



Shardul Amarchand Mangaldas



India's Growth Story: Unlocking New Opportunities for Japanese SMEs





MESSAGE

I am happy to learn about the release of the Knowledge Report on 'India's Growth Story: Unlocking New Opportunities for Japanese SMEs' on the occasion of 48th Annual Meeting of India-Japan Business Cooperation Committee (IJBCC).

India and Japan enjoy a long-standing partnership, rooted in shared values of democracy, peace, and mutual respect. Our strong political relationship has resulted in a vibrant economic partnership & strong people-people connect, and has emerged into what we call a Special Strategic and Global Partnership today.

India is one of the fastest-growing major economies. With sustained high GDP growth and a large consumer base of 1.4 billion people, India offers unparalleled opportunities for investment and expansion. Japanese SMEs, with their technological prowess and precision manufacturing expertise, are well-positioned to play a significant role in India's next phase of growth. India's expanding industrial corridors, growing consumer market, and skilled workforce provide a compelling case for deeper engagement. From advanced manufacturing and renewable energy, from semiconductors and fintech, the synergies between our two economies are vast. Huge opportunities exist in cooperation on defence equipment and technologies.

I am confident that this report will serve as a strategic guide for Japanese SMEs seeking to understand India's evolving market dynamics and identify areas for sustainable partnerships. This year is also being celebrated as the India - Japan year of Science, Technology and Innovation which will provide further impetus in our technology collaboration and human resource exchanges.

I extend my appreciation to all contributors of this report and encourage Japanese enterprises to seize the opportunities that India presents. Together, we can build a stronger, more resilient economic future for both nations.

(Sibi George)

Tokyo
25 February 2025

Foreword



Mr Onkar Kanwar

*Chair, India-Japan Business
Cooperation Committee &
Chairman, Apollo Tyres Ltd*

Japan is the 5th largest investor and an important trade and development partner of India. Currently, around 1500 Japanese companies are operating in India representing important sectors including automobiles, electronic system design and manufacturing (ESDM), medical devices, consumer goods, textiles, chemicals and others. India's total trade with Japan increased to \$ 22.85 billion from \$ 13.72 billion in a span of 15 years.

Japan has been a strong contributor towards India's economic development in initiatives such as 'Digital India', 'Smart City', Industrial Corridors, Infrastructure, PLI schemes for large scale electronics manufacturing and many more.

This knowledge report will provide a comprehensive analysis of the Indian economic growth and business outlook to aid Japanese investors and SMEs in charting their global expansion plans to India. It also suggests strategic measures for Japanese SMEs to consider in effectively designing their expansion plans to India. The report deep-dives into comparing and analyzing the increasing prospects of India's business outlook for Japanese investors vis-a-vis the emerging economies in South-east Asia, amidst the global headwinds.

I am sure that the information in this report will be useful for the Japanese investors looking at making investments in India, especially the small-and medium business enterprises of Japan. The enabling environment which the Indian government is creating through sound policies to establish India as the leader in global value chains has been highlighted as a major factor for attracting Japanese investments in India.

I once again congratulate FICCI and Shardul Amarchand Mangaldas & Co. for this report and wish you happy reading!

Onkar S Kanwar

Onkar S. Kanwar

**Past President, FICCI & Chair, India-Japan Business Cooperation Committee (IJBCC)
Chairman, Apollo Tyres Ltd.**

Foreword



India and Japan, share cordial relations under the 'Special Strategic and Global Partnership' based on decades of commitment towards partnership in development. The recent developments have laid strong emphasis on SMEs as focus sectors for cooperation between the two countries. India and Japan relations stand today at an important juncture. There is tremendous potential for growth and partnerships across wide spectrum of areas.

Global expansion of Japanese SMEs has become one of the focal points in Japan's national strategy to boost economic growth. This report extensively discusses how the confluence of the economic priorities of Japan and the economic outlook and policy regime of India present new opportunities for Japanese businesses and SMEs.

The report delves into the economic, trade and investment trends between India and Japan, and emphasizes the emerging role of SMEs in the next phase of economic ties between India and Japan. The report also examines India's policy and economic outlook compared to its global peers and puts forward a strong case for India as a viable destination for greater participation and investments by Japanese SMEs and companies in the country.

I extend my gratitude to FICCI and Shardul Amarchand Mangaldas & Co. for their invaluable insights and efforts in creating this report.

A handwritten signature in dark ink, appearing to read 'Rohit Relan', with a stylized flourish underneath.

Rohit Relan
Co-chair, India Japan Business Cooperation Committee (IJBCC)
Chairman & Managing Director, Bharat Seats Ltd.

Foreword



Dr. Shardul S. Shroff

*Executive Chairman and
National Practice Head - Insolvency
and Bankruptcy*

From centuries-old cultural exchanges to a robust, multifaceted strategic partnership, the bilateral bond and cooperation between India and Japan have transformed challenges into opportunities through strong partnership across security, trade and economic relations. This collaboration is evolving with a renewed focus on technology and small and medium-sized enterprises (**SMEs**). As geopolitical trends transform global supply chains, both countries have an opportunity to strengthen cooperation, particularly by fostering innovation and business expansion among SMEs.

As we present this annual report at the 48th Joint Meeting of the IJBCC and JIBCC, we stand at a pivotal moment in the evolution of India. India is poised on the threshold of a new era marked by robust growth trends and far-reaching structural reforms, all geared towards our long-term objective of becoming a developed economy by 2047.

Over the past decade, India's economy has demonstrated remarkable resilience and dynamism. With a consistently rising GDP, a burgeoning middle class, and an increasingly skilled workforce, our nation has laid the groundwork for sustainable, inclusive growth. Broad-based reforms across various sectors have not only enhanced productivity and streamlined business environments but have also paved the way for enhanced private-sector participation and foreign investment.

For Japanese businesses and especially the SMEs, India's growth story presents a multitude of opportunities. This report centers on the theme of strategic partnership—inviting Japanese investors and SMEs to join us in this exciting journey. Japanese SMEs can play a crucial role in sectors, such as, renewable energy, high-tech manufacturing of semiconductors, electronic goods and artificial intelligence. Japan's expertise, combined with India's entrepreneurial spirit and youthful workforce, is catalyzing a wave of collaborative ventures that enhance competitiveness and drive sustainable growth.

As we chart the course towards 2047, we welcome Japanese investors and SMEs to join us in this transformative journey. We invite you to explore the insights within this report and discover how together, India and Japan can forge a path toward a vibrant, developed future that epitomizes shared prosperity, innovation and sustainable development.

Yours sincerely,

A handwritten signature in blue ink, reading 'Shardul S. Shroff', written in a cursive style.

Dr. Shardul S. Shroff

Executive Chairman

Shardul Amarchand Mangaldas & Co.

Foreword



Over the years, FICCI has been consistently working to foster stronger economic collaboration between India and Japan.

On the occasion of the 48th edition of India-Japan Business Cooperation Committee Meeting (IJBCC), we are delighted to launch the FICCI and Shardul Amarchand Mangaldas & Co. report on “India’s Growth Story: Unlocking New Opportunities for Japanese SMEs”. This report serves as a blueprint, highlighting India's burgeoning economic potential, its rapidly growing sectors, and the vast opportunities available for Japanese enterprises, especially SMEs seeking to expand their global footprint.

FICCI takes immense pride from the fact that it was the first business chamber from India to set up a bilateral mechanism in the form of IJBCC in 1966 in partnership with Japan Chamber of Commerce & Industry (JCCI). With its rich history, IJBCC has been an important annual engagement in supporting enhanced mutual understanding and productive discussions between the two sides. We have witnessed various several tangible results in our economic relationship due to the rich discourse of these meetings.

India's commitment to economic reforms, infrastructure development, and digital transformation has propelled it to the forefront of global economic growth. With a large and skilled workforce, a favorable business environment, and robust government policies, India is emerging as a preferred destination for investments in key sectors such as electronics manufacturing, green energy, electric vehicles, etc. These are also the areas of priority and strength for Japan.

This report aims to provide small and medium business enterprises in Japan with a comprehensive resource on the evolving opportunities in India. It also highlights Indian government sound public policies to establish India as the leader in global value chains, driven by small and medium sized businesses.

A handwritten signature in blue ink, appearing to read 'Jyoti Vij'.

Jyoti Vij
Director General
FICCI

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Executive Summary



Today, as global markets become increasingly volatile, Japanese businesses which have for long integrated their production bases and supply chains abroad are back at the drawing board to realign risks and capital allocations in their expansion strategy. Japanese small and medium enterprises (**SMEs**) which have long been the unheralded backbone of domestic supply chains in Japan, are also exploring new partners to collaborate and expand in emerging markets, not only expanding their reach but adding resilience to the Japanese supply chains.

This report discusses how the confluence of the economic priorities of Japan and the economic outlook and policy regime of India present new opportunities for business collaboration in various areas. India represents a strategic partner, which offers a rare combination of market scale, cost efficiency, skilled labor, and a stable political and economic outlook and offers great potential to Japanese SMEs looking to diversify their manufacturing bases as well as cater new demand. This expansion not only provides cost efficiencies but also allows these SMEs to enter the global value chain which India has steadily been capturing in light of the confluence of various factors at play in India's growth story.

India's manufacturing ecosystem is evolving rapidly, characterized by modern infrastructure and a growing emphasis on quality.

Moreover, the technological synergy between Japanese firms and India's burgeoning information and technology industry offers an exciting avenue for innovation. India's vibrant startup culture and robust research institutions provide a pool of expertise in areas like automation, data analytics, and Internet of Things (**IoT**)—technologies that are central to the next wave of industrial transformation. By engaging in collaborative research and technology transfer initiatives, Japanese SMEs can integrate these advanced solutions into their operations, thereby boosting efficiency and maintaining a competitive edge on the global stage.

India's vast domestic market, driven by a young and increasingly affluent middle class, ensures robust internal demand across sectors, from consumer electronics and automotive components to healthcare and food processing. This large-scale market creates a buffer against global economic fluctuations and provides a steady base for long-term growth.

Establishing a presence in India not only allows these firms to tap into local consumer demand but also serves as a strategic launchpad for exports to neighboring regions. India's export-oriented policies, supported by extensive network of trade



agreements and geopolitical stance make it an ideal hub for Japanese companies looking to export their products, particularly to Africa and the Middle East. By setting up manufacturing operations in India, Japanese firms can leverage the country's advantageous position to access the global market, which can significantly enhance their global presence.

India's strategic reforms have further paved way for a modern manufacturing landscape characterized by advanced production techniques and streamlined supply chains. Initiatives such as Make in India and various production linked incentives (**PLI**) have not only reduced bureaucratic hurdles but have also attracted significant foreign investments.

India also provides an ecosystem where businesses can expand, innovate, and integrate into one of the world's fastest-growing economies while benefiting from a government that is actively shaping a favorable business environment. This multifaceted approach not only provides immediate market opportunities but also lays the groundwork for sustainable, long-term growth for both countries.

Leveraging on their capacity for innovation and reputation for high quality product, Japanese SMEs are primed to reap the potential of the deep economic partnership that India and Japan have developed over the last seven and half decades. This strategic integration paves the way for enhanced innovation, robust risk management, and expanded market opportunities—ensuring that Japan's storied tradition of manufacturing excellence continues to thrive in an ever-changing global economy.

Building on these trends, this report provides a comprehensive analysis of the Indian economic growth and business outlook to Japanese investors and SMEs in charting their global expansion plans and extensively discusses the comparative advantage India offers, but also deep dives and compare India's prospects over other emerging economies in South-East Asia. We compare the economic and business environment and trade outlook in the emerging Southeast Asian countries vis-a-vis India, to give a comprehensive overhaul of India's comparative strengths as well.

Chapter 1: Introduction

Through the vicissitudes of time, global expansion of Japanese businesses has been one of the cardinal principles of Japan's strategy for economic growth, and continues to be so, however with an even greater vigor.

As per the World Investment Report 2024, Japan's FDI outflows in 2024 touched 17% of the total share on the global FDI outflows at USD 210 billion on a net basis, the highest figure in data going back to 1996¹. Taking the total stock of Japanese outward FDI to USD 2.1 trillion in 2024, second only to the United States of America.

Amidst an aging labour force, a consolidated domestic market, and an ultra-low-interest rate environment, Japanese SMEs in recent years have been expanding abroad rapidly to diversify their revenue streams, access new growth markets, and future-proof their business. According to data from Japan's Basic Survey on Overseas Business Activities, in 2020, Japanese SME made up 76.5% of Japanese companies expanding globally.²

With a rapidly changing industrial structure, evolution of technology, and intensifying competition and saturation in traditional domestic markets, the expansion of Japanese SMEs also becomes obvious considering the importance of these SMEs in the overall Japanese

economy. As of 2024, Japanese SMEs represent 99% of Japan's businesses, account for roughly half of the value added, employ two-thirds of Japanese work force and play a crucial role in Japan's supply chain, particularly in manufacturing and technology-driven industries.³

Japanese SMEs are also deeply integrated into local supply chains, particularly in sectors such as automotive, electronics, and machinery. They serve as the backbone of major corporations like Toyota, Sony, and Panasonic, supplying specialized components, precision parts, and essential materials for final product assembly. Many of the SMEs function as tier 2 or tier 3 suppliers, producing parts that are assembled into larger subcomponents before reaching the final manufacturers. Their role ensures that large corporations maintain efficient production.

However, despite their strengths, Japanese SMEs face several challenges that threaten their long-term sustainability. One of the

¹ <https://asia.nikkei.com/Economy/Japan-investment-in-U.S.-hits-r-amid-China-concerns>

² <https://www.ceibs.edu/new-papers-columns/25686>

³ <https://www.jbic.go.jp/en/business-areas/sectors/image/000002643.pdf>



most pressing issues is the aging workforce, as many experienced craftsmen and engineers are retiring without a younger generation to replace them. Further, capital constraints make it difficult for these SMEs to invest in automation and digital transformation.

Considering these challenges, the Japanese government has been actively assisting Japanese SMEs expansion to emerging economies which have strong local demand and comparatively cheap labour, at the same time securing supply chain resilience.

The Japanese government has been contributing directly and indirectly by providing financial support to the SMEs in the form of low-interest financing for the capital needed for direct foreign investment. The government has also set up a loss reserve system, sharing the risk of overseas operations with the companies. Further, the government also supports development of local infrastructure and cultivating skilled local talent in various developing countries through development grants and bilateral initiatives to ease market entry of these SMEs.

Expansion of Japanese SMEs into India has also been one of the prime agendas of both the Indian and Japanese government, and efforts at various level have been undertaken in recent years to increase Japanese SMEs participation and collaboration in India for mutual prosperity of the countries.

In FICCI and Shardul Amarchand Mangaldas & Co.'s continuous efforts of strengthening India-Japan relations by facilitating collaboration between businesses of the two countries, this report is our endeavor to present an in-depth resource to the investors in Japan, especially SMEs on the emerging opportunities of doing business in India.

We hope that this year's report will act as a key knowledge resource for our Japanese counterparts to understand the key developments that are happening in India and the business opportunities that are emerging and converging with the Japanese vision and expertise.



Chapter 2: India and Japan: Strategic Partners with Shared Vision

The investment prospects for Japanese enterprises find their foundation in the historical friendship between the two nations, which has further emboldened through economic ties. In this section we discuss how the long-established ties between India and Japan and the confluence of economic and strategic priorities of both countries established through various bilateral initiatives, provide a fertile ground for Japanese investors and particularly Japanese SMEs to expand into India and partner in its growth journey.

Historic and Cultural Relationship Between India and Japan: A Look at Economic Relations

India and Japan have a long history of cultural, diplomatic and economic ties, with broad cooperation across politics, defence, security, economic development, science and technology, education, culture, and people-to-people connect.

The bilateral contours of the economic relations have witnessed remarkable growth since 2014 with the Indo-Japan partnership transforming into a 'Special Strategic and Global Partnership', further bolstering trade and investment ties.

Bilateral trade between the countries has increased multifold, from approximately USD 15 billion in financial year (FY) 2014-15 to approximately USD 23 billion in FY 2023-24, reflecting a significant growth trajectory over the period⁴.

Today, Japan ranks as the fifth largest investor in India, with cumulative FDI amounting to USD 43.19 billion between April 2000 and September 2024⁵, out of which FDI inflows of USD 26.8 billion have been invested in the last 10 years⁶, with substantial investments into sectors like automobiles and technology.

Key sectors driving Japanese investment include manufacturing, industrial products, consumer retail, and e-commerce sectors, along with, auto and auto components technology and energy and natural resources which together account for over 86% of Japanese companies in India.

