

# India and Poland

## TIME FOR A STRATEGIC PARTNERSHIP



### Analysis

08/2024

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**2024 will mark the 70th anniversary of establishing diplomatic relations between Poland and India. In recent years, both countries have seen a growing importance in their respective regions, strengthening their positions on the global stage. However, in opening up to Asia, Poland has primarily focused on China, while India, for historical reasons, has associated Europe with its strategic partners, such as France, Germany, and the United Kingdom. Today, following the new wave of Indian-EU relations after Brexit and the pandemic, and in the context of Sino-American rivalry, Warsaw and New Delhi have a significant opportunity to strengthen bilateral relations and establish a strategic partnership. Prime Minister Narendra Modi's visit to Poland is a step in this direction.**

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The Republic of India is now the fifth and soon-to-be third-largest economy in the world, while Poland ranks 6<sup>th</sup> in the EU and 21<sup>st</sup> globally. India is becoming a key player in the Indo-Pacific region, where a systemic rivalry exists between two superpowers: China and the USA. Poland is positioned as the West's hub for operations in Ukraine, is the leading country on NATO's eastern flank, and plays a pivotal role in constructing a new architecture for European security against Russia.

Recognizing these shifts, Warsaw and New Delhi are striving harder than ever to forge better political and economic ties. Their crowning achievement should be the establishment of a strategic partnership based on a synergy of interests.

### Emerging Power

India currently holds the title of the most populous country in the world and has the fastest-growing economy. In this regard, it outpaces other emerging markets in Asia. Since 2022, it has ranked 5<sup>th</sup> globally in terms of economic size. The International Monetary Fund (IMF) forecasts that India's gross domestic product (GDP) growth in 2024 will range between 6.6% and 7%, which exceeds China's projected growth of 4.6%. India has already surpassed its former colonizer, Great Britain, in GDP, reaching USD 3.94 trillion in comparison to the UK's USD 3.5 trillion. India's GDP is expected to grow to USD 7.1 trillion by 2031, and by 2028, it is forecasted to overtake Japan and Germany, securing third place in the global economy, behind the United States and China.

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This growth is primarily driven by the development of services, the information technology sector, agriculture, and manufacturing. The vast domestic market (1.4 billion people), a young and technologically adept workforce, and increasing consumer spending are also critical. The middle class represents the fastest-growing segment of the Indian population, both in percentage and in absolute terms. From 1995 to 2021, it expanded by over 6% annually, reaching nearly 400 million people, or over 31% of the country's population. Forecasts suggest that by 2031, this figure will rise to 38%; by 2047 (the centenary of independence), it could swell to as much as 60% of society. By 2030, India is projected to gain 75 million new middle-class and 25 million affluent households, accounting for 56% of the population. By 2030-31, they are expected to generate nearly USD 2.7 trillion in additional consumer spending.

Space exploration is also central to India's ambitions. The successful Chandrayaan 3 mission landed an unmanned module on the moon in August 2023, confirming India's capabilities in space exploration and reinforcing its position in the global space race.

### Bharat

This summer, the Bharatiya Janata Party (BJP) won its third consecutive national election, which lasted six weeks and involved nearly a billion voters. Prime Minister Narendra Modi is renowned for his stirring speeches, as well as for his toughness, good control of the country and strong leadership. He has implemented various reforms, including a rapid demonetization effort aimed at curbing corruption among elites hoarding cash. He maintains a fiercely

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oppositional stance toward the Indian National Congress, the party that governed India for the first few decades after independence.

Mr Modi's "Modi-fication" initiatives focus on modernizing the state through large public investments, economic protectionism, and mass social campaigns such as "Clean India." He couples these policies with nationalism and an emphasis on Hinduism, which has raised concerns among Indian Muslims and a significant portion of the liberal and westernized elite of the country. In urban areas, street names are being changed to reduce remnants of Islamic influence on India, and even the name of the state has been replaced with the Sanskrit word "Bharat."

### Indian foreign policy

India gained independence in 1947 and, throughout the Cold War, sought to avoid entanglement in either of the two geopolitical blocs. Its principal adversary has been Pakistan, supported by the Americans, which led India to forge closer ties with the USSR. Given the reluctance of Western nations to share military technologies for years, New Delhi turned to Russia, acquiring ships, fighters, helicopters, tanks, weapons, and ammunition. Concurrently, in response to the palpable threat from its western neighbor, India developed a nuclear program and has possessed nuclear weapons since the 1990s.

