

# INDIA-JAPAN TRADE & ECONOMIC RELATIONS WITH FOCUS ON ELECTRONICS

OPPORTUNITIES IN INDIA  
6<sup>th</sup> INDIA-JAPAN JOINT WORKING GROUP MEETING



25 September 2018, Tokyo, Japan

**Mr Manish Sharma**  
Co-Chair- FICCI Electronics & White Goods Manufacturing Committee & President and CEO  
Panasonic India Private Limited

# ABOUT FICCI

- Established in 1927, FICCI is the **largest and oldest apex business organization in India.**
- A non-government, not-for-profit organization, FICCI is the **voice of India's business and industry.**
- Its history is closely interwoven with India's struggle for independence
- **Spread Across 17 Indian States**
- **9 International offices**
- FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.
- **FICCI has about 63 sectoral committees spanning across various sectors**



*Industry's Voice for Policy Change*

ISO 9001: 2008 Certified

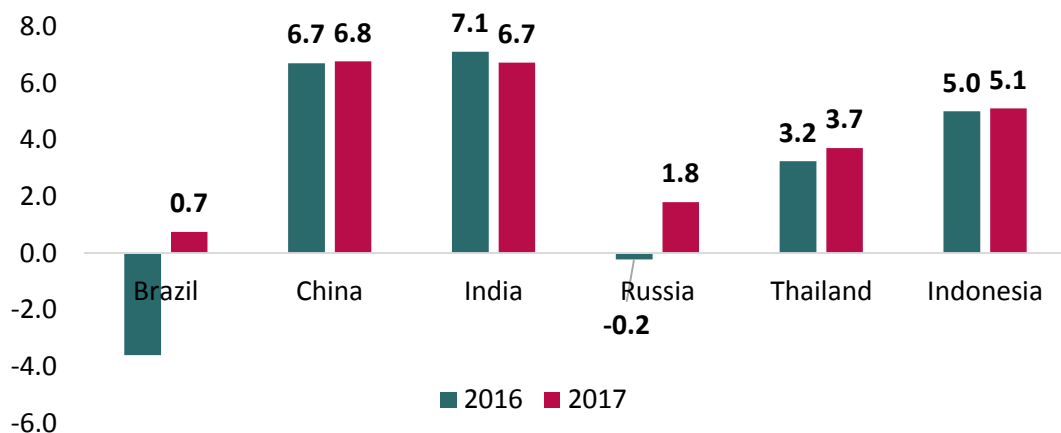
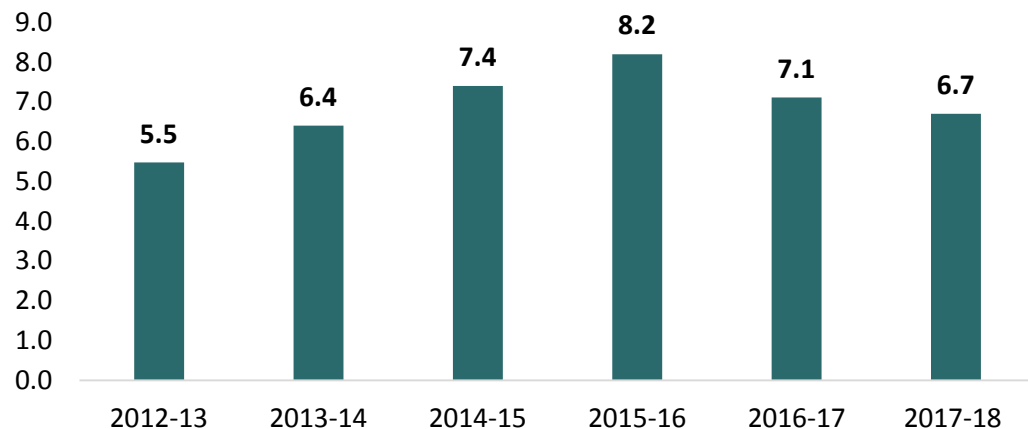
Federation of Indian Chambers of Commerce and Industry



# INDIA: GROWTH OUTLOOK

## India's GDP Growth Projections (in %) by Multilateral Organizations

GDP Growth (in %)



GDP Growth (in %)