As per a recent report of Japan External Trade Organization (JETRO), India ranks fourth in terms of number of Japanese business establishments in the country with more than 4,900 establishments in 2023⁷, however the share of Japanese SMEs is only 15% of the total number⁸ of Japanese companies in India.

Both the Indian and Japanese government have been working together on various fronts to create an ecosystem for Japanese SMEs to enable greater participation in the Indian market and collaborate with the Indian counterparts.

⁴ <https://www.commerce.gov.in/wp-content/uploads/2024/12/Annual-Report-English-Lower-Resolution-1.pdf>

⁵ https://dpiit.gov.in/sites/default/files/Table_No_3_SEPT_24.pdf

⁶ https://sansad.in/getFile/loksabhaquestions/annex/183/AU3314_Mlj6YC.pdf?source=pqals

⁷ <https://www.in.emb-japan.go.jp/files/100353092.pdf>

⁸ <https://icrier.org/pdf/Takashi-Suzuki-9-5-23.pdf>

Various initiatives have been taken by both Indian and Japanese governments to facilitate greater participation and collaboration between businesses of the two countries. The same has been discussed in detail in the following sub-section of this Chapter.

Shared Vision and Priorities Between India and Japan

Governments of India and Japan have also signed numerous bilateral agreements for investment promotion activities, to promote collaboration between businesses of both countries in areas which align with the shared and common vision of India-Japan relations.

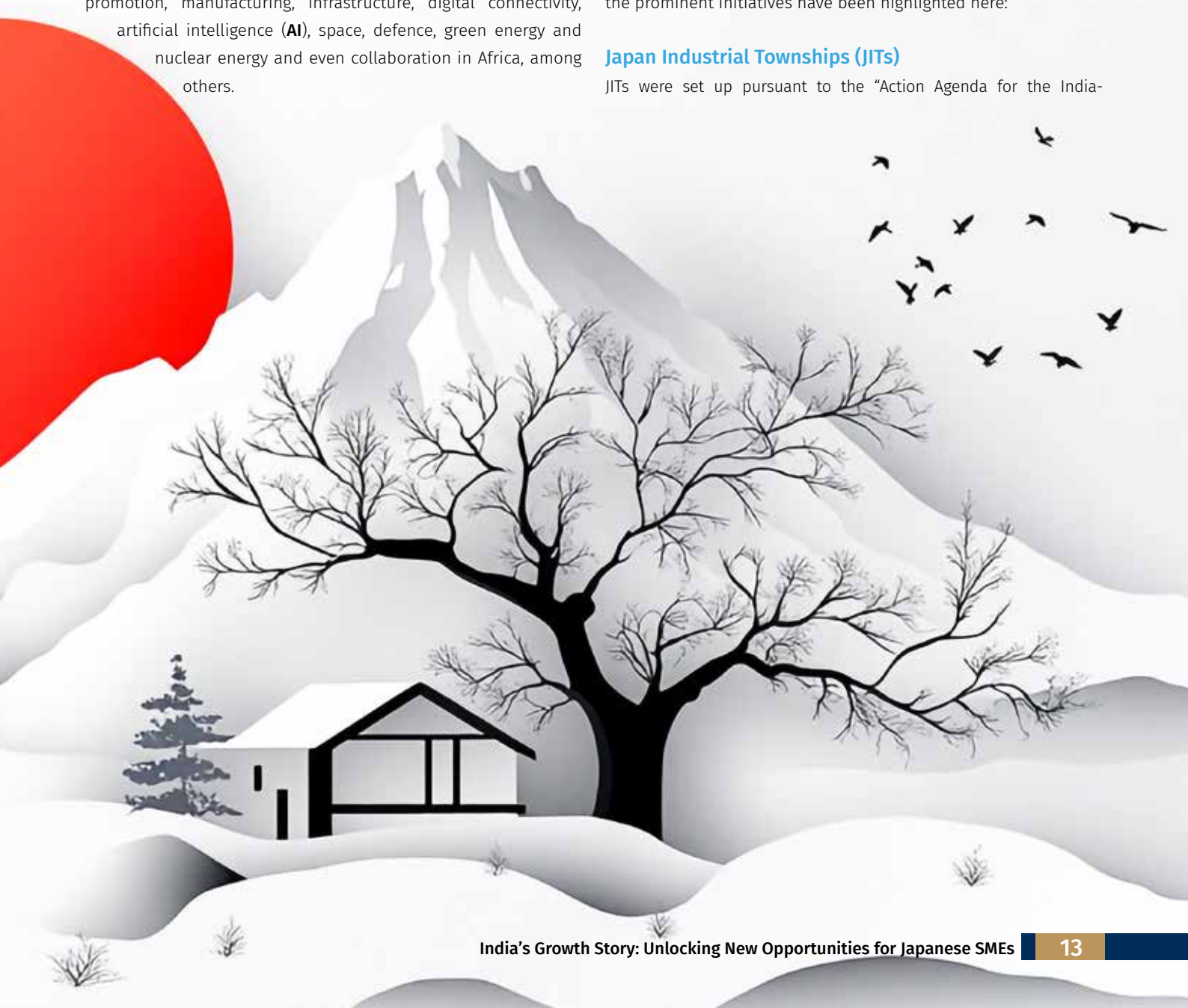
The co-operation extends to different spheres like trade promotion, manufacturing, infrastructure, digital connectivity, artificial intelligence (AI), space, defence, green energy and nuclear energy and even collaboration in Africa, among others.

To bolster collaboration between businesses of the two nations, the Japanese government in 2022 announced that it will invest USD 42 billion in India through a mix of private and public investment by 2027, to capitalize on Indian initiatives like the Make in India and the PLI schemes. The aim of this initiative is to promote industrial cooperation, including human resource development, and the improvement of the business environment in India. In this context, India-Japan Industrial Competitiveness Partnership (IJICP) Roadmap was formulated.

Various policy and bilateral initiatives have been taken by the two countries to create an enabling environment for greater participation of Japanese SMEs in India, in recent years. Some of the prominent initiatives have been highlighted here:

Japan Industrial Townships (JITs)

JITs were set up pursuant to the “Action Agenda for the India-



Japan Investment and Trade Promotion and Asia-Pacific Economic Integration” signed between Ministry of Economy, Trade and Industry, Government of Japan and Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (DPIIT) in April 2015 to take steps to develop JITs in India especially in Delhi Mumbai Industrial Corridor and Chennai Bengaluru Industrial Corridor regions in order to facilitate Japanese investment to India.

JITs are special arrangements only for Japanese corporations, helping them with ease of doing business. These JITs offer facilities such as special Japan desks for translation and facilitation support, world class infrastructure facilities, plug and play facilities, residential clusters, and special incentives for Japanese companies. There are ready to move in facilities and fully developed land available for allotment in these townships.

As of February 2024, there are 116 Japanese companies across eight JITs.⁹ The Neemrana and Sri City industrial townships host majority of the Japanese companies. Companies such as Daikin, Isuzu, Kobelco, Yamaha Music, Hitachi Automotive etc. are the marquee Japanese investors which have set up manufacturing in these townships.

Investment incentives for Japanese companies in JITs are at par with special economic zones (SEZs) and national investment and manufacturing zones. A cluster of incentives in subsidies and reimbursements related to financial investment, land-related charges, taxes, duties and employment generation are provided to Japanese companies if they set up operations in these townships. For instance, a JIT at Neemrana Industrial Park in Rajasthan, offers a capital subsidy of 25% of the investment made on plant and machinery, up to USD 70,000.

SME Facilitation Cell by Embassy of India, in Japan

In 2023, India launched a dedicated SME facilitation cell in Japan, to promote Japanese SMEs to enter Indian market. It provides assistance to Japanese SMEs proposing to enter the Indian market and benefit from cost-effective labour, vast market access and strategic location of India. The cell also provides information on market trends, regulatory guidelines and potential business opportunities.

Overarching Economic and Trade Agreement: India-Japan Comprehensive Economic Partnership (CEPA)

The CEPA came into effect on August 1, 2011 and is one of the most comprehensive of all such agreements concluded by India and covers not only trade in goods but also services, movement of

natural persons, investments, intellectual property rights, custom procedures and other trade related issues.

India - Japan Industrial Competitiveness Partnership (IJICP)

Established in 2021, the IJICP aims to enhance India's industrial competitiveness and strengthen the special strategic and global partnership between the two countries. Under the arrangement, joint working groups in different sectors ranging from textiles and logistics to SMEs and food processing have been formed.

Cooperation in Skill Development:

Japan-India Institute for Manufacturing (JIM) & Japanese Endowed Course (JEC) by Japanese Companies in India: Japan and India are cooperating in human resources / skill development in the manufacturing sector in India through collaboration between the public and private sectors of both countries. In November 2016, the two countries signed the memorandum of cooperation to facilitate the JIM and JEC projects. Under the initiative, 22 JIMs and 8 JECs have been launched in India till date which aim to train 30,000 floor shop leaders and engineers to Japanese standards by 2026.

India-Japan Indo-Pacific Strategic Partnership

The India-Japan Indo-Pacific Strategic Partnership has emerged as a key pillar of the evolving regional order. It is characterised by a safe ocean connection, integration by trade and investment, and respect for sovereignty and territorial integrity as documented in international law.

India occupies a central geographical location between the Asia-Pacific and Western markets, easily accessible via the Indian Ocean's east-west sea lanes of communication. Driven by shared concerns about China's rise and a commitment to a free, open, and inclusive Indo-Pacific, the partnership has expanded across various domains, including defense and security, maritime cooperation, infrastructure development, and economic security.

India-Japan Defence and Security Partnership

India-Japan defense exchanges have gained strength in recent years due to growing convergence on strategic matters and its significance is growing from the common outlook on issues of peace, security and stability of the Indo-Pacific Region. The India-Japan Defense and Security partnership forms an integral pillar of defence ties between the countries.

⁹ https://www.meti.go.jp/policy/external_economy/trade/indopacific/supplychain/ProgressJAPANside.pdf

Supply Chain Resilience Initiative (SCRI)

Government of Japan in 2021 announced supply chain diversification program to support Japanese companies to diversify to reduce dependence on one geographical area.

The program was initially launched to finance diversification in ASEAN. However, with changing global outlook of ASEAN countries and India's economic resilience after COVID-19 pandemic, a trilateral initiative involving India, Japan, and Australia was established in 2021 to ensure supply chain resilience in the Indo-Pacific region.

The initiative aims to diversify supply chains and share best practices to address vulnerabilities exposed during the COVID-19 pandemic. The initial projects of SCRI identified are sharing of best practices on supply chain resilience; and holding investment promotion events and buyer-seller matching events to provide opportunities for stakeholders to explore the possibility of diversification of their supply chains.

Indo-Japan Energy Dialogue and Clean Energy Partnership (CEP):

Under the India-Japan Energy Dialogue set up in to promote cooperation in the energy sector, India-Japan CEP was launched in 2022. The CEP aims to promote energy cooperation between Japan and India through diverse and realistic energy transitions utilizing all energy sources and technologies to ensure energy security, carbon neutrality and economic growth.

The bilateral energy cooperation areas that have been addressed under the Japan-India Energy Policy Dialogue will be expanded to the following areas:

- Electric vehicles (EV), storage systems including batteries, electric vehicle charging infrastructure (EVCI);
- Energy conservation in buildings and industries, energy efficient appliances;
- Development of solar energy including solar PV cells;
- Wind energy;
- Green hydrogen and green ammonia;



- Greater and cleaner use of liquified natural gas;
- Carbon Capture, Utilization & Storage /Carbon Recycling;
- Emerging fuels including biofuels, CBG;
- Strategic petroleum reserves; and
- Clean coal technology.

India-Japan Digital Partnership and Start-up Hub

Launched in 2018, this partnership is focused on fostering cooperation in science, technology, and information and communication technology (ICT), particularly in “digital ICT technologies.” The Start-up Hub in Bengaluru, Karnataka aims to connect Indian start-ups with the Japanese market and potential investors, promoting innovation and supporting Sustainable Development Goals (SDGs).

Digital Infrastructure Growth Initiative for India Framework (DiGi Framework):

To promote collaboration in the digital arena in India, in 2024, the Japan Bank for International Cooperation (JBIC), the U.S. International Development Finance Corporation, and the Export-Import Bank of Korea (Korea Eximbank) have partnered to support digital infrastructure in India through the DiGi Framework.

The DiGi Framework supports projects in the information and communications technology sector such as 5G, Open Radio Access Network, submarine cables, optical fiber networks, telecom towers, data centers, smart city, e-commerce, AI, and quantum technology.

India-Japan Dialogue on Finance

Established in 2015 and upgraded in 2022, this dialogue fosters cooperation on financial matters, including financial markets, banking, insurance, and regulations. It facilitates discussions on macroeconomic situations, digitalization, and investment environments in both countries.

Advance Pricing Agreement (APA)

In 2023, India and Japan entered into a new bilateral APA. The APA

scheme has been introduced to foster certainty and consistency in transfer pricing matters for multinational companies, aiming to minimize legal disputes and promote a favorable business environment.

Japan-India Make-in-India Special Finance Facility

The Japan-India Make-in-India Special Finance Facility of a corpus of USD 9.9 billion was recently announced. The initiative aims to promote direct investment of Japanese companies and trade from Japan to India to support their business activities with counterparts in India, including development of necessary infrastructure, and to help materialise Make-in-India policy of GoI.

India Japan Science & Technology Cooperation

Both countries are working together in developing STI (Science, Technology & Innovation) Roadmap for SDGs with India as pilot country and Japan being partner country as a part of the Technology Facilitation Mechanism under the United Nations programme.

The cooperation is expected to promote sectors such as 5G, IoT, AI and more importantly due to the security concerns raised against the adoption of 5G technology produced by China. Further, the cooperation will include the implementation of submarine optical fibre placements, smart cities, and utilisation of AI in healthcare.

Asia-Africa Growth Corridor (AAGC)

As a common partner of Asian and African countries, India is positioned to play a crucial role in the AAGC. In doing this, India stands to improve its own integration into the global value chains of production. Thus, both India and Japan stand to benefit from this collaboration. India could enhance its exports of manufactured goods, while Japanese companies based in India could take advantage of Indian business networks in Africa to enter African markets. Japanese companies could then enjoy large economies of scale by expanding their business in the continent.

Chapter 3: India's Emergence as a Global Growth Engine: Promising Outlook and Proactive Reforms



The relationship between India and Japan is complimentary in nature. India's thriving economy, expansive market, large base of low-cost and skilled labour and geopolitical alliances position it as an attractive destination for Japanese investors, while India hopes to gain superior technology and investments from Japan in order to aid its infrastructural, industrial and technological development.

India remains one of the most popular FDI destinations in the world. As per the World Investment Report 2023, India ranked as the eighth-largest recipient of FDI in 2023, the third-highest recipient of FDI in greenfield projects and the second-highest recipient of FDI in international project finance deals. This increased interest by foreign investors is a testament to the fact that India is emerging as the economic power. India's position has improved by six places to 38th rank in the World Bank's Logistics Performance Index 2023 which can be attributed to policy reforms such as PM Gati Shakti National Master Plan (**Gati Shakti**) and the National Logistics Policy (**NLP**).¹⁰ Further, India's rank in the World Competitive Index 2024 has improved by three positions to 40th, from 43rd in 2021.¹¹

To study the factors driving India's increased prospects for foreign investors, this section of the report deep dives into exploring India's

economic potential and discuss how recent policy initiatives and reforms undertaken by Government of India (**Goi**) have created an enabling environment for foreign businesses to serve the domestic demand as well capitalize India's growing prowess as an export hub to further cater global demand and expansion.

India Economic and Sectoral Outlook

India's economic growth has been exceptional in recent years. Currently ranked as the world's fifth largest economy with a gross domestic product (**GDP**) of USD 4.2 trillion.

Buoyed by a robust democracy, key structural reforms, private consumption, and a rise in government's capital expenditure, FDI inflows in the country exceeded USD 1 trillion between April 2000 and September 2024, establishing the country as a key investment destination as well.

¹⁰ <https://pib.gov.in/PressReleasePage.aspx?PRID=2003541#:~:text=According%20to%20the%20World%20Bank's,from%2044%20in%202018%20andsixteenplacesfrom54in2014>

¹¹ <https://pib.gov.in/PressReleasePage.aspx?PRID=2083683#:~:text=India's%20remarkable%20achievement%20in%20attracting40th%2C%20from%2043rd%20in%202021>

Further, India's trade and exports also continue to display resilience amidst global headwinds of economic and trade policy uncertainties. Total exports (merchandise and services) registered a steady growth in the first nine months of FY 2024-25, reaching USD 602.6 billion.