Despite its historical restraint, India is becoming increasingly engaged on the international stage, recognizing that its enhanced global standing comes with growing responsibilities. In

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2023, India chaired the G-20, effectively utilizing this platform for political and promotional purposes.

India's traditional friendship with Moscow and its dependence on Russian arms have constrained New Delhi's ability to take a definitive stand regarding Russia's aggression against Ukraine. India has leveraged the situation to its advantage by purchasing cheaper Russian oil and gas and conducting payments in rupees, complicating Russian maneuverability.

Meanwhile, the proximity to China and ongoing border issues necessitate New Delhi's maintenance of stable equipment supplies from Russia. Nonetheless, India has started increasing its arms purchases from the West and bolstering self-sufficiency in its defense sector; however, a full transition away from Russian dependence is expected to take at least another decade.

### India and Poland

The last Polish prime minister to visit India was Donald Tusk in September 2010, while no head of the Indian government has traveled to Poland for 40 years. In this context, the visit of Prime Minister Modi to Warsaw 21-22 August is extremely important for the future of relations between the two countries.

The statistics on bilateral visits by heads of state are slightly better. In 1994, President Lech Wałęsa visited India, followed by President Aleksander Kwaśniewski four years later. In 2009, President Pratibha Patil visited Poland, and in 2017, Vice President Mohammad Hamid Ansari

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of India made a visit. In March 2022, following Russia's invasion of Ukraine, President Andrzej Duda spoke by phone with Prime Minister Narendra Modi. His official visit to India is likely to happen in spring 2025.

The two countries share several chapters of history. During World War II, the Maharaja of Jamnagar provided refuge to several hundred Polish women and children trying to reach the West, sheltering them on his estate in Gujarat for several months. To this day, the "children of the Maharaja" remain in contact, and a street and a junior high school in Warsaw have been named in his honor. In 1944, Poles and Indians joined forces to retake the hill and monastery of Monte Cassino, pushing out German forces and opening the Allies' path to Rome.

Today, Polish universities educate thousands of students from India. Poles are increasingly drawn to Bollywood films and Indian pop music. Tourism and business are growing in both directions, with Indian companies investing in Poland, particularly in the IT, biotechnology, electronics, and packaging sectors. In 2023, these companies employed about 10,000 Polish workers and invested over USD 3 billion.

### Economic Cooperation

The southern Indian states of Karnataka, Kerala, and Tamil Nadu are crucial centers for modern technology and industry. Tycoons such as INFOSYS and WIPRO have established service centers in Poland, significantly contributing to job creation and technology transfer. Karnataka's capital, Bangalore, is often referred to as the Silicon Valley of India, holding a 56% share in the global IT market in 2024 and expected to grow at an annual rate of 11%.

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South India also hosts a robust shipbuilding industry and critical ports located in Maharashtra, with Mumbai as its capital. Ninety percent of imports from European Union countries pass through Mumbai ports, India's economic and financial hub. The Reliance Group, founded by the Ambani family, has its headquarters in Mumbai and built its influence through trade with Poland in the 1970s.

Companies from Gujarat and Haryana, located in northern India, have established trade and investment cooperations with Poland in the dairy and automotive industries. An example of successful collaboration is the packaging factory operated by UFLEX in Września near Poznań, which demonstrates confidence in Poland as a gateway to Central and Eastern European markets. Tata Consultancy Services also maintains an office in Warsaw.

India is the second-largest market for Polish foreign direct investments in Asia. According to data from the National Bank of Poland, in 2021, the value of Polish investments in India amounted to almost PLN 380 million. One of the earliest Polish companies to invest was Toruńskie Zakłady Materiałów Opatrunkowych, which opened a factory in Tamil Nadu in 2005 and later established a logistics center. A car air conditioning installation factory operated by the Boryszew Group was also established in Karnataka. In recent years, the ICEA Group has launched a branch in India focusing on services for the e-commerce sector.

Trade and investment cooperation between Poland and India in the 21<sup>st</sup> century has produced several notable "success stories." However, considering both countries' political and economic ambitions, their developmental achievements, and a mutual understanding of contemporary

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challenges, the potential for cooperation often outweighs the historical scope of bilateral relations.