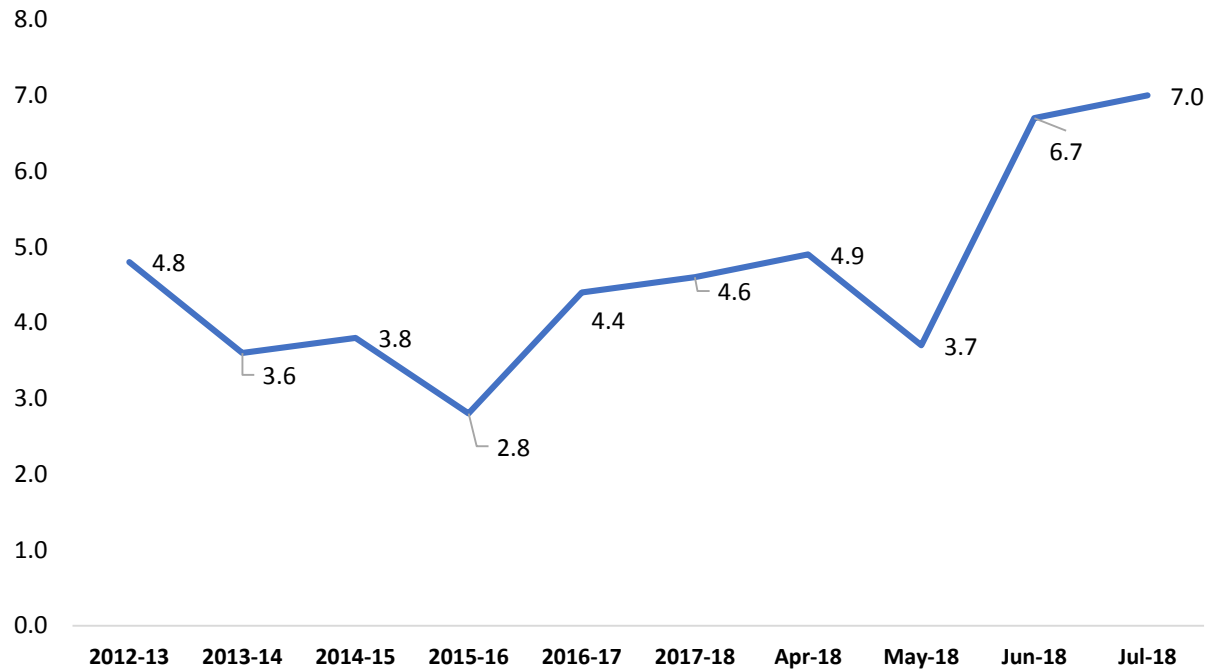
	Q2 FY 18	Q3 FY 18	Q4 FY 18	Q1 FY19
GDP Growth	6.3	7.0	7.7	8.2

	2017	2018	2019
Asian Development Bank (July 2018)	6.7	7.3	7.6
International Monetary Fund (July 2018)	6.7	7.3	7.5
World Bank (June 2018)	6.7	7.3	7.5
Organisation for Economic Co-operation and Development (May 2018)	6.5	7.4	7.5

# INDIA: GROWTH OF KEY SECTORS

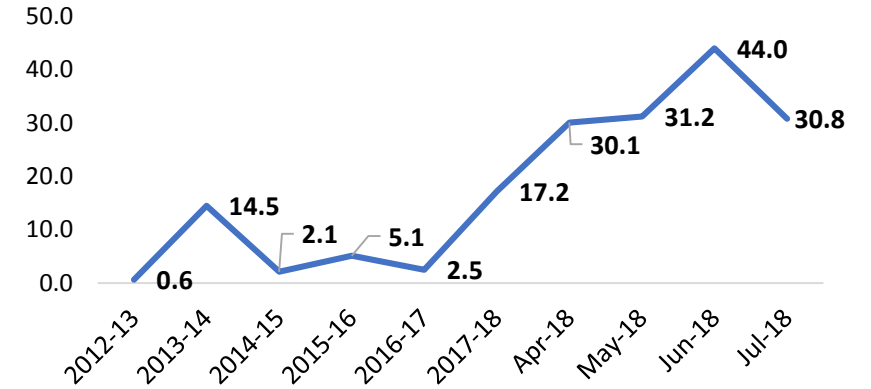


### Manufacturing Growth Rate (%)

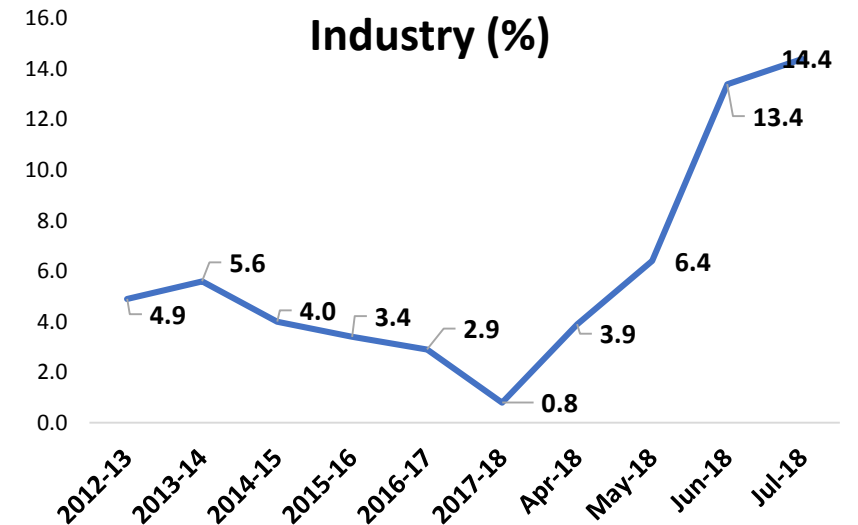


Source: Index of Industrial Production (Base 2011-12)