India is projected to become the third largest economy, reaching USD 7.3 trillion by 2030. As per a recent World Bank report, in the medium term, driven by increased infrastructure spending, shifts in global supply chains, climate-friendly policies, productivity-enhancing initiatives like digitalization and favorable demographics, growth in India is expected to remain robust.

Other than the macroeconomic strengths and stability of the country, the positive outlook is anchored on the sustained strengthening of the manufacturing and services sectors, can be attributed to government initiatives like the Gati Shakti to enhance logistics infrastructure, the trade infrastructure for exports scheme, increased tax efficiency and rationalized tax rates to improve the overall business environment.

Factors Driving India's Growth Story

The Demographic Dividend: Skilled Labour and Domestic Demand

With a median age of 28.4 years as on September, 2023, a young India not only offers a large and competitive labour advantage but also unleashes the consumption power of a young population.

Approximately 25% of the incremental global workforce over the next decade will come from India. By 2030, India's working age population will exceed 1 billion, at a time when the population is rapidly aging in the developed world.

India's vast labour workforce offer variety. On the skilled based talent, India offers the largest pool of English-speaking STEM graduates with an annual addition of 2.14 million (47% women) and 6.2 million healthcare professionals. This large pool of skilled and unskilled labor with a relatively inelastic labor market, provides a long runway for improving productivity at a pace faster than the growth in wages.

In addition to this, domestic consumption which has been an

important pillar of the Indian economy has grown at 11.5% in nominal terms over the last decade, thereby increasing the share of private consumption expenditure in the Indian GDP from 55%-60%.

Reaping the demographic dividend, private consumption is further expected to strengthen, benefiting from continued improvements in the labor market, growth in rural incomes, and declining inflation, offering a deep domestic market.

Regulatory Reforms to Increase Ease of Doing Business

In its steadfast efforts to create a business-friendly environment that aligns with international standards and drives sustainable economic growth, GoI has been implementing a series of reforms aimed at removing regulatory barriers, streamlining processes to improve the business environment by reducing regulatory costs.

To reduce the number and complexity of India's previous 29 national labor statutes, address statutory contradictions, improve compliance and streamline labor rights protections, GoI in 2020, consolidated and reformed the labour laws by passing four major labour codes, which are yet to come into force.

These codes aim to improve employment conditions by bringing Indian labor law in line with International Labor Organization standards. Once made nationally effective through the passing of State-level legislation, this will represent the most significant modern reform to India's labor law system.

Another critical aspect of India's reforms has been the simplification of overall regulatory and compliance frameworks.

Additionally, GoI through the Jan Vishwas (Amendment of Provisions) Act, 2023, which came into force on August 1, 2024, pursuant to which about 183 provisions have been decriminalised in 42 Central Acts administered by 19 Ministries and Departments.¹² Furthering this reform agenda, in the Union Budget for FY 2025-26, GoI has announced that a high-level committee for regulatory reforms will be set up to further strengthen trust-based economic governance and take transformational measures to enhance ease of doing business, especially in matters of inspections and compliances.

¹² <https://pib.gov.in/PressReleasePage.aspx?PRID=1943393>



Lastly, government subsidies have played a crucial role in driving growth and ease of doing business. PLI scheme, by far, has been the most transformative reform, covering 14 sectors, which have attracted investment commitments to the tune of USD 31.3 billion. Many high-capital sectors that would become more dominant and important in the future (for both India and the world) such as semiconductors and electronics to labor-intensive sectors textiles and food processing are covered by PLI schemes. *(Detailed sector-wise discussion on the PLI schemes has been done in the second part of this Chapter).*

India's Infrastructure Development

Improving infrastructure and logistics has been one of top priorities of the government's agenda over the last decade. India's public capital expenditure has significantly increased from 2.6% of GDP in FY 2018-19 and has been estimated 4.3% of GDP in FY 2025-26¹³.

Gol, in 2019 had launched the National Infrastructure Pipeline (NIP), under which projects have been identified to construct, refurbish, strengthen, and expand road networks, housing, urban development, railways, conventional power, renewable energy, and irrigation by 2025. Since then, India has doubled its number of airports and is adding 10,000 km of new roads and 15 Gigawatts (GW) of solar-energy capacity each year.

In addition, Gol has also established a special purpose vehicle for the construction, operation, and maintenance of dedicated freight corridors under the Dedicated Freight Corridor program that aims to decongest the existing rail network by constructing dedicated tracks for goods trains. Currently, the construction work for both projects is in full swing.

For port infrastructure, more than 574 projects worth approximately USD 68 billion across areas of port modernization and new port development are being developed under the Sagarmala Program (2015-2035). As of August 16, 2024, a total of 200 projects have been completed.

To further ease progress in India's infrastructure, Gol has implemented policies to minimize bureaucratic delays, which include simplification of land acquisitions, faster clearance/approvals from relevant authorities, using technologies such as online computerized monitoring system and Pro-Active Governance and Timely Implementation to improve project monitoring, and creating cost committees at the federal level to monitor cost overruns.

India's Emergence as an Export Hub

Having a 7,516-km-long coastline ably supported by 229 ports, India is poised to become a leading destination for businesses looking to tap into international markets, especially at a time when government incentives, strategic trade agreements and a focus on boosting exports have amplified the import-export conditions. Advantageous reforms in place, quick assimilation of digital solutions, expansion of manufacturing hubs and infrastructural support are among major factors driving India's export capabilities.

Since the last decade, India has been witnessing a surge in manufacturing and export activity across multiple industries. Despite persistent global challenges, overall exports (merchandise and services) surpassed the highest record of FY 2022-23. India's overall exports reached USD 778.21 billion in FY 2023-24 as against USD 776.40 billion in FY 2022-23. Further, the cumulative value of India's merchandise exports during April-December 2024 reached

¹³ https://www.indiabudget.gov.in/doc/Budget_at_Glance/bag6.pdf

USD 602.64 billion, marking a growth of 6.03% compared to the same period in 2023¹⁴.

An integral impetus of the momentum that Indian exports have had in recent years has been the strides taken to simplify the process of exporting goods and the efforts made to enhance market access for Indian manufacturers.

The average turnaround time for the major ports has come down to 48.06 hours in FY 2023-24 from 93.59 hours in FY 2013-14, marking a difference of 48.65%. Among major steps taken to improve this were the construction of new berths, terminals and parking plazas at ports; streamlining of processes through digitalization, expansion of hinterland connectivity through rail and road.

India's International Free Trade Agreements (FTAs)

A crucial component of India's gameplan to boost exports includes FTAs with several leading economies of the world.

India has been talking FTAs with several partners – both bilateral and regional – over the past two years in a bid to boost export-oriented domestic manufacturing. These FTAs cover a wide array of topics, such as tariff reduction impacting the entire manufacturing and the agricultural sectors; rules on services trade; digital issues such as data localization; intellectual property rights that may have an impact on the accessibility of pharmaceutical drugs; and investment promotion, facilitation, and protection. (A detailed discussion on India's integration with key international markets through its FTA strategy is discussed in detail in Chapter 5 of this Report).

Double Tax Avoidance Agreements (DTAAs)

India has one of the largest networks of tax treaties for the avoidance of double taxation and prevention of tax evasion. India has established over 100 comprehensive DTAAs and eight limited DTAAs, compared with China's 110 and Vietnam's 80. (A detailed analysis of the effects of DTAAs in relation to the Japanese investments is given in Chapter 6 of this report.)

India also offers tax relief at both the central and State level for export-oriented units (**EOUs**). EOUs enjoy various benefits, including customs and excise duty exemptions on imported and

locally procured goods, Goods and Service Tax (**GST**) exemptions on exports, and access to duty-free raw materials. They also benefit from streamlined regulations, world-class infrastructure, and the ability to retain 100% of foreign exchange earnings, enhancing financial flexibility.

Further, India's SEZs offer their own comprehensive tax relief, and companies opting for the concessional corporate tax rate do not have to pay minimum alternate tax. India's current effective tax rate brings it at par, on average, with leading Asian investment destinations and manufacturing hubs like China, Vietnam, Malaysia, Singapore, and South Korea.

FDI Policy

The continued strength of India in attracting large-scale FDI projects, can not only be attributed to its market size and its overall growth trajectory, but the country in recent years has also embarked a series of reforms aimed at liberalizing its FDI framework, to encourage foreign capital inflows.

Gol has put in place a framework which is transparent, predictable, and easily comprehensible under the Consolidated FDI Policy of 2020 issued by DPIIT (**FDI Policy**).

Up to 100% FDI is permitted in most sectors under the automatic route. However, very few highly regulated and sensitive sectors pertaining to national security, public interest and data security, such as defence, pharmaceuticals, banking and insurance require government approval if the investment is beyond prescribed limits.

Recently, investment thresholds in several sectors have been further liberalized. In strategic sectors like defence, FDI is allowed up to 74% through automatic route (from earlier 49%) for foreign companies seeking new industrial licenses, subject to security clearance by the Ministry of Home Affairs, Gol and according to guidelines of the Ministry of Defence, Gol. Further, 100% FDI in the telecom sector is now allowed under the automatic route. In February 2024, in a bid to support the space sector in India, Gol liberalised the FDI regulations in relation to the space sector. Recently, in February 2025, Gol has announced the increase in the sectoral cap for foreign investments in the insurance sector from 74% to 100% under the automatic route.

¹⁴ [https://pib.gov.in/PressReleasePage.aspx?PRID=2093104#:~:text=The%20cumulative%20exports%20\(merchandise%20%26%20services,an%20estimated%20growth%20of%206.03%25](https://pib.gov.in/PressReleasePage.aspx?PRID=2093104#:~:text=The%20cumulative%20exports%20(merchandise%20%26%20services,an%20estimated%20growth%20of%206.03%25)

Chapter 4: Synergy Between Japanese Investment Trends & India's Growth Trajectory: Emerging Areas of Collaboration

In this section of the report, we discuss the outlook of sectoral growth in India and the synergy between emerging sectoral areas in India with Japanese investment priorities as reflected in the trends of Japanese outbound FDI. We also discuss the various growth drivers and policy incentives being offered by GoI in these emerging areas, taking advantage of which, Japanese investors and especially Japanese SMEs can expand to India and collaborate with Indian counterparts.

India Sectoral Overview

Manufacturing Sector

With an aim to establish India as a manufacturing hub, GoI in recent years has introduced various initiatives including the 'Atmanirbhar Bharat' (self-reliant India) mission, supported by various sectoral policies and incentives.

Further, the 'Make in India' initiative was launched in 2014 to facilitate investment, foster innovation, build best in class infrastructure, and make India a hub for manufacturing, design, and innovation. This initiative has promoted India's manufacturing domain to the world. Presently, Make in India 2.0 focuses on 27 sectors implemented across various Ministries and Departments and State Governments.

Driven by supportive government policies, competitive corporate tax rates, a simplified indirect tax regime, better quality of

infrastructure, access to renewable energy along with multiple industry-promoting schemes such as the PLI schemes, FDI equity inflow in the manufacturing sector in the last five years (FY 2019-20 to September 2024) touched approximately USD 94 billion, averaging around USD 20 billion every year.¹⁵

In 2024, the manufacturing sector also became one of the most active sectors with 18 deals¹⁶, witnessing a rise in deal value in the sector by 33% and deal volume increase by 22% from 2022. Within the manufacturing sector, the top sectors targeted by foreign investors in the first three quarters of 2024 were the semiconductors, electronic components and metals sectors, attracting USD 28.2 billion, USD 19 billion and USD 12.5 billion, respectively. (Detailed discussion on emerging opportunities in the manufacturing sector in India is provided in the second part of this Chapter).

¹⁵ https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars

¹⁶ https://primuspartners.in/docs/documents/M&A%20in%20India%20Deals%20see%20a%20resurgence%20in%202024_updated_2.pdf





In terms of exports, share of India's manufacturing sector in total exports has also been growing steadily. The Composite Purchasing Managers' Index output of the country has been constantly rising and rose to 60.6 in February 2025, up from 57.7 in January 2025. Manufacturing exports grew at their fastest pace in 2024, fueled by a surge in new orders and record-breaking export growth, with export orders increasing at their quickest pace since May 2022.

Services Sector

India's services sector in the last decade has witnessed a real growth rate of more than 6% in all the years in except in the pandemic-affected FY 2020-21 and continues to be a significant contributor to India's growth and contributed about 55% of the total size of the economy in FY 2023-24.

Aided by the focus on policy and procedural reforms, physical infrastructure and logistics, all significant business, personal, financial and infrastructure-based services have emerged strongly from the pandemic. As of January 2025, India's services exports constituted 4.3% of the world's commercial services exports, and ranked seventh in services exports, with other countries being the European Union, the United States of America, the United Kingdom, and China, globally.¹⁷

In the first three quarters of 2024, renewable energy, communications and transportation and warehousing sectors received the largest share of inward FDI within the services sector. These sectors attracted USD 58 billion, USD 40 billion and

USD 16.7 billion, respectively. *(Detailed discussion on emerging opportunities in the services sector in India is provided in second part of this Chapter).*

Confluence of Japanese Outbound Investment Trends and India's Sectoral Outlook

Recent trends in Japanese outward investments closely align with emerging areas that are witnessing tremendous growth in India. As of 2022, the proportion of Japan's overseas investment in manufacturing stood at 31.9%, while the non-manufacturing sectors made up the remaining 68.1%. Among them, manufacturing outbound investments primarily focused on capital and technology-intensive sectors, such as transportation equipment, food, chemicals and pharmaceuticals, ferrous and non-ferrous metals, general machinery and equipment, and electrical machinery and equipment.

These trends in Japanese outward FDI trends in the manufacturing sector are well-suited to India's growing industrial base. India has been positioning itself as a hub for electronics manufacturing, semiconductor production, and automotive innovation, making it an attractive destination for Japanese investments. With India's focus on boosting its manufacturing capabilities through initiatives like 'Make in India', Japan's high-tech investments can help further bolster India's position as a global manufacturing powerhouse.

Japan's shifting focus from manufacturing to services in its outward FDI presents a range of opportunities for collaboration

¹⁷ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2098048#:~:text=India%20ranks%20seventh%20globally%2C%20representing%2041%20months%20since%20August%202021>



Automobile Sector

Factor	
FDI inflows (April 2019 to September 2024)	USD 15.82 billion ¹⁸
Market size	Third largest in global automobile market; Contributes 7.1% to India's GDP; EVs market size: USD 255.54 billion in 2023; 1.39 million units (May 2024) ¹⁹ .
Exports	4.7% share in India's exports; Prominent exporter of small cars and auto components, with significant markets in Europe, Africa, and Latin America.
Projected growth	EVs: USD 113.99 billion by 2029, compound annual growth rate (CAGR) of 66.52% during 2022-2029; 27.2 million units in 2032 ²⁰ .
Growth drivers	Favorable government policies and initiatives; Two-wheelers (2W); Total cost of ownership is reducing; Expansion of charging infrastructure.

with India. Japanese outward investments in financial services sector aligns closely with India's rapidly modernizing digital and financial infrastructure.

Sub sectors like finance, banking, insurance, non-financial/business, outsourcing, research and development (R&D), courier, technology, testing and analysis make up the Indian service sector. As India's economy grows, there is an increasing demand for financial products and services, offering significant opportunities for Japanese financial institutions to expand their presence in India.

Further, with the rise of e-commerce and an expanding retail market in India, Japan's expertise in consumer goods and wholesale and retail could play a significant role in meeting the demands of India's evolving consumer landscape.

In light of these trends, we take a glimpse at the emerging sectoral opportunities in India and the various factors and policy initiatives driving growth in that sector, providing a fertile ground for Japanese companies and SMEs to set up base in India and expand their operations.

Emerging Business Opportunities in India and Policy Support

Following are the key sector-wise opportunities for Japanese businesses and SMEs to closely watch in India:

Policy Support

PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme: GoI in October 2024 initiated PM E-DRIVE Scheme, with the goal to accelerate the adoption of EVs, develop essential charging infrastructure, and establish a robust EV manufacturing ecosystem across the country.

The scheme emphasizes demand incentives aimed at increasing the adoption of electric two-wheelers and three-wheelers, e-trucks, e-buses and e-ambulances, equipped with advanced batteries. Additionally, the scheme aims to expand charging infrastructure within cities and on selected inter-city/highway routes.

