

Infrastructure, Power, Auto components and Electronics Hardware - Promising business areas between India and Japan

White paper titled "Nihon and Bharat" unveiled at the reception for Japanese PM

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On the world's economic map, India is the fourth largest economy. Most economic indicators highlight the fact that India is emerging as a preferred destination for global investors. Against this background, one such association that has grown over the years is between India and Japan, with Japan being the fifth largest investor in India.

Under the guidance of Department of Industrial Policy & Promotion (DIPP), KPMG alongwith FICCI, CII and ASSOCHAM today released a whitepaper '**Nihon and Bharat - Two ancient Asian giants engaging to take economic relations to a new level**'. The whitepaper was released on the occasion of the India - Japan Business seminar organized by DIPP and the three apex chambers for the visiting delegation of CEOs, accompanying the Japanese PM, Mr HE Shinzo Abe.

Japanese companies are expanding their operations in India, not only to exploit the enormous opportunities that a market of over a billion consumers offers, but also to use India as a hub for their activities in the region. With the proposed development of the Delhi-Mumbai Industrial Corridor, significant opportunities for investments are expected to emerge. This is a massive project involving an investment of USD 90 billion over a seven year period.

Bilateral relations between the two countries continue to move along an ascending curve, with the signing of a Joint Statement during the Indian Prime Minister's visit to Japan in December 2006. The statement envisages a vision for planning the future course of this relationship and a detailed plan of action to move forward.

To strengthen trade relations between the two countries, some promising and potential business areas such as Infrastructure, Power, Automobiles and Auto Components and Electronics Hardware have been identified in this whitepaper. These sectors have been analyzed, from the perspective of the existing scenario as well as future opportunities and growth potential.

Commenting on the whitepaper, **Mr. Pradeep Udhas, Head - Markets, KPMG in India said**, 'Japan's post-war economic miracle was in no small part due to the pride that the average Japanese felt in rebuilding the country. One is seeing stirrings of the same pride in Indians today. Japan and India have a lot on their joint agenda at present. Japan's technological prowess and design/engineering skills, if combined with India's highly skilled labor and IT leadership, can prove symbiotic to both countries. The ongoing political and strategic engagements can only hasten this process'.

The growth potential between the two countries is demonstrated by the following factors:

Ø Japan is a relatively labour-scarce, capital-abundant country that complements India's rich resources in human capital

Ø India's strength in the software sector lends synergy to Japan's excellence in the hardware sector

Ø India's abundance of raw-materials and minerals complements Japan's capabilities in technology and capital to produce high-tech goods

With the increased development in the infrastructure space, an enormous demand for power, need for a better road infrastructure, and the necessity to attract private sector participation in these projects, India is currently one of the most attractive destinations for Foreign Direct Investment.

The first step of this process, however, lies in creating a strong foundation for a long term relationship between the two countries. Closer the links between the two countries, will not only mutually benefit the two economies, but will also go a long way in paving a bright future for all of Asia.

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