### Growth of Manufacture of computer, electronic and optical products (%)

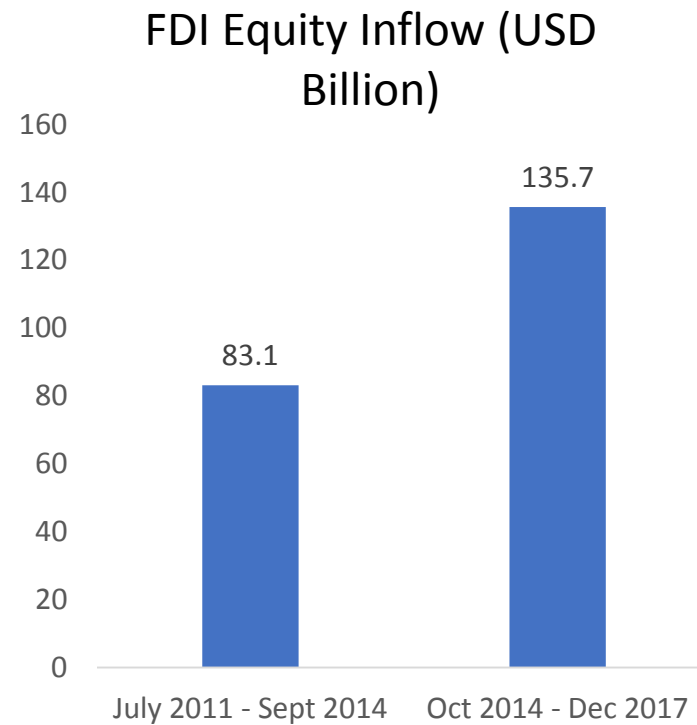
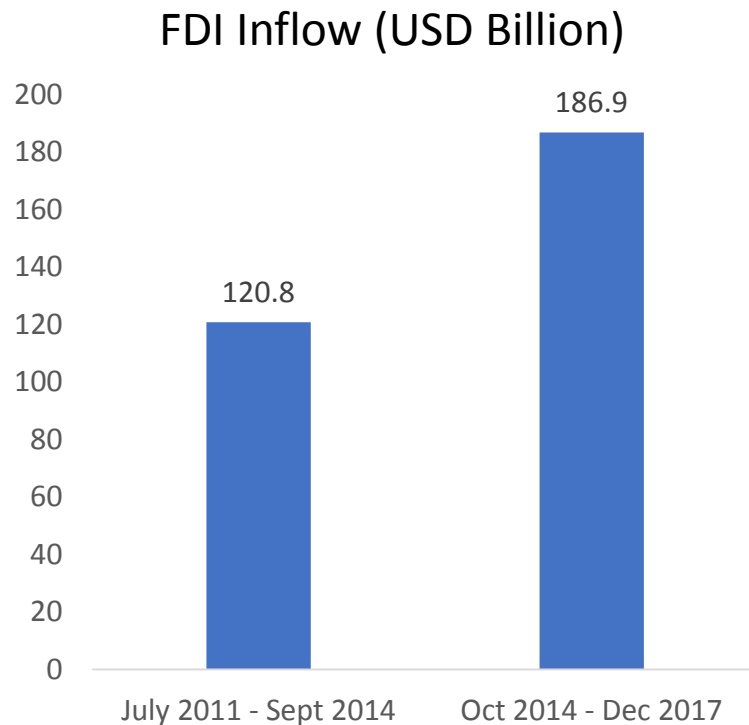


