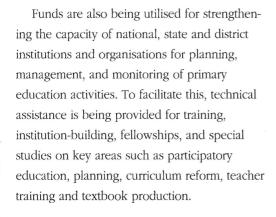
The European Union's development cooperation programme is not limited to support for large bilaterally-funded projects. Cooperation with non-governmental organisations (NGOs) now makes a substantial and vibrant contribution to the achievement of development objectives.

The budget available from the European Union for NGO projects has not only grown in absolute terms but has also diversified significantly. In 1984, three global budget headings existed with a total budget of 137 million ECU (Rs 541.56 crore); by 1993, more than 30 were available and the total budget had increased to over 700 million ECU (Rs 2,767 crore). This represents the growing confidence of the EU in the ability of NGOs both to create the conditions for appropriate and sustainable development and to manage project resources in an effective and efficient way.

★ India: A Leading Force

It is not surprising that, given the size of the country and the dynamic nature of its NGO sector, India is the largest recipient of funds under this category in Asia. Since its inception in 1976, more than 1,000 projects (accounting for approximately 54 million ECU – Rs 213.46 crore), covering many different development issues, have been funded from this budget.

The diversification of budget possibilities has also generated more specific opportunities for project funding. Special budget lines now



The primary education programme breaks with traditional project-based approaches by supporting the development of an important country-wide sector programme in line with national priorities. It is envisaged that this initiative will broaden the scope of the cooperation programme and serve to improve its overall impact.





available permit support for NGO projects including those related to the following fields:

- Health, AIDS awareness and prevention.
- Promotion of democracy, human rights and decentralised cooperation.
- Environmental protection, conservation of tropical forests and biodiversity.

STD prevention and control activities through the production and dissemination of information on HIV, and other measures, such as condom promotion, targetted at defined local population groups. It will also initiate training at the local level to improve HIV/AIDS awareness, STD control and project mangement. The main objective is to prevent the further spread of HIV and other STDs. •

Under the project, the NGOs will initiate HIV/

★ Working to Raise HIV Awareness

Innovative methods are being used by NGOs in their efforts to generate awareness about HIV - a scene from being performed by a street theatre

a play on AIDS

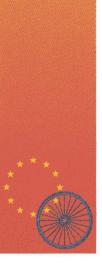
troupe.

The European Union is funding a project being undertaken by the Voluntary Health Association of India (VHAI), a Delhi-based NGO, on HIV prevention activities in the states of Manipur, Assam, Bihar, West Bengal, Kerala and Andhra Pradesh. This three-year project will be managed by the VHAI in Delhi and its counterparts in the states.



Ongoing Development Projects Supported by the European Union in India

Project	Outline Description and Objectives	Funding (mECU)
Operation Flood	Improve operational efficiency of dairy industry in India through improved production, distribution and marketing of dairy products.	147
Extension services related to fertiliser use (Phase II)	Increase agricultural productivity and economic condition of small and medium farmers by improved use of fertiliser and cultivation.	7
Minor irrigation in Andhra Pradesh	Improving and stabilising farmer incomes, thus slowing emigration of rural populations. Promoting higher standards in irrigation facilities.	30
Development of water control system for crop diversification in Maharashtra	Raise the efficiency of water distribution in irrigation schemes through the establishment of water user associations and diversify cropping patterns towards higher value horticulture and fruit.	15
Mustard seed development in Rajasthan	Improve cooperative marketing to increase production and to reduce need for edible oil imports. Increase farm incomes and employment.	28
Cooperative rural storage, Bihar	Improve production, storage and marketing of PACS by constructing godowns. Raise credit availability and managerial/professional skills.	21.19
Sheep development in Tamil Nadu	Increase mutton productivity through better extension, breeding, health services and fodder supply.	6.1
Coconut development in Kerala	Introduction of an integrated system of procurement, storage, processing and marketing of coconut products and by-products.	45
Tank irrigation systems, Tamil Nadu II	Improve water use efficiency and crop productivity using demand-led implementation, operation and maintenance of irrigation systems.	24.5
Agricultural markets in Kerala	Development of improved agricultural marketing, both regional and local, through the establishment of district wholesale markets.	18.65
Integrated watershed management in south Bhagirathi II, Uttar Pradesh	Promote more sustainable management of the environment, primarily through initiatives to reduce deforestation and increase soil conservation.	8.4
Strengthening of veterinary services for livestock disease control	Increase the efficiency and strengthen the institutional capacity of veterinary services in India, to eradicate specific diseases (Rinderpest).	40.3