PLI Scheme for Automobile and Auto Component Industry in India: The GoI notified this scheme in 2021 for the automobile and auto components industry in India for enhancing India's manufacturing capabilities for Advanced Automotive Technology (AAT) products. The scheme proposes financial incentives to boost

¹⁸ https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars

¹⁹ <https://www.ibef.org/industry/electric-vehicle#:~:text=In%20May%202024%2C%20electric%20vehicle,it%20is%20steadily%20gaining%20traction>

²⁰ <https://www.ibef.org/industry/electric-vehicle#:~:text=In%20May%202024%2C%20electric%20vehicle,it%20is%20steadily%20gaining%20traction>

domestic manufacturing of AAT products with a minimum of 50% Domestic Value Addition and attract investments in the automotive manufacturing value chain.

Champion OEM (Original equipment manufacturer) Incentive Scheme: This is a 'sales value linked' scheme, applicable to battery EVs and hydrogen fuel cell vehicles of all segments – 2 wheelers, 3-wheelers, passenger vehicles, commercial vehicles, tractors, automobiles meant for military use, and any other AAT vehicle as prescribed by the Government.

Areas for Collaboration and Key Japanese Players

Automobile sector has been the most attractive sector for Japanese investments. The automobile sector received a cumulative investment of more than USD 36 billion in FDI over the last four years and this figure would go up several times in the coming years.

Investment by Japanese Automobile companies in India has helped the development of both the Indian as well as Japanese economy. Moreover, India has recently been becoming an export hub for different automobile multinational companies in India due to cost effective manufacturing and supportive Government. Besides this there is an ever-increasing domestic demand with India set to become one of the largest consumer markets in the world.

In 2024, Japan's Musashi Auto announced an investment of USD 8.5 million in the first phase of its venture into the India's EV space, marking a significant development for the industry by partnering with BNC Motors to establish an assembly line at their Bengaluru manufacturing facility²¹.

Further, in September 2024, NIIFs India-Japan Fund (IJF) acquired Series G Compulsorily Convertible Preference Shares of Ather Energy. This transaction is expected to enhance the IJF's efforts in supporting clean mobility and electric two-wheeler solutions in India.²²

Battery swapping sector has also been receiving a lot of interest from the perspective of reducing an over-dependency on battery charging stations, thereby reducing consumer scepticism towards EVs as an alternative to combustion engine vehicles. The battery swapping sector is projected to grow to USD 20 billion by 2030.

In regard to this, the Ministry of Power, GoI, in February 2025 has issued guidelines for the installation and operation of battery

swapping and charging stations, offering a significant boost to India's EV ecosystem.

In light of these developments, there has been a surge in investments. In February 2025, Matel Motion & Energy Solutions announced a strategic partnership with Honda Power Pack Energy India that aims to advance swappable battery technology for EVs in India. Under this agreement, Matel will adapt its powertrain solutions to work seamlessly with Honda's swappable battery ecosystem²³.

Auto-component and Advanced Automotive Technology: GoI under the 'Component Champion' Incentive scheme is identifying and incentivizing Auto component champions that can achieve the global scale of operations and become 'Automotive Champions' for the auto-component manufacturing sector related to AAT.

In December 2024, Samvardhana Motherson International Ltd, a global automotive components manufacturer listed on the Indian stock exchange announced the acquisition of Atsumitec Co. of Japan for USD 57 million. Atsumitec's advanced metal and machining capabilities, including heat treatment and grinding, will enhance Motherson's manufacturing capabilities, enabling cross-selling opportunities with Japanese OEMs.

Electronics Sector

Factor	
FDI inflows (April 2019 to September 2024)	USD 3.28 billion ²⁴
Market size	Electronics production of USD 102 billion, supported by a component and sub-assembly of USD 45.5 billion in 2023.
Exports	USD 29.12 billion in FY 2023-24, marking a 23.6% rise from the previous year ²⁵ .
Projected growth	USD 500 billion by 2030; Government's commitment under National Policy on Electronics 2019 to develop a USD 300 billion electronics manufacturing ecosystem by 2026.
Growth drivers	Rollout of 5G, Semiconductors, Automotive electronics, increasing demand for IoT-enabled devices.

21 https://www.business-standard.com/companies/news/japan-based-musashi-enters-indian-ev-market-with-rs-70-crore-investment-123061600722_1.html

22 <https://www.manufacturingtodayindia.com/niif-strengthens-hold-in-ather-energy-with-new-investment>

23 <https://www.autocarpro.in/news/matel-motion-energy-solutions-partners-with-honda-for-ev-battery-swapping-technology-125009>

24 https://sansad.in/getFile/annex/267/AU523_19jX9i.pdf?source=pqars

25 <https://www.ibef.org/news/india-s-electronics-exports-increase-23-6-to-us-29-12-billion-in-fy24>

Policy Support

The Ministry of Electronics and Information Technology has spearheaded several key initiatives, including the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (**SPECS**) and the Modified Electronics Manufacturing Clusters (**EMC**) 2.0 scheme, which aim to create world-class infrastructure and encourage investment in high-value components.

PLI Scheme 2.0 for Information Technology (**IT**) Hardware was announced in 2023, the scheme offers a PLI to boost domestic manufacturing and attract large investments in the value chain. The PLI Scheme 2.0 for IT Hardware is expected to result in broadening and deepening of the manufacturing ecosystem by encouraging the localisation of components and sub-assemblies and allowing for a longer duration to develop the supply chain within the country.

Additionally, the scheme provides increased flexibility and options for applicants, and is tied to incremental sales and investment thresholds to further incentivise growth. Furthermore, semiconductor design, IC manufacturing, and packaging are also included as incentivised components of the PLI Scheme 2.0 for IT Hardware.

Further, to boost domestic manufacturing and attract investment in mobile phones value chain including electronic components and semiconductor packaging, PLI for Large Scale Electronics Manufacturing was notified in 2020. The scheme extends an

incentive of 3% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments viz. mobile phones and specified electronic components, to eligible companies, for a period of five years.

Areas of Collaboration

India's electronics manufacturing sector holds immense potential. With a strategic focus on reducing import dependency, lowering production costs, and fostering innovation, the country is well-positioned to build a competitive and sustainable ecosystem.

Mobile Phones Manufacturing: One of the fastest-growing segments within the electronics industry is mobile phone manufacturing. India now produces between 325 to 330 million mobile phones annually, fulfilling domestic demand and driving substantial export growth. Mobile phone exports reached USD 15.6 billion in FY 2023-24 from USD 0.2 billion in FY 2014-15.²⁶

Automobile Electronics: Valued at USD 10.6 billion in FY 2023-24, the automotive electronics market is projected to reach USD 74 billion by FY 2031-32. The rise of EVs and advanced systems is driving this growth, with electronic content in vehicles expected to increase from 20 % to 40–50 % within a decade. Domestic market demand is projected to grow at a CAGR of 21.5% from 2022 to 2032 to reach a market size of USD 63.7 billion.

Electronic Subcomponents: India is now preparing to launch enhanced programs like SPECS 2.0 to support the production of high-priority components such as PCBs and lithium-ion batteries.

²⁶ <https://pib.gov.in/PressReleasePage.aspx?PRID=2098447#:~:text=Mobile%20Phone%20Exports%20Growth%3A%20Mobile,24%2C%20with%20imports%20dropping%20significantly>





As per industry observers, five essential components, i.e., lithium-ion batteries, camera modules, mechanicals, displays, and PCBs—accounted for 43 % of the total domestic demand in 2022. This figure is projected to grow to USD 51.6 billion by 2030, highlighting their strategic importance.

Earlier in 2024, Indian conglomerate Vedanta acquired the Japanese thin-film-transistor and liquid-crystal display glass substrate and display maker AvanStrate. Apart from its complete acquisition of AvanStrate, Vedanta also has a partnership with Innolux Corporation, aiming to set up a 4 billion display manufacturing plant in India to reduce its import dependence.²⁷

Chitose Robotics Inc, a Japanese SME has introduced *CREWBO*, an industrial robot control software that enables high-precision, real-time robot-arm control using visual feedback technology. This innovation enhances productivity in manufacturing and logistics, aligning with India's vision to become a global robotics hub. The *National Robotics Strategy*, currently in development, aims to foster such technological advancements and attract key players in the robotics sector. Encouraging SMEs like Chitose Robotics to enter the Indian market could accelerate automation and industrial efficiency.²⁸

Semiconductors:

Factor	
Market size	USD 38 billion (2024)
Projected growth	USD 109 billion by 2030 at a CAGR of 17% ²⁹
Growth drivers	Semiconductors being essential to technology, from smartphones, EVs, and telecommunications to AI.

Policy Support

India has set an objective to have 10 semiconductor manufacturing plants by 2031. For this, Gol approved the Semicon India programme in 2021 with a total outlay of USD 9 billion for the development

²⁷ <https://economictimes.indiatimes.com/tech/technology/vedanta-completes-acquisition-of-japanese-tft-lcd-maker-avanstrate/articleshow/110016120.cms?from=mdr>

²⁸ https://www.gov-online.go.jp/hlj/en/july_2024/july_2024-03.html

²⁹ <https://pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=2074074>

³⁰ <https://pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=2039638>

of semiconductor and display manufacturing ecosystem in the country. The programme aims to provide financial support to companies investing in semiconductors, display manufacturing and design ecosystems.³⁰

The current Gol scheme, i.e., 'Modified Scheme for setting up of Semiconductor Fabs in India' extends a fiscal support of 50% of the project cost on pari-passu basis for setting up of silicon complementary metal-oxide-semiconductor based semiconductor fabs in India.

The 'Modified Scheme for setting up of Compound Semiconductors / Silicon Photonics / Sensors Fab / Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP) / Outsourced Semiconductor Assembly and Test (OSAT) facilities in India' extends a fiscal support of 50% of the Capital Expenditure on pari-passu basis for setting up of compound semiconductors / silicon photonics / sensors (including mems) fab/ discrete semiconductor fab and semiconductor ATMP / OSAT facilities in India.

Design Linked Incentive Scheme: In addition to the design infrastructure support, the scheme provides "Product Design Linked Incentive" of up to 50% of the eligible expenditure subject to a ceiling of USD 1.71 million per application and "Deployment Linked Incentive" of 6% to 4% of net sales turnover over five years subject to a ceiling of USD 3.43 million.

Chips to Start-up (C2S) Programme: Recognizing the importance of talent development in semiconductor domain, Gol has been making significant efforts to develop India as a global talent hub for semiconductors. The C2S Programme has been initiated with an aim to train 85,000 number of industry-ready manpower specialized in the area of VLSI/ chip design/ embedded system design and leapfrog in ESDM space by way of inculcating the culture of chip/ System-on-Chip / System Level Design at B.Tech, M.Tech & PhD level.

R&D Initiatives: Further, initiatives such as establishing the Semiconductor Research Center in Bengaluru, Karnataka, and the Semi-Conductor Laboratory are designed to promote innovation in chip design, addressing by providing end-to-end support including testing, fabrication and packaging to chip design startups at low costs.

Areas of Collaboration

In 2023, Governments of India and Japan signed a memorandum of cooperation (**MoC**) for the joint development of the semiconductor ecosystem in the two countries. The MoC focuses on semiconductor design, manufacturing, equipment research, talent development and to bring resilience in the semiconductor supply chain between India and Japan.

This partnership aims to overcome obstacles such as high labour costs and resource constraints in Japan, for which India has proposed to support semiconductor and display manufacturing projects by covering up to 50% of project expenditures.

Given Japan's experience, technology, and specialization, there is no better partner than Japan for India to develop the critical ecosystem of semiconductor. With around 100 semiconductor manufacturing plants, Japan is among the top five countries to have a semiconductor ecosystem. Japan houses companies that are global leaders in raw form of semiconductor wafers, chemical and gases, lenses that are used in chip manufacturing equipment, and display technologies.³¹

In April 2024, Polymatech Electronics, India's premier opto-semiconductor chips manufacturer signed a memorandum of understanding (**MoU**) with Japanese firm Orbray Co. Ltd. to supply Sapphire Ingot technologies to Polymatech by March 2025, increasing wafer production capacity³².

Tata Electronics also signed a memorandum of understanding with Tokyo Electron in September 2024, to buy equipment and services for its under-construction chip units in Gujarat and

Assam. They will also focus on training Tata Electronics' workforce on TEL equipment and supporting ongoing improvement and R&D initiatives³³.

Further, in October 2024, CG Power (Murugappa Group Company in India) acquired Japan's Renesas Electronics' radio frequency components business for USD 36 million, marking its entry into semiconductor design³⁴.

ArchiTek Corporation, an SME in Japan has developed *AiOnIc*, a high-performance, low-power AI chip designed for edge devices such as smartphones, IoT equipment, and digital cameras. This semiconductor chip surpasses GPUs in parallel processing while maintaining low power consumption, making it a game-changer for IoT networks. Potential applications include self-driving vehicles, hazard-sensing systems, and agricultural and livestock management³⁵. With India actively promoting semiconductor investments from Japan to build a robust manufacturing supply chain, ArchiTek stands out as a company with significant potential for collaboration.

Medical Devices

Factor	
FDI inflows (April 2019 to September 2024)	USD 1.91 billion ³⁶
Market size	USD 14 billion ³⁷
Exports market and growth	USD 2.92 billion in FY 2021-22, marking a CAGR of 12.05 %.
Projected growth	CAGR of approximately 15% to USD 30 billion by 2030 ³⁸ .

Policy Support

The PLI Scheme for Medical Devices has been another crucial initiative, designed to promote domestic manufacturing of medical devices, with a total fund allocation of USD 398.1 million from FY 2020-21 to FY 2027-28.

31 [https://www.musha.co.jp/attachment/647d5ae7-4e50-47cf-9dc2-0195ac1a01f4/Musha%2520Research%2520Commentary%2520\(Strategic%2520Bulletin%2520Vol%2520333\)_2023.06.05.pdf](https://www.musha.co.jp/attachment/647d5ae7-4e50-47cf-9dc2-0195ac1a01f4/Musha%2520Research%2520Commentary%2520(Strategic%2520Bulletin%2520Vol%2520333)_2023.06.05.pdf)

32 <https://www.manufacturingtodayindia.com/polymatech-electronics-inks-major-deal-with-orbray-japan>

33 <https://economictimes.indiatimes.com/industry/cons-products/electronics/tata-electronics-signs-pact-with-tokyo-electron-buy-semicon-equipment/articleshow/113202438.cms?from=mdr>

34 <https://www.bajajbroking.in/blog/cg-power-acquires-renesas->

35 <https://www.edgeir.com/architek-aionic-edge-processor-goes-into-mass-production-with-support-from-sparx-group-investment-20220623>

36 https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars

37 <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2085954®=3&lang=1>

38 <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2085954®=3&lang=1>



India has 21 medical device clusters across nine States, with Uttar Pradesh leading with six clusters, followed by Maharashtra and Haryana with four clusters each. These clusters are established to reduce production costs and foster domestic manufacturing. Most clusters are equipped with essential infrastructure, such as testing and prototyping facilities, warehousing, accreditation labs, regulatory awareness hubs, and training centers.

Additionally, policies such as the Medical Device Rules 2017 have established a robust regulatory framework that aligns with global standards, ensuring the quality and safety of medical devices. Dedicated MedTech zones and clusters, equipped with cutting-edge infrastructure, have further accelerated the growth of the sector by providing manufacturing facilities, research centers, and testing laboratories.

Areas of Collaboration

Japan and India are now working to strengthen collaboration with innovative concepts for developing medical devices from start-ups of both the countries. This can lead to significant advancements and mutually beneficial outcomes in patient care.

India being home to over 800 small-scale medical device manufacturers, primarily focused on consumables and disposables, provide a great opportunity for Japanese SMEs offering new age technology in the medical devices to collaborate and partner with established Indian medical devices players.

Japan's medical regulations are strict, and it takes a long time to approve new drugs, treatments and medical equipment. In addition, from the perspective of hospital management, introducing new technology takes time and the digitization of medical data has not progressed much. Japan is also the world's most aging country, and there is a growing need to improve the efficiency of nursing care.

In India, on the other hand, medical data is digitized and approvals are granted relatively quickly. In addition, because it has the world's largest population, a wealth of data is accumulated. Therefore, to obtain approvals in India, develop business in India and then re-import it to Japan is probably a great strategy.

In June 2024, Konoike Transport Co., Ltd acquired 82% of the shares of SPD India Healthcare Pvt. Ltd an Indian Surgical Instrument & Equipment Sterilization Company with the intention to step up the expansion of their medical business throughout India³⁹.

Further bolstering collaboration between the two countries in the medical devices industry, in October 2024, AIIMS and Osaka University signed a landmark MoU aimed at the development of novel and affordable surgical instruments, marking the first such R&D collaboration between medical institutions in India and Japan.