### Growth of Consumer durables Industry (%)



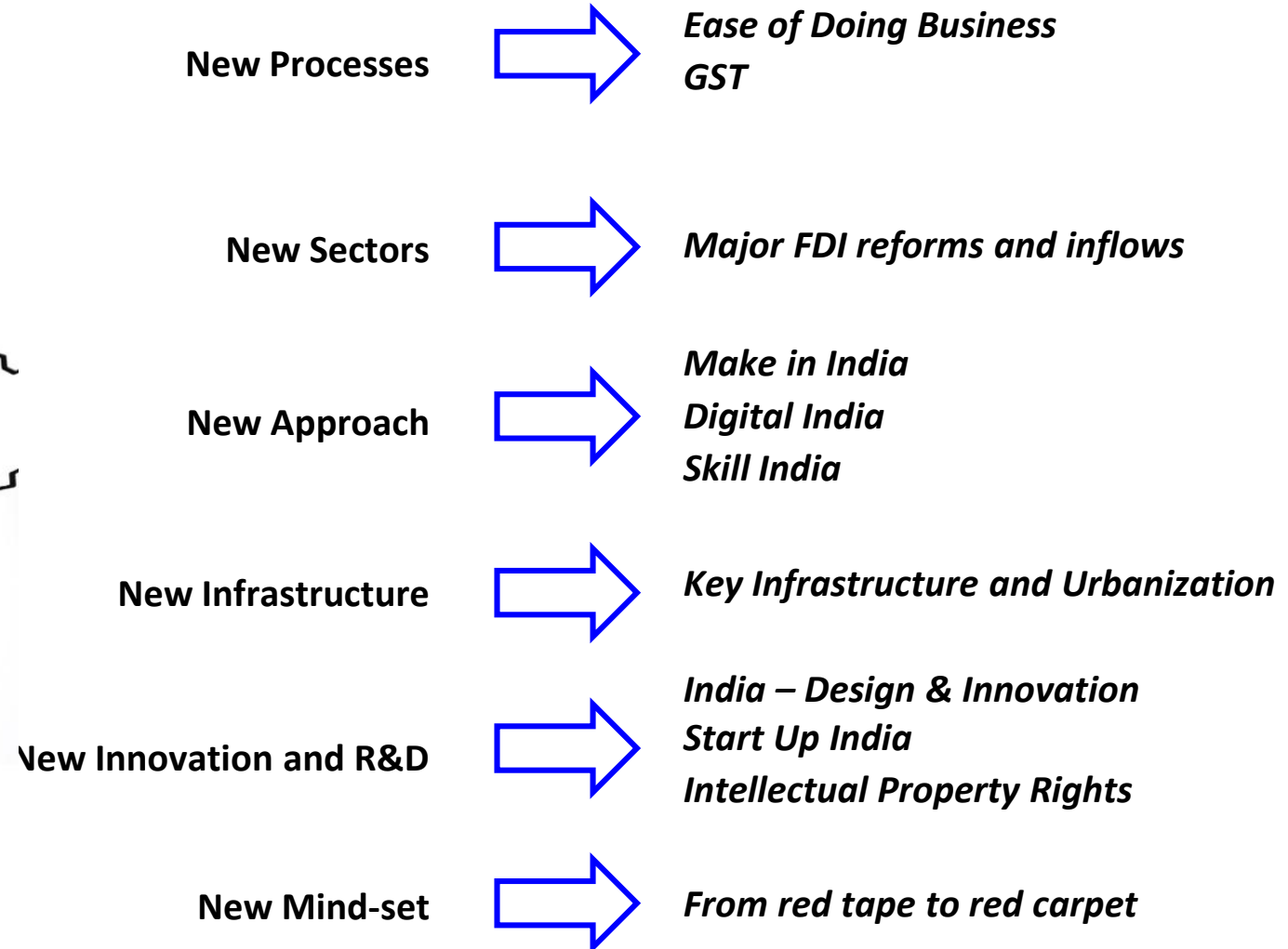
# GROWTH IN FOREIGN DIRECT INVESTMENT

- Unprecedented growth in Foreign Direct Investments since the launch of Make in India.



FDI has shown an extremely positive trend since the launch of Make in India Initiative with **growth of 55% on FDI inflow and 63% on FDI Equity Inflows** since the launch of the initiative over the corresponding period previous to it.

# KEY INITIATIVES OF GOVERNMENT OF INDIA



# FORWARD LOOKING POLICY IN ELECTRONICS



## MSIPS

134 proposals approved as on May 2018

25 have applications received from Japanese companies for benefits under MSIPs



## Electronic Manufacture Cluster Scheme

20 Greenfield EMCs and 3 Common Facility Centers (CFC) have been accorded final approval in 15 states throughout the country.



## National Policy on Electronics, 2012

Policy devoted to growing manufacturing in the electronics sector, which is undergoing revision



## Compulsory Safety Standards

Mandates Indian Safety Standards for 30 Electronic product categories



## Zero Defect Zero Effect

To manufacture goods in the country with "zero defects" and to ensure that the goods have "zero effect" on the environment



## Electronics Development Fund (EDF)

22 Daughter Funds have been selected for investment through EDF.

23 Cumulative commitment is Rs **1227 crore** Total targeted corpus is around Rs 10,900 crore

# OPPORTUNITIES

## Big Ticket Opportunities in ELECTRONICS in INDIA



### Consumer Electronic



### Mobile Phones



### LED Lighting



### SET TOP BOX



### Automotive Electronics



### Components

US\$ 22 Bn Market  
Growing @13% pa.  
From 14 mn to  
20 Mn by 2020.