Project

	Culino Bescription and Objectives	(mECU)
Rehabilitation of the common lands of the Aravalli hills, Haryana	Environmental protection through vegetative restoration of 33,000 ha of the Aravalli hills, enabling local people to meet their needs for fuel, timber and fodder more sustainably.	23.2
Bhimtal integrated watershed management project, Uttar Pradesh	Promotion of afforestation and soil conservation to reduce ecological degradation and encourage more sustainable management of natural resources.	4.4
Alkaline land reclamation and development project, Uttar Pradesh and Bihar	Treatment of alkaline-affected land and introduction of improved irrigation, drainage and crop varieties.	35.5
Doon Valley integrated watershed management project, Uttar Pradesh	Arrest and reverse the ongoing degradation of the Doon Valley eco-system through the active participation of local people, and hence improve living standards.	22.5
Kerala horticulture development	Stabilisation of the income of farmers through better production, marketing and processing of high-value horticulture products.	28.7
Kerala minor irrigation	Raise farm incomes and increase employment opportunities by providing surface irrigation facilities and improved agronomic practices.	11.8
Sidmukh and Nohar irrigation project, Rajasthan	Reduce rural poverty by improving food security, crop production and marketing through secure water supply by canal irrigation.	45
Sector support for primary education	To assist the Government of India in increasing the quality and coverage of its District Primary Education Programme.	150
Community management of natural resources, Gujarat	Improve community management of natural resources by strengthening village institutions, micro-watershed development and afforestation.	14
Minor irrigation in Orissa	Rehabilitation of derelict irrigation schemes and development of improved maintenance and operation by water user groups.	10.7
Salinė land reclamation in Maharashtra (Phase II)	Extension and development of methods established in Phase I to a further 11,700 ha of coastal and mangrove saline land.	15.4
Transfer of technologies for sustainable development (BAIF), five states	Demonstration and extension of techniques of profitable farm-based activities, such as land reclamation and soil and water conservation. Promotion of off-farm activities to provide a more sustainable livelihood to 33,000 families in 11 socially backward districts.	18.8

Outline Description and Objectives

Funding

AN EU CHRONOLOGY

Key Dates In European Integration

1951 18 April

The Six sign the Treaty establishing the European Coal and Steel Community (ECSC) in Paris.

1952 27 May

The Treaty establishing the European Defence Community (EDC) is signed in Paris.

1955 1-2 June

The Foreign Ministers of the Six, meeting in Messina, decide to extend European integration to all branches of the economy.

1957

25 March

The Treaties establishing the European

European Documentation Centres In India

INFORMATION SOURCES

EC INFORMATION CENTRE

Delegation of the European Commission 65 Golf Links,

New Delhi 110 003 Tel 4629237, 4629238

INDIAN COUNCIL **OF WORLD AFFAIRS**

Sapru House, Barakhamba Road, New Delhi 110 001 Tel 3317246

JAWAHARLAL NEHRU UNIVERSITY

Central Library, New Campus New Mehrauli Road New Delhi 110 067

PARLIAMENT LIBRARY

Parliament House New Delhi 110 001

NATIONAL LIBRARY

Foreign Officials Documentation Division Belvedere.

Calcutta 700 027 Tel 455381, 455387

SERVANTS OF INDIA SOCIETY

Pune 411 004 Tel 54287

Economic Community and the European Atomic Energy Community are signed in Rome.

1962

30 July

The Common Agricultural Policy is set.

1968

1 July

Remaining customs duties in intra-Community trade in manufactured goods are abolished 18 months ahead of schedule and the Common External Tariff (CET) introduced.

1973

1 January

Denmark, Ireland and the United Kingdom join the Community.

1974

9-10 December

At the Paris Summit, the Community's Heads of State or Government decide to meet three times a year as the

European Council, give the go-ahead for direct elections to the European Parliament and agree to set up the European Regional Development Fund (ERDF).

1978

6-7 July

At the Bremen European Council, France and the Federal Republic of Germany present a scheme for closer monetary cooperation (the European Monetary System) to replace the currency 'snake'.

1979

13 March

The EMS starts to operate.

7-10 June

The first direct elections to the European Parliament are held.

1981

1 January

Greece joins the Community.





Three elections have so far been held for the European Parliament.

1984

28 February

The 'Esprit' programme for research and development in information technology is adopted.



1986

1 January

Spain and Portugal join the Community.

17-18 February

The Single European Act is signed in Luxembourg.

1990

29 May

The Agreement establishing the European Bank for Reconstruction and Development is signed in Paris.

1991

21 October

The Agreement creating a European Economic Area (EEA) is signed by the Community and the EFTA countries.

1992

7 February

The Treaty on European Union is signed in Maastricht.

1995

1 January

Austria, Finland and Sweden join the EU.



DELEGATION OF THE EUROPEAN COMMISSION

65, Golf Links, New Delhi 110 003 Tel 4629237, 4629238

> March 1995 MW/IPP/95