MITAKA KOHKI Co., Ltd. has jointly developed a Medical Imaging Projection System (MIPS), a high-precision optical measuring device with i-PRO Co., Ltd. and the Kyoto University Faculty of Medicine. MIPS uses projection mapping technology to project surgical guidance information onto patients' body surfaces or internal organs directly in real time. The system can provide increased surgical accuracy, operability, and safety during surgeries, and shortens operation time.⁴⁰

Further, On-chip Biotechnologies Co., Ltd has developed the 'On-chip Droplet Selector' microorganism screening system. This microorganism screening system separate water droplets containing microorganisms and cells into individual microdroplets of a few tens of micrometers, encapsulate them, and culture and analyse them within those microdroplets. It can also further separate and dispense intended droplets one by one. This system can considerably shorten the time required to discover useful microorganisms, and make production processes efficient for

³⁹ https://www.konoike.net/news/news_file/file/20240621%E3%80%80%20Acquires%20Shares%20in%20Indian%20Surgical%20Instrument%20&%20Equipment%20Sterilization%20Company.pdf

⁴⁰ <https://news.panasonic.com/global/stories/934>

medicinal, pharmaceutical, and food products which require the use of microorganisms.⁴¹

Such Japanese SMEs who are making strides in the medical devices industry can be a game changer for India.

Real Estate and Construction Sector

Factor	
FDI inflows (April 2019 to September 2024)	USD 22.14 billion; ⁴² Private equity investments in the Indian real estate sector have consistently grown, reaching approximately USD 4.2 billion in 2024, marking a 32% YoY increase compared to 2023 ⁴³ .
Market size	7.3 % of Indian GDP.
Projected growth	USD 5.8 trillion by 2047 (15.5% to the total economic output of Indian GDP)
Growth drivers	Urbanization, Demand for office space as well as urban and semi-urban accommodation across mid-income, premium, and luxury segments.

Areas of Collaboration

Construction: As per reports, the country is set to become the third-largest construction market globally following China and the US. Estimates show that the industry is set to reach USD 1.4 trillion by 2025. The industry is expected to grow at a CAGR of 9.6% during 2024-2028, with the country's construction output expected to reach USD 420 billion by 2028, indicating substantial growth potential.⁴⁴

The government's focus on infrastructure development has triggered the demand for commercial real estate assets through projects like the NIP and the Smart Cities Mission. The stable political environment has also instilled investor confidence, leading to massive investments by foreign and domestic investors in commercial real estate.

Sustainable and Eco-friendly Housing: There's a growing focus

on sustainable and eco-friendly housing. Both developers and homebuyers are increasingly prioritizing energy-efficient and environmentally conscious homes. Developers are actively incorporating green features such as solar panels, rainwater harvesting systems, and energy-efficient appliances into their projects.

Digital Revolution in Real Estate: The world of real estate is undergoing a profound transformation which is driven by the cutting-edge technologies like 3D modeling, virtual reality, and real estate photography.

Logistics Sector

Factor	
Market size (2024)	USD 310 billion
Projected growth	USD 484 billion by 2029. ⁴⁵
Growth drivers	Key contributors to this growth, the logistics service provider sector took the lead, accounting for 39% of the transactions. Following closely were the retail sector with 13%, e-commerce with 7%, fast moving consumer durables with 4%, FMCG with 3%, and other sectors with 5%. Quick commerce and on-demand delivery are recent trends driving the sector with on-time delivery guarantee now becoming part of the business model of e-commerce and food retail businesses.

Policy Support

Gol has launched several programs such as GatiShakti, Bharatmala and Sagarmala which are aimed at building new infrastructure, such as roads, railways, and ports, among others. To complement these initiatives, measures are being taken to attract private capital and implement administrative reforms to streamline the planning and execution of infrastructure investments. The NIP is one such lever that is expected to raise approximately USD 650 billion worth of investment.

41 https://www.gov-online.go.jp/hlj/en/july_2024/july_2024-00.html

42 https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars

43 <https://content.knightfrank.com/research/2948/documents/en/trends-in-private-equity-investments-in-india-2024-11783.pdf>

44 <https://www.businesswire.com/news/home/20241119056246/en/India-Construction-Industry-Report-2024-Output-to-Grow-by-11.2-this-Year-to-Reach-INR-25.31-Trillion---Forecasts-to-2028---ResearchAndMarkets.com>

45 <https://www.statista.com/statistics/1288177/india-size-of-logistics-market/>

National Logistics Policy: The NLP was launched in 2022 by Gol. The NLP addresses the soft infrastructure and logistics sector development aspect including process reforms, improvement in logistics services, digitization, human resource development and skilling.

Unified Interface Logistics Platform (ULIP): ULIP is a common data stack platform for integrating, through APIs, all relevant IT systems and individual platforms. It integrates 34 logistics related digital systems and portals across ministries and departments. It also provides opportunities for the private sector to develop apps and use cases.

State Logistics Policies: To bring a holistic focus on 'logistics' at the State level, States are developing State Logistics Plans aligned with the NLP. So far, 22 States have notified their respective State logistics policies under which various incentives are being offered for land, electricity rebates etc.

Areas for Collaboration

Warehousing: In 2023, the Indian warehouse market experienced an unprecedented surge in transactions, with a total of 51.3 million square feet. Notably, Mumbai, Bengaluru, and Kolkata stood out as the cities witnessing the highest demand for warehouse facilities. By the end of 2023, the total warehousing space, including Grade A & B warehousing space, stood at 371 million sq. ft., witnessing a 15% year-on-year growth.

⁴⁶ <https://www.investindia.gov.in/sector/construction>

⁴⁷ <https://www.cnbctv18.com/market/mahindra-logistics-announces-jv-with-japans-seino-holdings-to-offer-warehousing-services-19420474.htm>

⁴⁸ <https://www.mordorintelligence.com/industry-reports/packaging-industry-in-india>

According to NAREDCO and Knight Frank's Report, India's warehousing market is expected to see potential demand for 159 Mn square feet by 2047, with an annual compound growth rate of 4%⁴⁶.

In May 2024, Japan's Seino Holdings announced setting up a joint venture with Mahindra Logistics Ltd to offer warehousing and trucking services. The partnership aims to establish a joint venture company focused on providing warehousing and trucking services primarily to Japanese automobile companies and their affiliates in India. With Mahindra Logistics' capabilities and strong network, Seino Holdings aims to provide optimised logistics solutions and broaden its reach to customers throughout India.⁴⁷

Digital Freight Aggregators are slowly streamlining the Indian marketplace and have the potential to reduce a shipper's cost, eliminate the issue of dead miles, and reduce the industry's carbon footprint. Logistic service providers have started deploying big data and analytics, IoT, AI, blockchain and other technologies for long-term forecasting as well as logistics planning for route optimisation, capacity utilisation, and moving towards an autonomous supply chain.

Packaging materials: The packaging market size in India is estimated at USD 20.41 billion in 2025, and is expected to reach USD 39.13 billion by 2031, at a CAGR of 11.46% during the forecast period (2025-2031)⁴⁸.

Technological advancements and rising consumer awareness have favorably positioned the Indian packaging sector. The country's





abundant raw materials and a significant increase in per capita spending, especially in rural and middle-class segments, are reshaping market demands. Innovations like aseptic, retort, and biodegradable packaging enhance food product longevity.

Space Sector

Factor	
Market size	USD 8.1 billion ⁴⁹
Export Market	USD 300 million
Projected growth	USD 44 billion industry by 2033, and exports worth USD 11 billion by 2033.

Policy Support

Gol has launched various initiatives and policy schemes. The Indian Space Policy, 2023 has been formulated by the Government to provide regulatory certainty to space activities by various stakeholders, in order to create a thriving space ecosystem.

Indian National Space Promotion and Authorization Centre (IN-SPACE) has been created in Department of Space for promoting, authorising and overseeing the activities of Non-Government Entities (**NGEs**) in Space Sector to provide necessary support for realization of space systems and applications envisaged by such NGEs, to increase the industry participation in manufacturing of launch vehicles and satellites.

Further, a venture capital fund of USD 114 million approx. has been dedicated to supporting India's space sector has been set up to support the growth of India's space, economy. The fund aims to address the critical need for risk capital, as traditional lenders are hesitant to fund startups in this high-tech sector⁵⁰.

The Seed Funding Scheme also aims to increase the private participation of companies, start-ups, and industrial corporations to supplement and enhance the expanding infrastructure in the space sector. Leaping forward in the journey to become a global leader, the

space sector of India offers a plentitude of opportunities.

Full exemption from basic customs duty and Integrated GST (as of August 2024) has been provided to satellites and payloads, and the ground equipment for the testing of such satellites and payloads. A concessional basic customs duty rate of 5% and a concessional GST rate of 5% has been provided to scientific and technical instruments, apparatus, equipment, accessories, parts, components, spares, tools, mock ups and modules, raw material and consumables required for launch vehicles and satellites and payloads⁵¹.

Areas of Collaboration

India and Japan have been making massive progress in the fields of space and geospatial infrastructure. India has undergone path breaking policy reforms in the field of geospatial, drones, space and IT in recent years and this is an indication of strategic importance of the sector in overall development of the country. The Japanese Government has also identified the space industry as one of the priority growth areas and has launched a USD 6.4 billion- Space Strategy Fund to support private entities and universities to develop and commercialize advanced space technology.

The development of the space sector being a policy priority in both countries, the following areas in India are ripe for collaboration from Japanese counterparts, especially Japanese SMEs:

Geospatial Sector: India's geospatial market which is valued at approximately USD 3.5 billion and growing at 12% annually - is receiving strong interest in the form strategic partnerships, innovation, and knowledge sharing between Indian and Japanese space agencies and private companies. Experts project that collaborations in this domain could expand India-Japan geospatial trade to USD 10 billion by 2030, further strengthening economic ties⁵².

Small Satellite Segment: Private space firms are coming up and striving to make India a hub for small satellite launches. The launch segment is becoming a key area for start-ups and SMEs as they have developed a significant amount of competence in orbit management

⁴⁹ <https://www.thehindu.com/sci-tech/science/indias-space-economy-has-potential-to-reach-35200-crore-44-billion-by-2033-with-about-8-of-global-share/article67403193.ece>

⁵⁰ <https://pib.gov.in/PressReleasePage.aspx?PRID=2067667>

⁵¹ https://sansad.in/getFile/loksabhaquestions/annex/182/AU2146_aRm371.pdf?source=pqals

⁵² https://www.defstrat.com/magazine_articles/india-and-japan-a-strategic-partnership-for-the-indo-pacific-era/



for Low Earth Orbit (**LEO**), Medium Earth Orbit (**MEO**), and Geostationary Earth Orbit (**GEO**) satellite launches.

Additionally, with emerging technological developments like semi-cryogenic engines, reusable launch vehicles, two-stage-to-orbit rocket launch vehicles, and others are driving industries to expand into new space opportunities.

Very recently, in December 2024, Tokyo-based Orbital Lasers and Indian robotics company InspeCity signed a preliminary agreement to jointly study using laser-equipped satellites to remove debris from orbit, an experimental approach to the increasingly imminent problem of orbital congestion⁵³.

The satellite services segment is currently seeing a boom in activity, due to the spurring demand for higher bandwidth, lower latency, and innovative services powered by LEO satellites, new business models. This boost is due to the proliferation of small satellites, creating new revenue streams for the satellite sector.

Satellite data and space-enabled applications are playing an increasingly vital role in monitoring crop health, predicting weather patterns, and optimizing irrigation systems to help farmers improve productivity with significant improvement in the economic efficiency of the agriculture sector.

In the field of telecommunications, the deployment of increased capacity and advanced satellite systems by Indian and foreign operators over the Indian subcontinent is expanding access of rural and remote areas to services such as education, healthcare and banking, and contributing to swift digital inclusion. This is also leading

to improved services in other areas such as DTH, in-flight connectivity, and maritime communications that impact both the urban and rural populace.

Renewable Energy Sector

Factor	
FDI inflows (April 2019 to September 2024)	USD 12.15 billion ⁵⁴
Market size	Investments: USD 30 billion on green capital expenditure in 2023; Installed renewables capacity of 210 GW: December 2024 ⁵⁵ ,
Projected growth	Investments: USD 400 billion cumulatively from 2022 to 2032; ⁵⁶ 500GW total renewables capacity by 2030.
Growth drivers	Government's visionary policies, rapid urbanization, and soaring industrialization have created an insatiable demand for electricity. As the country strives for energy self-sufficiency, renewables, grid modernization, and innovative technologies are emerging as key growth drivers.

Areas of Collaboration & Policy Support

Green Hydrogen: Hydrogen demand in India is projected to exceed 27.2 million tonnes per annum by 2050, primarily led by industries such as steel, fertilisers, refineries and by long-haul heavy-duty road transportation applications.

53 <https://economictimes.indiatimes.com/news/science/japan-india-startups-to-study-laser-equipped-satellite-to-tackle-space-debris/articleshow/116389685.cms?from=mdr>

54 https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars

55 <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2092429#:~:text=As%20of%20December%202024%2C%20India's,180.80%20GW%20in%20December%202023>

56 https://www.morganstanley.com/im/publication/insights/articles/article_weavingindiasfuture_us.pdf?1738675509436

Downstream technologies and services, built around the main technologies, represent a significant business potential for which many industrial SMEs have the appropriate know-how to build new businesses. The production of hydrogen or its downstream products requires, among other things, firm foundations, a separate building, electrical and automation systems, piping, drainage, waste heat recovery systems, compressed gas handling, storage and handling of hydrogen or its downstream products, as well as project planning and project management. Once completed, the plants also require maintenance and servicing.

The National Green Hydrogen Mission, launched in January 2023, is focused on making India a leader in green hydrogen production. By 2030, India expects to produce 5 million metric tons of green hydrogen. The mission aims to create a hydrogen-based economy by promoting domestic manufacturing, export opportunities, and infrastructure development. The government has allocated USD 22.5 billion for the initiative with financial incentives such as a 50% subsidy on electrolyser manufacturing and hydrogen production.

In June 2024, Sojitz Corporation (**Sojitz**), Kyushu Electric Power Co. (**Kyushu Electric**), and Sembcorp Green Hydrogen Pte. Ltd., a leading energy provider in Asia, signed a term sheet for the supply of green ammonia produced in India to Japanese off-taker. Sojitz and Kyushu Electric will undertake the 200,000 metric tonnes of green ammonia per year from the latter half of the 2020s for the Japanese market and will supply it to various industrial off-takers.⁵⁷

Solid-Waste Management & Recycling: Nearly 62 Million Metric Tonnes of solid waste is generated in India annually, of which only 53% is treated, opening business opportunity for the incumbents & new entrants to monetize the remaining 47%. With urbanization escalating, the volume of waste is projected to reach 150 million tonnes by 2030.

Electronic waste in India is another such waste stream that is likely to offer a market size of USD 260 Billion by 2040. India witnessed a surge in electronic waste generation over the past five years, rising from 1.01 million metric tonnes (MT) in FY 2019-20 to 1.751 million MT in FY 2023-24.⁵⁸

Additionally, sewage collection, treatment, and disposal systems present opportunities valued at USD 12.5 Billion. This expansion presents significant investment opportunities for those looking to participate in India's evolving waste management landscape, contributing to both environmental sustainability and economic growth.

Through the Swachh Bharat Mission 2.0 government offers central assistance to accelerate source segregation, waste processing, and reduction initiatives. India's Waste to Wealth Mission is also driving transformative advancements in waste management, aiming to convert waste into valuable energy resources.

Under the Waste to Energy programme of Ministry of New and Renewable Energy, Central Financial Assistance (**CFA**) is provided for setting up of Waste to Energy projects. Financial assistance available under the Programme for setting up Waste to Energy plant.⁵⁹

In addition, the Biomass Programme supports the setting up of Biomass Briquette/Pellet manufacturing plants and to support Biomass (non-bagasse) based cogeneration projects in Industries in the country. This is done by providing CFA to project developers and service charges to implementing agency and inspection agencies in respect of setting up of Briquette / Pellet manufacturing plants and Biomass (non-bagasse) cogeneration projects in industries.⁶⁰

Moreover, Indian tax laws allow companies engaged in bio-degradable waste processing, recycling, for generating power or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas or making pellets or briquettes for fuel or organic manure, to claim a tax deduction on profits and gains derived from such businesses for five years, from the initial year of operations.⁶¹ Further, India offers lower GST rates for waste management services, such as waste collection, treatment, and disposal, compared to standard GST rates.

Nuclear Energy and Small Modular Reactors: In the recently announced federal budget, Gol has outlined plans for a significant push toward nuclear energy as part of India's long-term energy transition strategy.