300 Mn Units  
Market; Growing  
rapidly – 400 Mn by  
2020

Share has increased  
from 13% to 63% in  
last 6 years. Grew  
from US\$ 200 Mn to  
\$1500 Mn in 2018

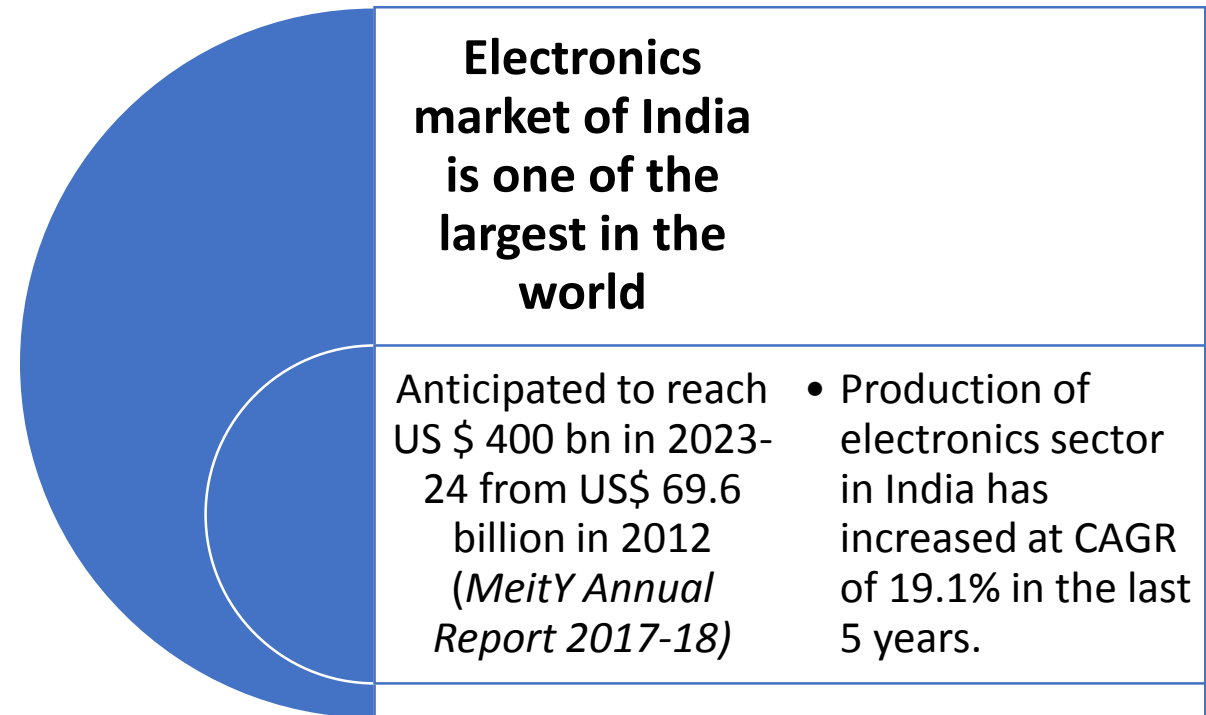
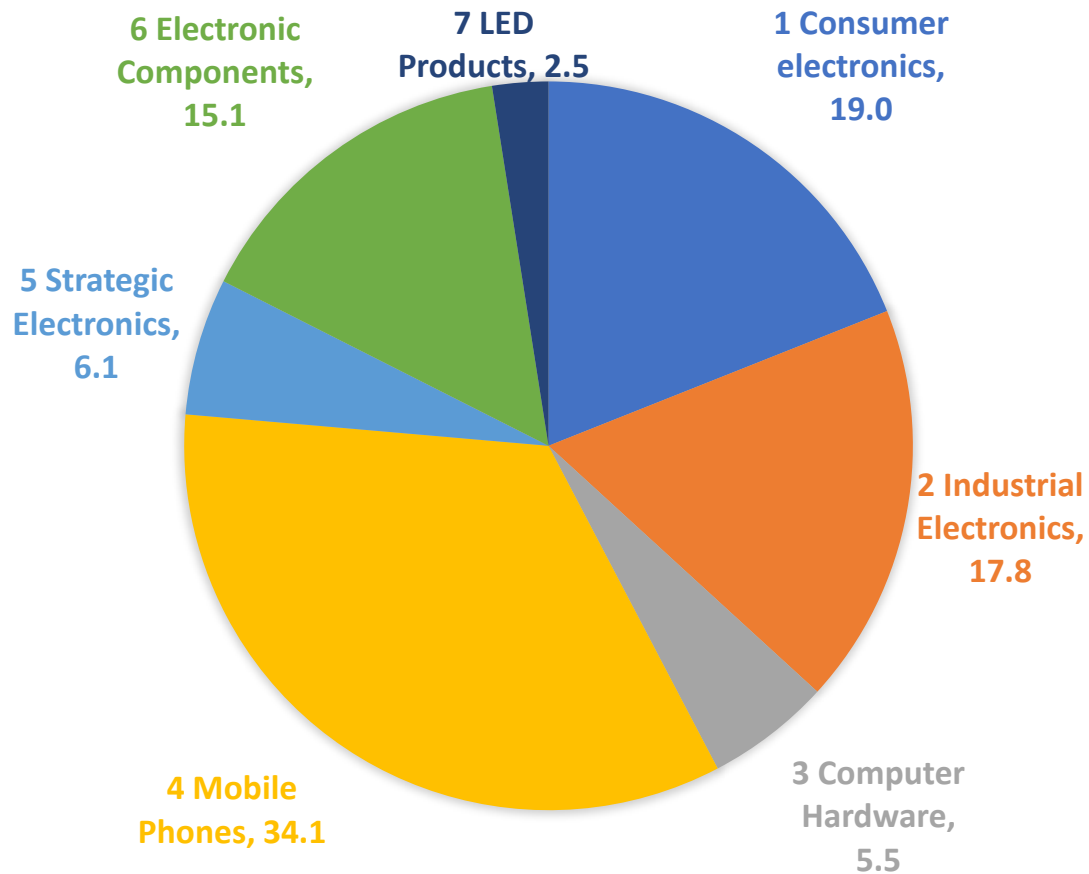
Annual Demand 60  
Mn pcs; Imports 24  
Mn Pcs-  
Replacement  
Demand is 10%. –