While trade between Poland and India currently falls short of this South Asian giant's potential, there are promising signs of growth. In 2019, India was Poland's 28<sup>th</sup> largest trading partner, ranking 40<sup>th</sup> in exports (0.3%) and 25<sup>th</sup> in imports (0.8%). However, by 2021, bilateral trade had reached USD 4.3 billion, representing a significant year-on-year increase of 57%. This positive trend persisted, with exports from Poland to India reaching EUR 1.5 billion and imports EUR 3.868 billion in the following year.

### Recommendations for Poland – India relations

India and Poland have undergone significant changes in their political and economic systems over the last 45 years. Meanwhile, the international context changed dramatically and the world became interconnected. This brings Asia and Europe closer than ever.

India has been analyzing the developments in the Central and Eastern European countries and the key role of Poland in the new architecture of the European Union after enlargement and Brexit. In the same way, Poland takes into considerations changes in Asia and a growing significance of India in the global world, especially vis-à-vis assertive China.

The key areas of bilateral Poland-India cooperation should focus on research and development, particularly in electromobility. It is also essential to increase business contacts, including at the startup level. Joint development of hydrogen-related technologies, green technologies,



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solutions for the space sector, climate-friendly mining, and advancements in the agri-food sector hold promise. Expanding collaboration in security infrastructure and the capabilities of the defense and IT sectors is also warranted.

Direct air connections between New Delhi, Mumbai, and Warsaw facilitate business, scientific, and tourism ties that began in 2019. Poland's aspirations to create a new aviation hub in the heart of Europe could align well with India's expanding aviation infrastructure, where passenger traffic is growing by 15% annually.

For India, the implementation of the Sagarmala maritime infrastructure expansion program represents a significant opportunity. This program provides 30% subsidies for ecological ports and shipyards, presenting a unique opportunity for collaboration with Poland. With the largest ship design office in Europe and shipyards capable of constructing modern cargo and passenger vessels powered by electric and LNG propulsion, Poland could be a key partner. Furthermore, India's land infrastructure, including roads and rail lines expanded through a system of industrial corridors across the Indian subcontinent, presents enticing opportunities for investors, particularly Polish companies.

In discussions about a strategic partnership, it is vital for Poland to adopt a new perspective on India as a burgeoning global player, recognized by major world powers like the USA and China, while concurrently expecting greater responsibility regarding international order matters. Thus, Warsaw should formulate a practical offer for India that encompasses comprehensive, mutually beneficial cooperation based on fresh assumptions. This may include

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the supply of military equipment, food, and products that are scarce in the Indian market, along with loans or grants. Business cooperation between the two countries would be significantly strengthened by signing an India-EU trade and investment agreement, which would also enhance Poland's reputation in the subcontinent.

The topic of security must not be overlooked in discussions of a strategic partnership. Although historical and domestic factors prevent India from taking a public stance critical of Russia's actions in Ukraine, it is worth encouraging the Indian Prime Minister to adopt a more assertive position at the UN and in diplomatic circles. This is especially crucial given the global ramifications of the war, which impact India significantly, such as rising energy prices, food shortages, and disruptions to supply chains.

In Poland's view, it is in India's interest to support the "democratic world" in its struggle against all kinds of neo-imperialism and military aggression, actions counter to the principles of international law and the United Nations Charter. This support is particularly meaningful in the context of India's ambitions to secure a permanent seat on the UN Security Council, which Poland endorses.

The ongoing war in Ukraine has brought Russia closer to China. Warsaw believes, it is not in India's interest to allow strengthening ties between these two countries, especially as Indian-Chinese tensions persist, marked by unresolved border issues. Russia is not a problem for India but China is. The eventual shift from the world order lead by the USA towards the one led by China is the last thing India would want to happen.

## Analysis

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Centre for International Relations (CIR) is an independent, non-government analytical centre established in 1996 which deals with Polish foreign policy and the most important issues of international politics. CIR is active in research, education and publishing, organises conferences and meetings, and participates in international projects in collaboration with similar institutions in many countries. CIR creates a forum for debate and exchange of ideas in matters of international politics, relations between states and challenges in the global world. CIR's activities are addressed above all to local-government officials and to entrepreneurs, as well as to officials of the central administration, politicians, diplomats, political scientists and the media. In 2014, CIR was again recognised as one of the best think-tanks in East-Central Europe in the study "The Leading Public Policy Research Organisations in the World" conducted by the University of Pennsylvania.

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