⁵⁷ <https://www.sojitz.com/en/news/article/20240606.html>

⁵⁸ https://sansad.in/getFile/annex/266/AU2384_9gmDUV.pdf?source=pqars

⁵⁹ <https://mnre.gov.in/en/waste-to-energy/#:-text=The%20programme%20provides%20Central%20Financial%20generation%20of%20producer%20or%20syngas>

⁶⁰ <https://samarth.powermin.gov.in/content/policies/ad11e200-0b42-417d-ab85-8af4c97fc2d9.pdf>

⁶¹ https://incometaxindia.gov.in/_layouts/15/dit/pages/viewer.aspx?grp=act&cname=cmsid&cval=102520000000139948&searchfilter=%5B%7B%22crawledpropertykey%22%3A%22value%22%3A%22act%22%3A%22searchoperand%22%3A%22%7D%7B%22crawledpropertykey%22%3A%22value%22%3A%22income-tax+act+1961%22%3A%22searchoperand%22%3A%22%7D%7B%22crawledpropertykey%22%3A%22value%22%3A%222024%22%3A%22searchoperand%22%3A%22%7D%5D&k=&isdlg=0



Currently, India has 8 GW of operating nuclear capacity, operated by the state-owned Nuclear Power Corporation of India Limited (NPCIL). The government now targets the country to have 100 GW of nuclear power generation capacity installed by 2047.

As part of its plans to rely on nuclear energy, India will look to boost its domestic nuclear capabilities, promote private sector participation, through investments in small modular reactor projects that produce emission-free electricity.

While India's FDI regulations prohibits foreign investment in atomic or nuclear energy because under the Atomic Energy Act, 1962, the central government has a monopoly over the production, development, use and disposal of nuclear energy. Foreign investment is, however, permitted in the manufacture of equipment and the provision of other supplies for nuclear power plants.

India and Japan already have a civil nuclear cooperation agreement which was entered in 2016. The agreement facilitates collaboration in various aspects of nuclear energy, including the supply of nuclear materials and technology, and allows India to import Japanese nuclear technology.

Developments in the nuclear energy space in India and especially greater private sector participation in developing nuclear power reactor technology can open up opportunities for Japanese companies which have strong expertise and capabilities of operating in the nuclear energy sector in Japan.

Food Processing Sector

Factor	
FDI inflows (April 2019 to September 2024)	100% FDI under automatic route (except for alcohol, beer, and sectors reserved for small scale industries), with repatriation of capital and profits permitted; USD 3.8 billion. ⁶²
Market size	USD 33.7 billion in 2023 ⁶³
Projected growth	USD 46.3 billion by 2028 at an average annual growth rate of around 5.35% ⁶⁴
Export market	Export in agri-food export has gone up to 23.4% in 2023-24 from 13.7% in 2014-15. ⁶⁵
Growth drivers	India's growing middle-class population, urbanization and changing consumer preferences; Domestic food market alone is expected to rise by almost 47%, reaching a valuation of US 1.2 trillion by 2027. ⁶⁶

Policy Support

Focus on Infrastructure - According to Vision 2015, formulated by Ministry of Food Processing Industries, the government plans to establish 30 mega food parks in public-private partnership mode across the country; out of these 10 have already been approved in the first phase.

Incentives for Development of Storage Facilities - Investment-linked

62 https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars

63 <https://www.ficci.in/sector/food-processing>

64 <https://www.ficci.in/sector/food-processing>

65 <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2036980®=3&lang=1>

66 <https://www.investindia.gov.in/blogs/scaling-value-addition-across-food-processing-sector-sustainable-growth>

tax incentive of 100% deduction of capital expenditure for setting up and operating cold chain facilities (for specified products), and for setting up and operating warehousing facilities (for storage of agricultural produce).

Focus on R&D and Modernisation - The government has launched initiatives such as the Setting Up/Upgradation of Quality Control/ Food Testing Laboratory, R&D and Promotional Activity Scheme and the Technology Upgradation/Setting Up/Modernisation/Expansion of Food Processing Industries Scheme.

Areas for Collaboration

Cold Chains: The demand for cold storage is expected to grow to 47 million tonnes as food sector (retail and service) is getting organised with support from Government initiatives on the back of demand for processed & frozen food.

Dairy: Considering the higher purchasing power, higher awareness and preference for tertiary processed milk products coupled with low availability, there is an opportunity to grow the spending on this category.

Food & Beverages & Food Servicing: Increasing health consciousness presents opportunities for companies to innovate and develop products that cater to these preferences, such as fortified foods, gluten-free products, and beverages with added health benefits.

Further, with the changing habits there is an increased preference for convenience and higher instances of eating out. Certain section has been exploring culinary experiences due to the global mobility of

the Indian consumer. This has resulted in the emergence of the QSR industry and also the ready-to-cook/ ready-to-eat segments of the food & beverages industry.

Recently, an Indian beer brand Bira 91 secured USD 25 million from an existing investor, Kirin Holdings, a Japanese beer and beverage holding company.⁶⁷

Defence and Aerospace

Factor	
FDI inflows (April 2019 to September 2024)	USD 14.42 million ⁶⁸
Market size	Annual defence production outlay of approximately USD 20 billion for FY 2024-25
Projected growth	CAGR of around 20% to approximately USD 34 billion by FY 2028-29 (as per Ministry of Defence).
Export growth	CareEdge Ratings anticipates that India's defence exports will grow at an estimated rate of about 19% from FY 2023-24 to FY 2028-29 on a more extensive base.
Growth drivers	Increased budgetary allocation for defence production; Indigenization of defence manufacturing and a simultaneous boost to exports.

Policy Support

To attract start-ups and micro, small and medium enterprises

⁶⁷ <https://asiabrewersnetwork.com/news/indias-bira-91-secures-us25-million-loan-from-kirin>

⁶⁸ https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars



(MSMEs) in defence production, the GoI has introduced several incentivisation measures. For instance, in the Defence Acquisition Procedure 2020, there are specific reservations for start-ups and MSMEs from the total budget allocated for procurement through domestic private industries.

The Defence Offset Guidelines have further paved the way for proactive participation of MSMEs of India by incorporating a scheme of multipliers of 1.5 for engaging MSME as Indian Offset Partners (IOP), which promotes their integration in global supply chain.

Technology Development Fund (TDF) Scheme: TDF Scheme is a flagship program of Ministry of Defence under the Make in India initiative. GoI has approved TDF Scheme to encourage industries especially MSMEs and Startups to develop various Defence technologies. Funding of up to USD 5.72 million per project is provided to the industry as Grant-in-Aid.

Innovations for Defence Excellence (iDEX) framework was launched by GoI in 2021, with an aim to provide financial support to nearly 300 Start-ups/ MSMEs/ individual innovators and 20

framework to promote R&D and self-reliance.

Owing to the policy boost, the private sector's share in defence production reached 22% in FY 2023-24 - highest in the last eight years, and MSMEs have been active participants in this production.

Areas of Collaboration

India and Japan are well-positioned to expedite defence technology transfers and co-development projects. In August 2024, India and Japan held their third '2+2' Foreign and Defence Ministerial Meeting in New Delhi. This high-level dialogue emphasized and appreciated the successful completion of the cooperation in the areas of Unmanned Ground Vehicle / Robotics and the progress made for the transfer of Unified Complex Radio Antenna (**UNICORN**) and related technologies.

The successful transfer of technologies like the UNICORN must can serve as a model for future collaborations. This is a significant milestone, as it is the first instance of military technology developed by Japan's private sector being shared with India.

E-Commerce/Retail

Factor	
Market size	B2C e-commerce: USD 83 billion in 2022 ⁶⁹
Projected growth	B2C ecommerce: USD 150 billion by 2026, showing a CAGR of 15.9%. ⁷⁰
Growth drivers	Rise of technology-powered advancements like online payments, localised delivery services, data-driven interactions with customers, and digital marketing; Number of online shoppers in India is expected to increase dramatically at a CAGR of 22% to 88 million in rural India and 15% to 263 million in urban India.

partner incubators under the Defence Innovation Organisation

69 <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-in/newsroom/2024/07/ey-enabling-e-commerce-exports-from-india.pdf>

70 <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-in/newsroom/2024/07/ey-enabling-e-commerce-exports-from-india.pdf>





Policy Support

Government initiatives like the NLP aim to smoothen deliveries to hinterlands, making logistics efficient and cost-effective. Government initiatives like Jan Dhan Yojana, Digital India, BharatNet Project, and the introduction of GST have played a crucial role in shaping India's e-commerce economy.

UDAAN Initiative: Udaan is a B2B online commerce network that links online merchants with small and medium-sized manufacturers and wholesalers. They also receive technology support, payments, and logistics from it. The platform distributes to more than 500 places in India and has merchants in more than 80 cities.

The Government e-Marketplace (GeM) platform's Gross Merchandise Value doubled in FY 2023-24, surpassing USD 47.96 billion, primarily due to a 205% increase in service procurement.

Areas of Collaboration

Electronics and clothing have historically accounted for the majority of e-commerce sales, but other product categories — like groceries, household necessities, and health and wellness — have grown significantly.

The online grocery market in India was valued at USD 8.55 billion in 2023, expanding at a CAGR of 31.33% during the 2024 - 2029 period⁷¹.

⁷¹ https://www.researchandmarkets.com/report/india-online-grocery-market?utm_source=GNE&utm_medium=PressRelease&utm_code=5cckj8&utm_campaign=2029416+-+India+Online+Grocery+Market+Report+2024-2029%2c+Featuring+Avenue+E-commerce%2c+Spencer%27s+Retail%2c+Dunzo+Digital%2c+Kirana+kart+Technologies%2c+Max+Hypermarket%2c+Natures+Basket%2c+BigBasket%2c+Grofers+%26+Amazon+Pantry&utm_exec=carimspi

⁷² https://sansad.in/getFile/annex/267/AU523_L9jX9i.pdf?source=pqars

⁷³ <https://www.ibef.org/industry/information-technology-india>

⁷⁴ <https://www.ibef.org/industry/information-technology-india>

The Indian Fashion e-commerce market size is anticipated to witness a CAGR of 34% during the forecast period 2023-2030, owing to the rising popularity of online shopping and the convenience it offers to consumers.

The Indian electronics e-commerce market is projected to reach USD 25.6 billion by 2024, accounting for over 20% of the total e-commerce market. With a CAGR of 14.2% from 2024 to 2028, the market volume is expected to hit USD 43.5 billion by 2028.

Information Technology Sector

Factor	
FDI inflows (April 2019 to September 2024)	USD 69.83 billion ⁷²
Market size	Revenue of USD 245 billion in 2023-24 ⁷³
Export market	USD 194 billion in 2023-24 ⁷⁴
Growth drivers	AI, Data Analytics, Data Science, and Big Data; The demand for scalable and efficient cloud solutions led to the growth of Software as a Service (SaaS); India's vast talent pool, growing digital infrastructure, and government initiatives, presents significant opportunities for AI technologies in India.



Key Areas of Collaboration Under the IT Sector Include

Tech Start-Ups

India's tech start-up ecosystem ranks third globally and has performed considerably better than the USA and the UK, with accelerated growth in sectors like BFSI, HealthTech and EdTech, spurred by the increased need for tele-consulting and remote learning solutions.

The fintech sector especially saw a surge in start-ups starting in 2016, and today has almost 21 unicorns. The combined revenues of all fintech companies in India were estimated to be USD 20 billion as of FY23. With the book size of the lenders in the digital lending space is expected to reach USD 515 billion by 2030, the market revenues of the FinTech sector in India is expected to triple in size by 2030 to over USD 31 billion.⁷⁵

In 2023, Mixi, a Japanese mobile entertainment company launched its first corporate venture capital fund of USD 50 million in India to support early-stage start-ups in the entertainment industry in the country⁷⁶.

In October 2024, Eruditu which is an Ed-tech Start-up raised USD 150 million in new funding at a valuation of USD 3.2 billion post-money with Softbank, which is an existing investor, invested another USD 20 million⁷⁷.

Policy Support

FinTech Incentive Scheme, 2022: With an overall objective to promote the establishment of a world-class FinTech Hub, at Gujarat International Finance Tec-City, the scheme provides financial support to FinTech activities in the form of specific grant(s); fintech startup grant, proof of concept grant, sandbox grant, green fintech grant, accelerator grant, listing support grant.⁷⁸ Both domestic and foreign entities must have technology as their core offerings or operations to avail grants under the scheme.⁷⁹

Ease of Procurement: To enable ease of procurement, Central Ministries are directed to relax conditions of prior turnover and prior experience in public procurement for all DPIIT recognised startups

subject to meeting quality and technical specifications. Further, Government e-Marketplace also facilitates and promotes procurement of products and services by the Government from startups.

Support for Intellectual Property Protection: The Government launched Start-ups Intellectual Property Protection, which facilitates the startups to file applications for patents, designs and trademarks through registered facilitators in appropriate IP offices for fast-tracked patent application examination and disposal.

Startup India Investor Connect Portal has been co-developed under the Startup India Initiative links startups and investors in order to help entrepreneurs from various industries, functions, stages, regions, and backgrounds in mobilizing capital.

Artificial Intelligence

Successful adoption of AI in India is expected to add over a five-year period, USD 17 billion to USD 28.5 billion in incremental pre-tax profit for the top 500 Indian companies alone.⁸⁰

Since 2023, India has ranked among the top six economies globally in terms of investments in generative AI start-ups and has shown a robust growth powered by a surge in investments for business-to-business applications and in Agentic AI start-ups, reaching USD 51 million in the first half of FY 2024-25.

AI's Gross Value Added in India's GDP by 2025 is expected to be driven by four end-user sectors – Industrials & Automotive, Healthcare, Retail and Consumer Packaged Goods. Banking, Financial Services, and Insurance (BSFI) and Agri-tech are also currently emerging as important application areas for AI.

⁷⁵ <https://www.pwc.in/assets/pdfs/industries/powering-indias-usd-5-trillion-economy-by-fostering-innovations.pdf>

⁷⁶ <https://yourstory.com/2023/08/mixi-japanese-mobile-entertainment-investment-cvc-indian-startups>

⁷⁷ <https://economictimes.indiatimes.com/tech/startups/eruditus-raises-150-million-led-by-tpg-rise-company-to-flip-domicile-to-india-from-singapore/articleshow/114325642.cms?from=mdr>

⁷⁸ https://ifsc.gov.in/Document/Legal/press-release-on-guidelines-of-ifsc-fintech-incentive-scheme_2022_approved1209202206133223092023032321.pdf

⁷⁹ <https://law.asia/fintech-new-incentive-scheme/>

⁸⁰ <https://web-assets.bcg.com/13/72/6376db51419389790f2cfa12489/ai-in-india-a-strategic-necessity.pdf>



In the finance sector, AI-powered solutions for fraud detection, risk assessment, and customer service automation are in high demand in the financial sector. Japanese fintech companies can leverage partnerships with Indian banks and financial institutions to deploy AI-driven solutions.

In the healthcare sector, AI presents opportunities for predictive diagnostics, personalized treatment plans, and drug discovery in the healthcare sector. Indian IT associations like National Association of Software and Service Companies (NASSCOM) are actively promoting AI-driven healthcare solutions, creating opportunities for collaboration between Japanese and Indian companies.

AI-driven technologies such as recommendation engines and chatbots are transforming the retail sector in India. Collaborations between Japanese retail giants and Indian retailers can lead to the development of innovative AI-powered solutions for personalized shopping experiences.

Whatfix, a leader in Digital Adoption Solutions in India, has raised 90 million in Series D funding led by Softbank (Japan) and has invested the funds in product innovation focusing on AI, enterprise solutions, and providing personalized experiences⁸¹.

Further, Netradyne, a leader in AI and edge computing focusing on driver and fleet safety also received USD 150 million in its Series C funding led by Softbank (Japan).⁸²

Policy Support

India is rapidly establishing itself as a global centre for AI innovation and growth is expected to be driven further by significant government initiatives like Digital India, Make in India, and Smart Cities Mission are

driving AI adoption across sectors. Additionally, the recently launched National AI Portal and the National AI Strategy, including the approval of a USD 1.24 billion investment in AI infrastructure.

Data Centres

Data center businesses in India are positioned for consistent annual expansion. India accounts for 20% of the worldwide data production but has only 3% of its data centre capacity. Further, data consumption in India could triple as a result of the adoption of 5G, IoT and AI technologies.

India's total Data Center capacity reached approximately 1,255 Megawatts (**MW**) between January and September 2024. Additionally, 45 new data centers with a combined 13 million square feet and 2070 MW of capacity are scheduled to be developed by the end of 2025.⁸³

The potential expansion of capacity is expected to double by 2026 to approximately 2,000 MW, leading to inclusive investment opportunities, with a projected capital expenditure of USD 6 billion from 2023 to 2026.