18Mn 2Wh and 3  
Mn 4Wh, Growing  
steadily at 7-8% per  
annum

PCB's Demand  
growing from US\$  
2.3 Bn in 2017 to  
~10Bn by 2022



# SHARE OF ELECTRONICS



# INDIA-JAPAN TRADE & ECONOMIC RELATIONS

## Bilateral Trade

Economic relations between India and Japan have vast potential for growth

India's total Trade in 2017-18 was US \$ 769.1 billion

- Exports were US \$ 303.5 billion
- Imports were US \$ 465.6 billion

Japan ranks **13<sup>th</sup>** amongst India's top trading partner.

Bilateral trade between India and Japan has increased from US\$ 4 billion in 1999-2000 to US\$ 15.70 billion during 2017-18, at CAGR of 8.4%

## FDI Inflows from Japan

Japan is India's 3<sup>rd</sup> largest investor

FDI Equity inflows from Japan to India were US \$ 1.6 bn in April-March 2017-18

Cumulative FDI equity inflows from Japan to India from April 2000 to June 2018 are US \$ 28.1 billion

- Approx 7.2% of total FDI Inflows

Top sectors attracting investments from Japan :

- Automotive
- Drugs and pharmaceuticals
- Services
- Metallurgical industries
- Telecom

# BILATERAL TRADE BETWEEN INDIA AND JAPAN



## India's top 5 Exports to Japan (US \$ million)

S.No.	HSCode	Commodity	2016-17	2017-18	%Growth
1	27	MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES.	564.1	866.14	53.54
2	3	FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTABRATES.	383.19	443.85	15.83
3	29	ORGANIC CHEMICALS	413.56	408.83	-1.14
4	84	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF.	267.53	294.02	9.9
5	71	NATURAL OR CULTURED PEARLS,PRECIOUS OR SEMIPRECIOUS STONES,PRE.METALS,CLAD WITH PRE.METAL AND ARTCLS THEREOF;IMIT.JEWELRY;COIN.	310.37	278.09	-10.4
12	85	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS,AND PARTS.	99.09	99.9	0.83

India's exports to Japan were US \$ 4.7 billion

India's major exports to Japan have been primary products- **very little exports of electrical & electronic items**

## India's top 5 Imports from Japan (US \$ million)

S.No.	HSCode	Commodity	2016-17	2017-18	%Growth
1	84	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF.	2,784.12	2,669.19	-4.13
2	85	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS,AND PARTS.	1,141.44	1,335.74	17.02
3	72	IRON AND STEEL	930.55	1,169.67	25.7
4	39	PLASTIC AND ARTICLES THEREOF.	697.68	830.38	19.02
5	90	OPTICAL, PHOTOGRAPHIC CINEMATOGRAPHIC MEASURING, CHECKING PRECISION, MEDICAL OR SURGICAL INST. AND APPARATUS PARTS AND ACCESSORIES THEREOF;	639.6	700.88	9.58

Imports by India from Japan for 2017-18 are US\$ 10.9 billion- **Electrical & electronics items form major imports from Japan**

# INDIA-JAPAN Partnership – Salient Features



**Japan offers cutting edge technology option** for Indian Market with potential for Mutual benefit - optimal technology solutions for the growing demand of India in ESDM sector.

Indian & Japanese industry largely keen on **long term strong business relationships**, committed and mutually beneficial partnerships

**Forge partnerships – SME's** need to take small steps and grow to a **comprehensive JV**.

Manufacturing in India is the right strategy with gradual transfer of technology to the JV. **Ensure maximum policy benefits** which needs time.

**Focus on few collaborative domains** – like Auto-electronics, Medical electronics, LED, Components, Consumer Durables with high market potential

# JAPANESE COMPANIES PRESENT IN INDIA IN ELECTRONICS



- Panasonic India
- Daikin Air conditioning India Pvt. Ltd.
- Nippon Audiotronix
- Canon
- Fujitsu India Ltd
- Alpine Electronics Asia Pvt. Ltd
- Sharp India Ltd.
- Sony India Pvt. Ltd
- Hitachi Home & Life Solutions
- Akasaka Electronics Ltd
- Onkyo Sight and Sound India Pvt. Ltd.

**Panasonic**



**Canon**

**FUJITSU**

**ALPINE**

**SHARP**

**SONY**

**HITACHI**

**ONKYO**

# JAPANESE INDUSTRIAL TOWNSHIPS



## Special Incentives to Japanese Industrial Townships (JIT) Proposed By Some States:

Source: <http://dipp.nic.in/japan-plus/japanese-industrial-townships>

Indicator	Rajasthan	Maharashtra	Gujarat	Madhya Pradesh	Haryana	Uttar Pradesh
Power	Yes	Yes	Yes	Yes	Yes	Yes
Roads	Yes	Yes	Yes	Yes	Yes	Yes
Water	Yes	Yes	Yes	Yes	Yes	Yes
Exemption of CST	Yes (0.25% instead of 2%)	Yes (100% of CST Abatement)	No	Yes (100% reimbursement of VAT and CST for 10 years)	No	No
Exemption of Electricity Duty	Yes (50 % for 7 years)	Yes (100%)	Yes (For 5 years)	Yes (For 10 years)	Yes (Special Package of Incentives is available for mega projects)	Yes (For 10 years)
Exemption of Stamp Duty	Yes (50 %)	Yes (100% within investment period for acquiring land)	N.A.	Yes	Yes	Yes
Exemption of Entry Tax	Yes (Investment more than 750 crores)	N.A.	Yes	Yes (For 7 years)	Yes	Yes (Only on Iron and Steel to be used as raw material)
Exemption of Land Acquisition Tax	Yes (50% for seven years)	N.A.	N.A.	Yes (upto 50%)	Yes	Yes
Single Window Clearance	Yes	Yes	N.A.	Yes	Yes	Yes

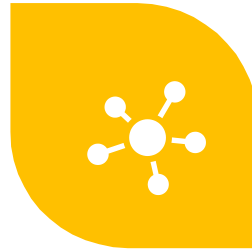
# JAPANESE INDUSTRIAL TOWNSHIPS



NEEMRANA

A collaboration between *JETRO* and the *Government of Rajasthan*

1,100 acres of land hosting companies such as Toyota, Daikin, Hitachi



Streamlined license and approval process that bypasses local officials

Uninterrupted power and water supplies



Created about 10,000 factory jobs mainly in Automotive sector

Source: <https://www.ndtv.com/india-news/japan-inc-s-huge-base-near-delhi-1-000-acres-karaoke-lounges-factories-1723244>

# INDIA-JAPAN | MAJOR PROJECTS



**Chennai- Bengaluru Industrial  
Corridor (CBIC)**



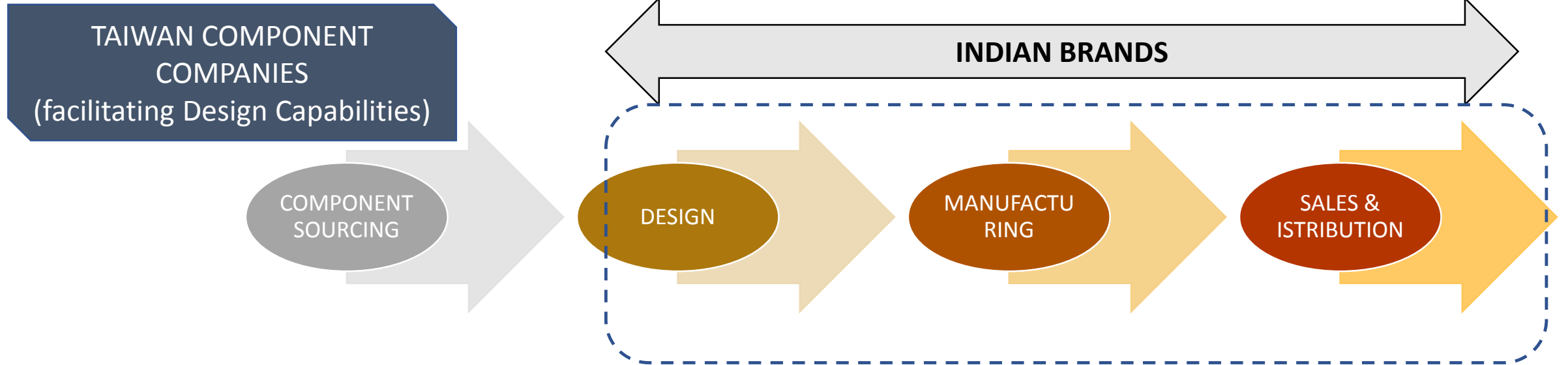
**Mumbai–Ahmedabad high-  
speed rail corridor**

**Delhi–Mumbai Industrial  
Corridor Project**



# CASE STUDY IN DIGITAL TALENT- Under Make In India

Vendor to Strategic Partner



## ***Class Design Principle :***

- Target in senior design engineer or manager.
- From theory to hand-on lab.
- Cover all key component areas and their integrations.