The JBIC in March 2024 signed a loan agreement with NTT Global Data Centers & Cloud Infrastructure India Private Limited (**NTT GDCl**) amounting to USD 115 million to provide the funds necessary for NTT GDCl to build and operate data centers in the State of Maharashtra⁸⁴.

Policy Support

To entice investment and accelerate India's current rate of data center expansion, is formulating a Data Centre Policy. Incorporating data centers under the Essential Services Maintenance Act, creating Data Centre Facilitation Units, Data Centre Economic Zones, and a special category code for data centers under the National Building Code of India are all part of this plan.

81 <https://whatfix.com/newsroom/press-releases/whatfix-closes-90-million-series-d-backed-by-softbank-vision-fund-2/>

82 <https://www.prnewswire.com/news-releases/netradyne-raises-150-million-in-series-c-funding-led-by-softbank-vision-fund-2-301334948.html>

83 <https://www.cbre.co.in/insights/reports/2024-india-data-centre-market-update>

84 https://www.jbic.go.jp/en/information/press/press-2024/press_00007.html

State- Level Policy Initiatives

India is a federal country and while policies pertaining to foreign investments are framed by the Central Government, implementation is undertaken by lead federal ministries and sub-national counterparts.

The list of Japanese business establishments in India shows a concentration of Japanese firms in Maharashtra, Tamil Nadu, Gujarat and Karnataka, following the general geographical pattern of FDI in India.

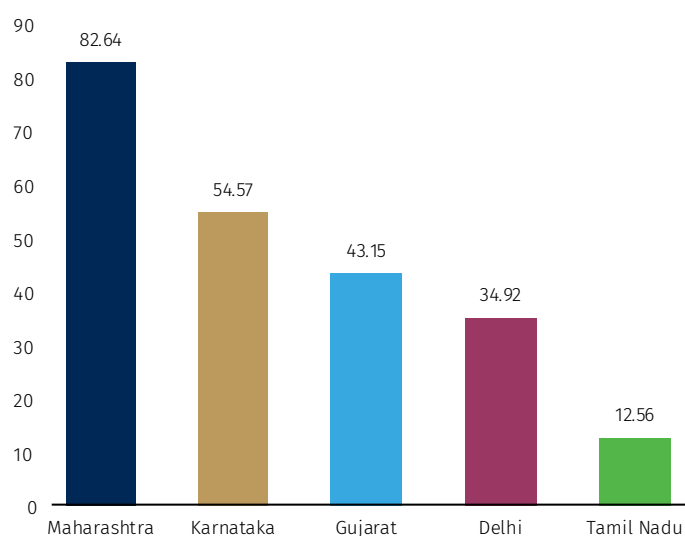
Region-wise study of the FDI inflows to India suggests that economically advanced States have attracted lion's share of FDI inflows in India. More than 80 % of FDI inflows in the in India is concentrated in four States - Maharashtra, Karnataka, Gujarat and Tamil Nadu. The concentration of FDI in few States suggests that better infrastructure (physical and human) and growth potential are key preconditions to attract higher FDI⁸⁵.

In this regard, Indian States have been offering a number of incentives and investors-friendly environment to foreign investors to attract investments into the State.

Following is a brief overview of the State-level policy incentives that the key Indian States (in terms of their share in the FDI inflows to India) offer in key sectors in that State:

Key Indian States Attracting Major FDI in India

Total FDI Inflows from FY 2019-20 to FY2024-25 (Billion USD)



Source: DPIIT



⁸⁵ <https://www.indiaratings.co.in/pressrelease/71963>; <https://pib.gov.in/PressReleasePage.aspx?PRID=1845719>

Maharashtra

Maharashtra has emerged as the leader in terms of FDI in India receiving as much as USD 80.7 billion during October 2019 to September 2024.⁸⁶ This is a result of the States' consistent effort towards providing a highly conducive environment for investment especially in sectors such as: electronics, automobiles and auto components, textiles, defence and food processing among others.

Sector	Capital Incentives	Land Incentives	Employment & Skilling Incentives	Other Incentives
Electronics	Capital subsidies, power tariff incentives, tax reimbursements	Special ESDM parks with integrated EMCs, plug-and-play infrastructure	Subsidies for R&D, testing, innovation	Single-window clearance via Maharashtra Industry, Trade, and Investment Facilitation Cell (MAITRI) portal, exemption from electricity duty
Automobiles & EVs	Capital subsidies for EV manufacturing & component suppliers	Land banks, flexible pricing & rentals, concessional industrial plots	Skill development programs, employment-linked incentives	Road tax exemptions, registration fee waivers, fast-track approvals
Textiles	Capital investment subsidies for spinning, weaving, and garment units	Government covers infrastructure project land costs (80:20)	Additional incentives for women-led enterprises & MSMEs	Electricity subsidies for two years, tax waivers
Defence & Aerospace	Fixed capital incentives for test ranges & storage	Anchor units receive discounted industrial land rates	50% project cost covered for test facilities, incubation centers	Single-window clearance through MAITRI, subsidies for R&D centers

Karnataka

Karnataka is one of the favourable locations for investment in manufacturing sector owing to its proximity to coastline, presence of warehousing infrastructure, robust connectivity, SEZs, and access to raw materials and skilled workforce. Owing to such features, the State has become home to sectors such as IT/ITeS, aerospace, defence manufacturing, biotech and fintech. The State witnessed FDI second highest FDI inflows of as much as USD 50.5 billion from FY 2019-20 to September 2024.⁸⁷

Sector	Capital Incentives	Land Incentives	Employment & Skilling Incentives	Other Incentives
Manufacturing	Subsidies based on production turnover, investment promotion subsidies	Land conversion fee reimbursement, special land subsidy in private industrial parks	Fixed asset subsidies linked to employment	Electricity tax exemptions for MSMEs, infrastructure support
Defence & Aerospace	One-time subsidy for Common Effluent Treatment Plants	Land fee reimbursement, priority land allocation in industrial clusters	Subsidies for anchor industries creating high-value jobs	Exemption from tax on electricity tariffs, single-window clearance
IT & Data Centers	7% capital subsidy (up to INR 10CR), tax reimbursements	10% land subsidy (up to 10 acres), concessional rates for tech parks	Tax exemptions for data centers, special incentives for startups	Industrial power tariff benefits, green power incentives, exemption on land conversion fees
Biotech	R&D funding, patent cost reimbursement, quality certification subsidies	Land incentives for biotech parks, incubation centers	Training support, grants for biotech innovation centers	Single-window clearance through KBITS, marketing cost reimbursement

⁸⁶ [https://www.ibef.org/economy/foreign-direct-investment#:~:text=The%20state%20that%20received%20the%24%2012.56%20billion\)%205%25](https://www.ibef.org/economy/foreign-direct-investment#:~:text=The%20state%20that%20received%20the%24%2012.56%20billion)%205%25)

⁸⁷ <https://www.newindianexpress.com/nation/2025/jan/04/maharashtra-tops-in-fdi-gets-31-of-total-investment>

Sector	Capital Incentives	Land Incentives	Employment & Skilling Incentives	Other Incentives
EV & Auto-mobiles	Capital subsidies on fixed assets, GST reimbursements	Land conversion fee reimbursement, special zones for EV manufacturing	Skill development programs with stipends, financial aid for skilling centers	Exemption from duty/tax on electricity tariffs, charging infrastructure support

Gujarat

Gujarat has also emerged as the hub for investments in India, primarily focusing on sectors such as semiconductor manufacturing, chemicals and pharmaceuticals and financial services. The States' strategic location along the west coast with well-established ports, business friendly policies like tax incentives, land, and single-window clearance alongside softened labour norms has resulted in providing FDI inflows to the extent of USD 40 billion from FY 2019-20 to September 2024.⁸⁸

Sector	Capital Incentives	Land Incentives	Employment & Skilling Incentives	Other Incentives
Manufacturing	7% interest subsidy on term loans, high-value investment incentives	100% electricity duty exemption for 5 years, concessional land rates	State GST reimbursement up to 100%, EPF reimbursement for new employees	Single-window clearance for approvals, tax rebates
Electronics & Semiconductors	Up to 20% capital assistance, special PLIs.	Land allocation in dedicated semiconductor zones, subsidized industrial plots	Support for R&D, prototyping, and testing facilities	Exemptions from stamp duty & electricity duty, logistics subsidies
Renewable Energy	Carbon credit eligibility incentives, incentives for hybrid projects	Land available at concessional rates for solar & wind energy	Skill training for renewable sector workforce	Single-window clearance system for approvals, relaxed land use norms

Tamil Nadu

Tamil Nadu has also emerged as one of the top destinations for investments in India having a FDI inflows as much as USD 11.8 billion during October 2019 - September 2024⁸⁹, with a share of 8.9% contribution to the national GDP. With characteristics such as Industrial infrastructure with sector specific clusters, efficient land allocation policies, single window clearance mechanism, adequate incentives, concessions and investment promotion, efficient connectivity, the State ranks fourth in terms of FDI.

Sector	Capital Incentives	Land Incentives	Employment & Skilling Incentives	Other Incentives
Manufacturing	Fixed & flexible capital subsidies, tax reimbursements	Land earmarking for new industries, subsidized industrial plots	Training subsidies for local workforce, apprenticeship incentives	15-year State GST reimbursement, green energy incentives
Logistics	Capital subsidies for logistics parks, warehousing incentives	Identified land parcels for logistics hubs, private freight terminals	Apprenticeship programs with private firms	Single-window clearance for project cargo, tax exemptions
EV & Auto-mobiles	Capital subsidies for EV manufacturers & component makers	Land concessions up to 50%, incentives for EV charging stations	Employer EPF reimbursement for new jobs, special training incentives	Single-window clearance for EV charging permits, subsidies for battery recycling plants

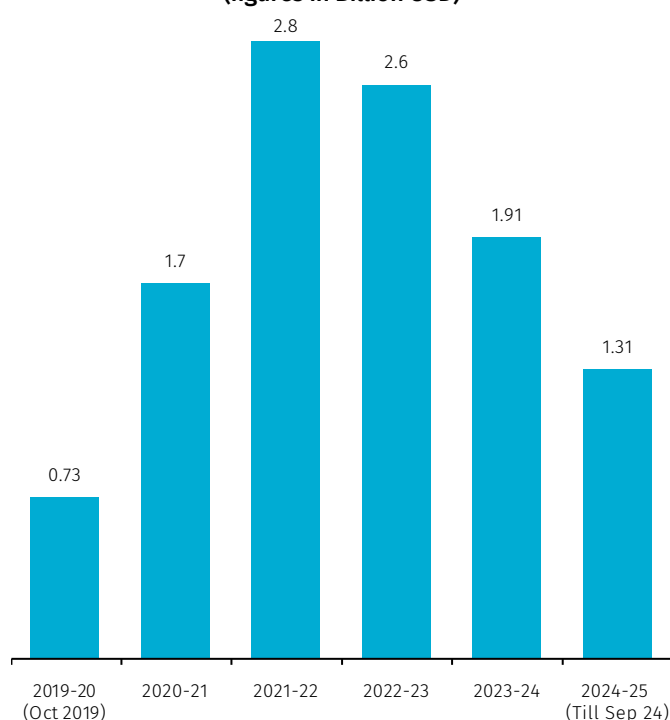
⁸⁸ <https://www.newindianexpress.com/nation/2025/jan/04/maharashtra-tops-in-fdi-gets-31-of-total-investment>

⁸⁹ <https://www.newindianexpress.com/nation/2025/jan/04/maharashtra-tops-in-fdi-gets-31-of-total-investment>

Emerging States in India Holding Potential for Foreign Investors

Haryana

FDI inflows in Haryana: FY 2019-20 to FY 2024-25
(figures in Billion USD)



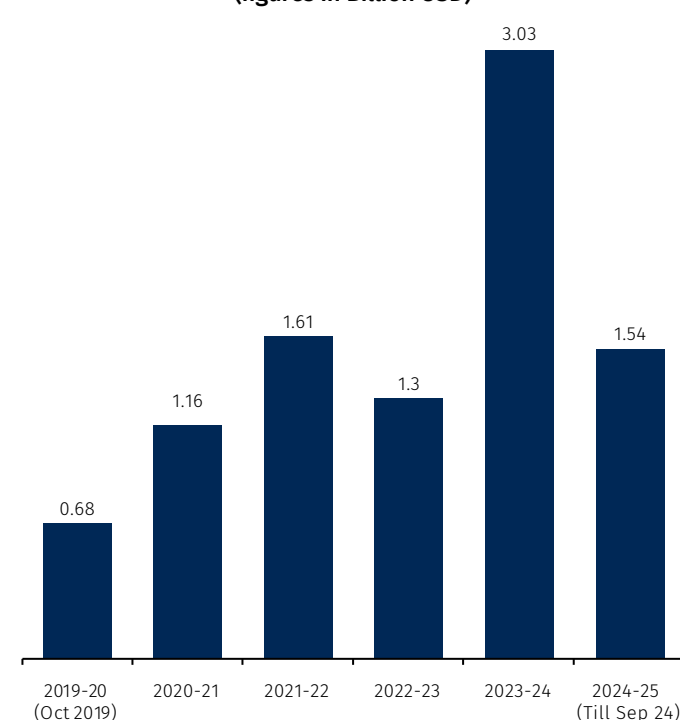
According to the DPIIT, Haryana is the 6th most attractive State for the FDI, receiving 4% of India's total FDI inflows with a total inflow of USD 9.7 billion from October 2019 to September 2024.⁹⁰ Further as per the advance estimates for FY 2024-25, Haryana's Gross State Domestic Product at current prices has been estimated at USD 139.13 billion⁹¹.

Haryana is a preferred destination for auto majors and auto-component manufacturers. The State is host to many large automotive players. The State produces two-thirds of passenger cars, 50% of tractors, 60% of motorcycles and 50% of the refrigerators manufactured in the country. Automobiles and auto component exports from Haryana were approximately USD 1.070.3 million in FY 2019-20 and reached USD 618.7 million in FY 2020-21. Haryana is also among the leading States in terms of IT exports. Merchandise exports from Haryana reached USD 12.06 billion in FY 2019-20 and USD 11.60 billion in FY 2020-21. Export

of electric machinery and equipment for Haryana reached USD 379.3 million in FY 2019-20 and USD 325.36 million in FY 2020-21.

Telangana

FDI inflows in Telangana: FY 2019-20 to FY 2024-25
(figures in Billion USD)



Telangana has witnessed a significant rise in FDI, with a 33% increase in inflows during the first half of the FY 2024-25. According to the latest data from the DPIIT, the State received USD 1.47 million in FDI between April and September 2024, up from USD 1.10 million during the same period in 2023. This marks an impressive growth of USD 0.36 million.⁹²

Hyderabad, the State capital, continues to be the major hub for these investments, accounting for nearly 93% of the total FDI. Hyderabad is considered the Life Sciences Capital of India with over 800 life sciences companies. The sector has attracted approximately USD 769.26 million worth investments from 215 companies in FY 2021-22 and approximately USD 332.46 million from around 150 companies in FY 2020-21. Telangana contributes about 30% of India's pharma production and 44% pharma exports. The rise in Telangana's FDI inflows which totaled USD 31 billion in

⁹⁰ <https://www.investindia.gov.in/state/haryana>

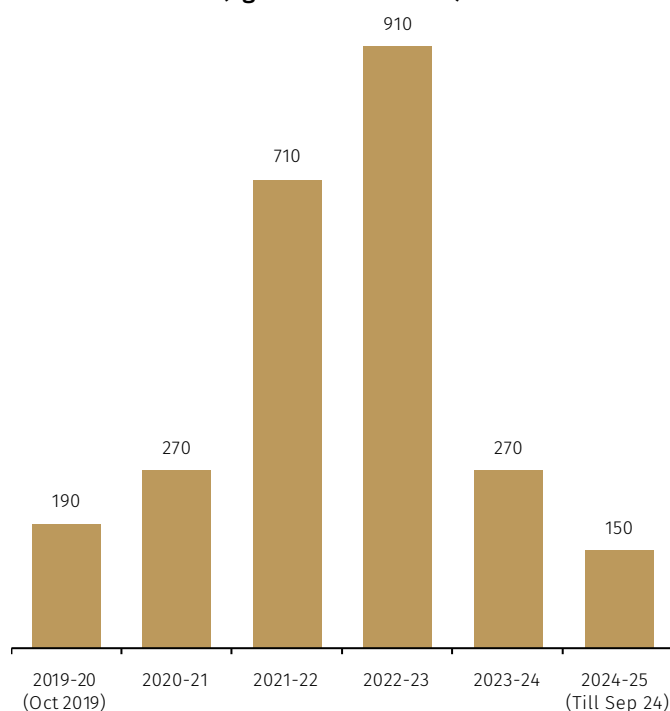
⁹¹ https://prindia.org/budgets/states/haryana-budget-analysis-2024-25#:~:text=The%20Gross%20State%20Domestic%20Product,11%25%20over%202023%2D24_

⁹² <https://www.thehindu.com/news/national/telangana/telangana-sees-33-growth-in-fdi-in-the-first-half-of-2024-25/article69037452.ece#:~:text=Telangana%20has%20witnessed%20a%20significant,the%20financial%20year%202024%2D25.>

industries from 2014 to 2023, facilitated by the State's industrial policy known as TS-iPASS (Telangana State Industrial Project Approval and Self Certification System). The TS-iPASS system is a unique initiative by the Telangana State government, which allows industries intending to establish units in the State to proceed even if formal permission is not explicitly granted or communicated to the proponent. Further, Telangana boasts a comprehensive road network extending over 1,04,277 km, excluding national highways. Addressing logistical needs, Telangana also recently developed the Mangalpally Logistics Park, India's first integrated logistics park, under a public-private partnership mode.