# CASE STUDY IN DIGITAL TALENT- Under Make In India



## 2016 CLOSING CEREMONY-TAIWAN



- 11 ecosystem companies work together
- 6 weeks in Taiwan.
- 49 students from 22 Indian companies.

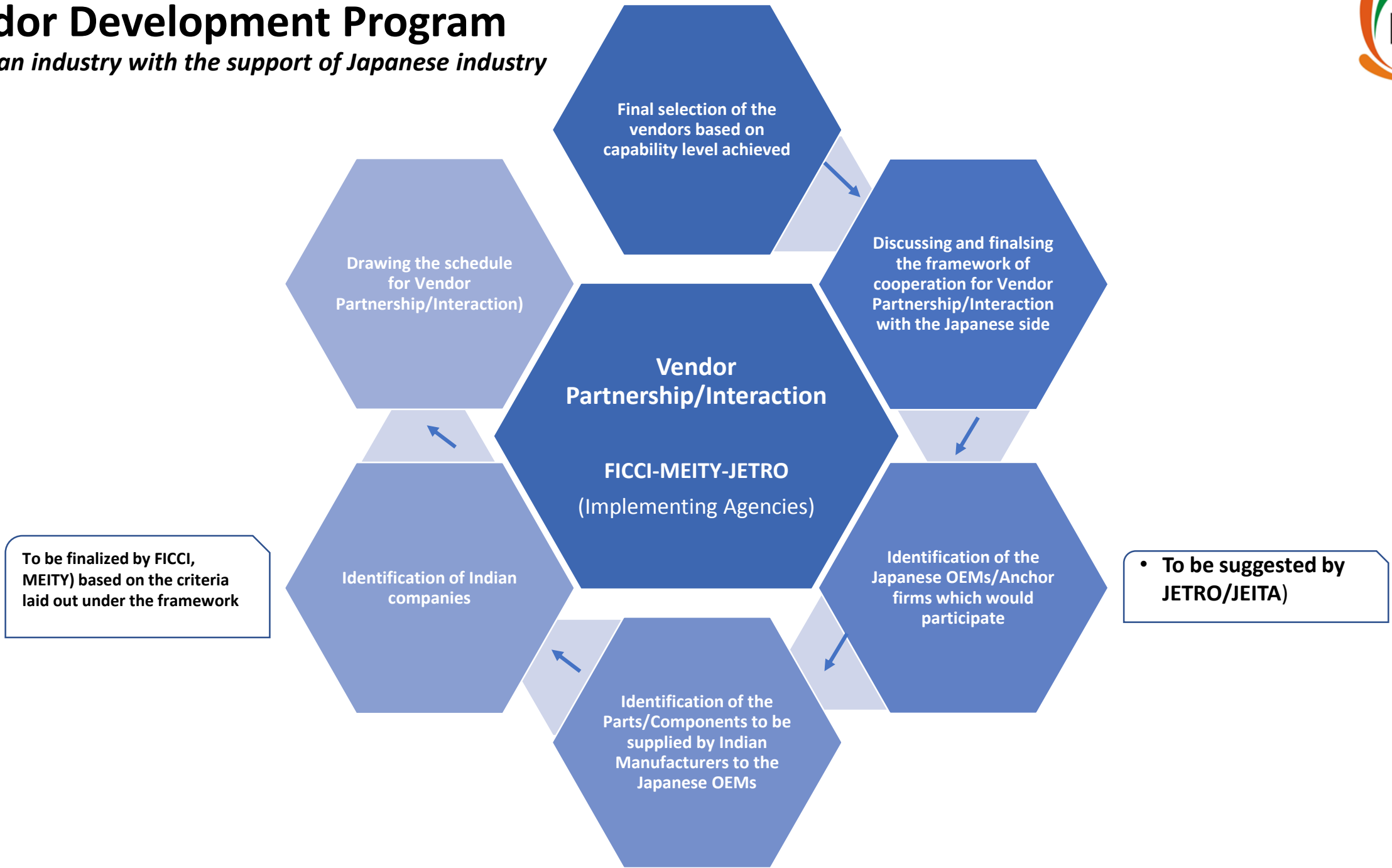
## 2017 CLOSING CEREMONY-TAIWAN



- 19 ecosystem companies work together
- **Section 1** : One day remote training per week for 6 weeks. (Total 87 candidates from 42 companies )
- **Section 2** : 3 weeks in Taiwan. (Total 39 candidates from 27 companies)

# Vendor Development Program

*for Indian industry with the support of Japanese industry*



# WAY FORWARD



Developing component base in India with the support of Japanese industry

Training & Skill development for design & manufacturing (as shared in the successful case study model with Taiwan industry)

Industry 4.0, Digital technologies –  
Vast array of opportunities in these technologies for Japanese industry

Clusters, Townships & Industrial Parks –  
Already work underway in some townships and more such townships could be developed

**THANK YOU**