Rajasthan

FDI inflows in Rajasthan: FY 2019-20 to FY 2024-25
(figures in Million USD)



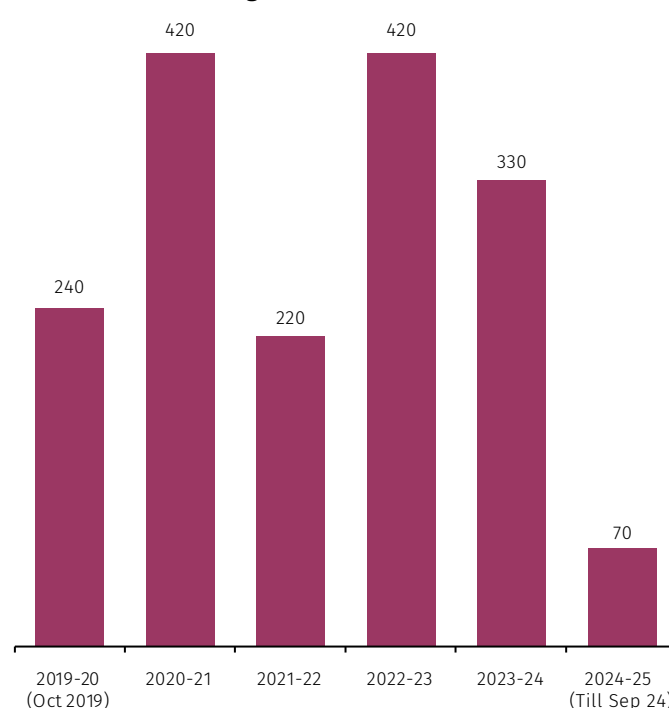
From a meager USD 3.9 million 2005 to upwards USD 3 billion since 2020 shows that there is a positive cumulative growth in FDI inflows in the State. Various efforts by the State government such as MSME sector reforms, policy ease, Rajasthan investment Promotion policy, New Industrial policy and investment submits

all have contributed to make Rajasthan as an investor's friendly State in India.

The main sectors where Rajasthan is receiving FDI inflows include, Telephone communication under the telecommunication sector is achieving highest inflows, followed by other credit granting sector under financial services sector is attracting second highest inflows, and internet service provider such as content updating under the Information and technology head is receiving third highest FDI inflows in the State. Insurance industry, Academic tutoring and Other non-specialized wholesale trade sectors also show movement and attracts foreign investments.

Uttar Pradesh

FDI inflows in Uttar Pradesh: FY 2019-20 to FY 2024-25
(figures in Million USD)



As India's most populous State, Uttar Pradesh offers businesses key demographic advantages - it is a large consumer market and has a diverse talent pool. Yet, factors like the State's population size and territory administration have challenged development

efforts in the State in the past. Now, the UP government appears to be doubling down on efforts to advance its industrial base, create more jobs, and become a leading investment hub in the country.

The Government of Uttar Pradesh introduced the Investment Promotion Policy 2023 to provide incentives to overseas investors, including exemptions in land acquisition, stamp duty, and capital investment. The policy will also allow area-specific exemptions in stamp duty and registration fees in line with the Uttar Pradesh Industrial Investment and Employment Promotion Policy-2022. Apart from the existing incentives, 100% exemption will also be given in electricity duty for a period of five years. Under the new policy, the State Government will also reimburse the training

cost for a maximum of 500 individuals, up to approximately USD 57 per person a month for a period of five years, adding that approximately USD 1.8 million will be allocated as part of these incentives⁹³.

Major foreign companies with an existing presence in UP include Honda, Yamaha, New Holland Agriculture (US agricultural equipment and machinery company), HeidelbergCement (subsidiary of HeidelbergCement Group, Germany), Samsung (Korean electronics giant), Ingersoll Rand (US air and gas compressor manufacturing company), and STMicroelectronics N.V. or ST (European semiconductor contract manufacturing and design company).

93 https://invest.up.gov.in/wp-content/uploads/2023/11/New-UP-FDI-Fortune-Global_061123.pdf



Chapter 5: Comparative Analysis of Countries Competing with India for Japanese FDI

The landscape of FDI in Asia-Pacific continues to evolve rapidly amid global economic uncertainties, geopolitical shifts, and technological transformations. International investors, and particularly Japanese companies are choosing Asia for its internal market, with the top two project motives in the region being integration with international markets and domestic market growth.

Alongside India, South-East Asian countries due to their competitive labour costs, geographical location and FTAs, have also emerged as key players in attracting FDI in light of the China+1 strategy, however recent trends suggest that foreign investments into these three South-East Asian countries have been declining, at a time when FDI into India are witnessing significant increases.

Greenfield FDI inflows into Southeast Asia saw a major decline. Indonesia saw the highest decline in of 65% to USD 14.6 billion in greenfield FDI inflows followed by Vietnam which saw a decline of 12% to USD 16.3 billion. While Thailand's greenfield FDI inflows increased, they were limited to a total of USD 5.9 billion.⁹⁴ Contrary to this, India emerged as the top destination for greenfield FDI inflows in Asia and the Pacific, attracting an estimated USD 76 billion.

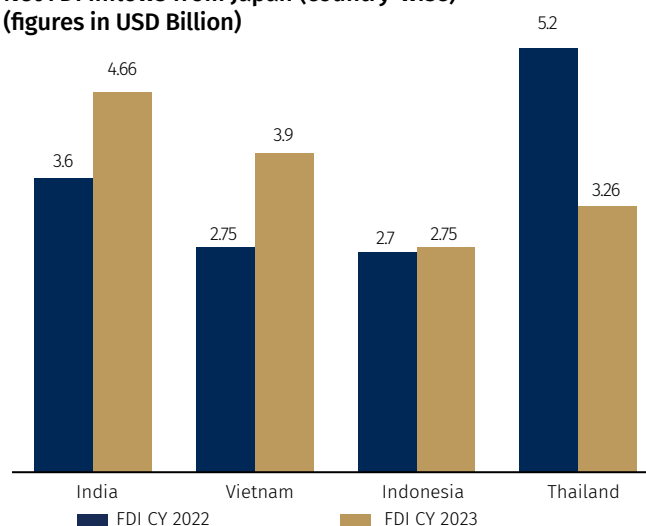
To understand India's increasing prospects over the southeast Asian countries, this section of the Report compares the economic outlook and business environment of the key southeast Asian countries i.e., Indonesia, Thailand, Vietnam, vis-a-vis India, and also explores the reasons behind the recent disenchantment of foreign investors with the southeast Asian countries.

Analysis of Japanese FDI Investments in South-East Asia and India

Japan's Shifting Investment Priorities in the Region, with Notable Increases in India

Japanese businesses which for a long-time preferred China are now redirecting their investment to emerging Asian countries where local demand is booming, and labor costs are comparatively lower. In the annual JBIC survey, India, Vietnam, Indonesia, and Thailand, have consistently emerged among the top five promising investment destinations for Japanese companies.

Net FDI inflows from Japan (country-wise)
(figures in USD Billion)



Source: Bank of Japan

Japanese Investment Strategy in Southeast Asia vis-à-vis India

In southeast Asia, Japanese FDI has largely been driven by cost efficiency and export-oriented manufacturing, resulting in a high share of Japanese subsidiaries' exports flowing back to Japan. In India, while cost and production advantages are also factors, the lure of a vast and growing domestic market leads Japanese firms to adopt a more balanced strategy - serving local demand alongside exporting.

These differences reflect the distinct strategic roles that these regions play in Japanese global investment - southeast Asia as a robust, export-focused manufacturing hub, and India as a market with growing manufacturing capabilities coupled with a significant domestic consumption base.

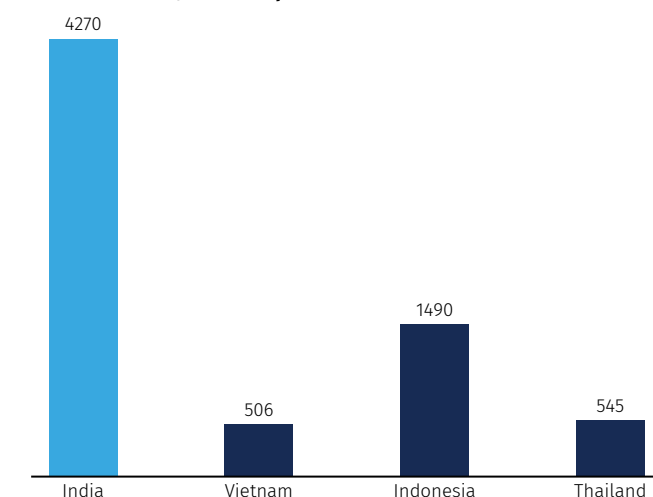
⁹⁴ <https://www.unescap.org/kp/2024/foreign-direct-investment-trends-and-outlook-asia-and-pacific-20242025>

Comparative Analysis of Business Environment in South-East Asia Vis-À-Vis India

To understand the business prospects for Japanese business over the medium to long-term in India vis-à-vis three emerging southeast Asian countries, in this sub-section we shall compare the business environment, macro-economic picture and trade integration of India, Vietnam, Indonesia and Thailand:

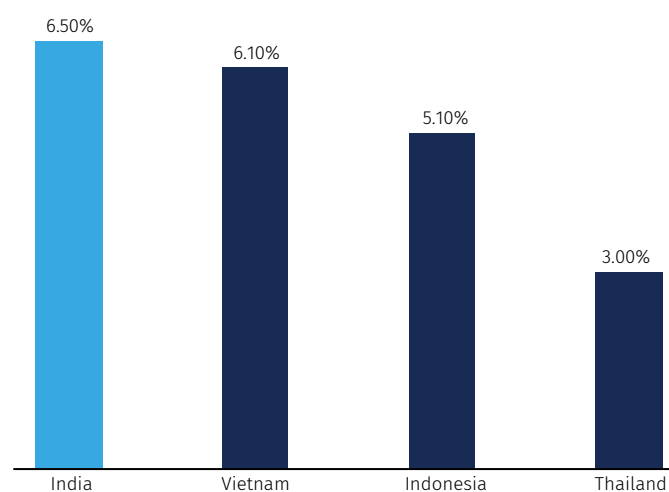
Market Size

GDP size (2025), current prices (USD Billion)



Source: International Monetary Fund

Country-wise Real GDP in Growth Rate 2025



Source: International Monetary Fund

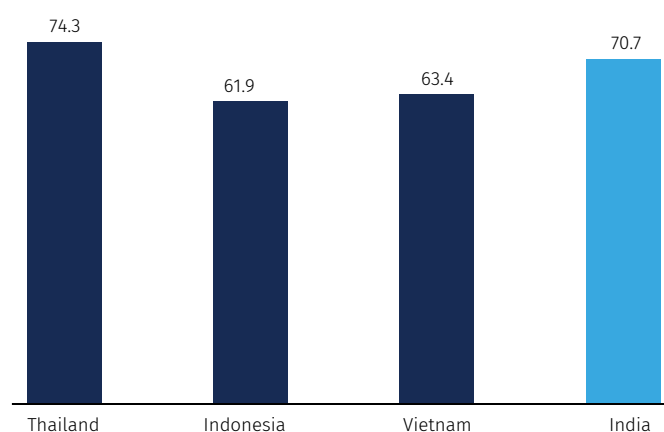
India's expansive domestic market is unmatched by Vietnam and Thailand. India boasts substantial market sizes across various sectors, especially in pharmaceuticals, logistics, and food processing. The semiconductor sector is expanding rapidly, indicating robust potential for future growth. India's high CAGR in critical sectors like semiconductors (14.08%) and pharmaceuticals (9.6%) underscores the

dynamism of its market. With a growing middle class and increasing purchasing power, consumer demand remains robust across various sectors, including automobiles and consumer electronics.

By contrast, while Vietnam offers strong supply chain integration through 15 FTAs, its smaller domestic market limits long-term scalability. Thailand, despite a GDP of USD 495 billion and a rising consumer market, faces declining FDI inflows, dropping to USD 17 billion in 2023, reflecting its weakening competitiveness. Indonesia, with a GDP of USD 1,320 billion and a large consumer base of 279.5 million, also presents opportunities, but regulatory inefficiencies and trade protectionism hinder its full potential.

Consumer Demand

Consumption Expenditure (% of GDP) 2023



Source: World Bank

India's economic growth model stands out for its strong reliance on domestic consumption, which accounts for around 60% of its GDP. The country's young, growing population has fueled strong internal demand. This consumption-driven model differentiates India from many export-dependent economies in Asia, such as Vietnam and Thailand, which are more vulnerable to global trade disruptions.

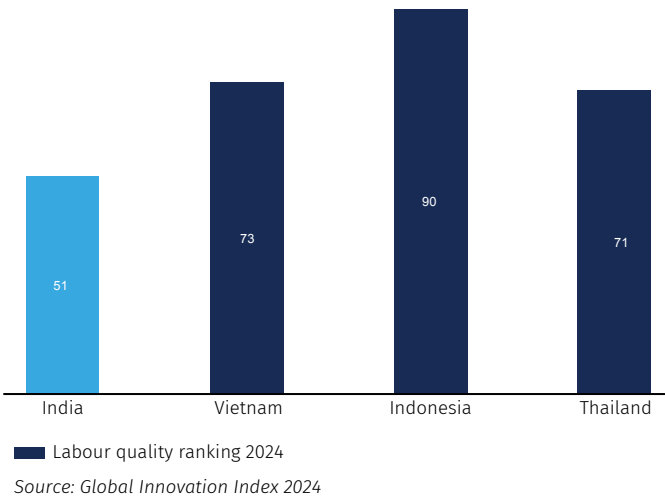
While this model poses challenges such as inflation and trade deficits, it also acts as a buffer against external shocks, ensuring economic resilience. By comparison, Thailand's consumer spending is expected to reach USD 320 billion by 2025, yet its economy remains susceptible to declining investment trends. Vietnam's high-value-added industries are attracting strong FDI, but its limited domestic market size poses long-term concerns.

Labor Cost and Efficiency

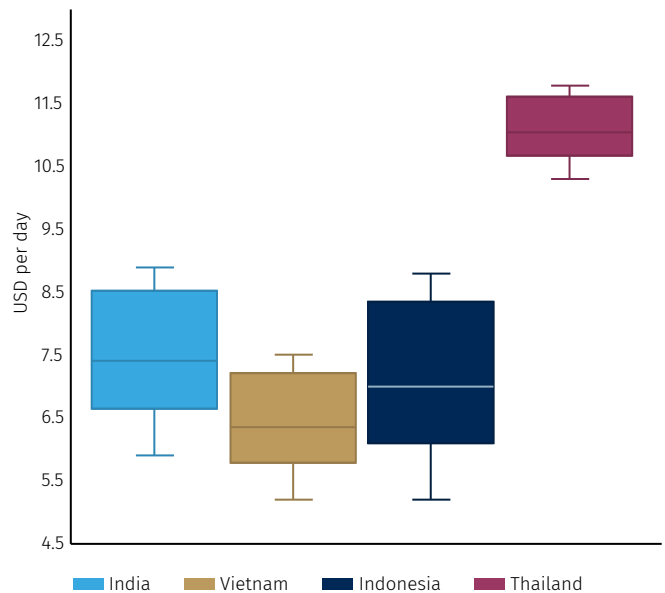
India's labor costs and quality remain competitive, making it attractive for labor-intensive as well high-skill industries. While

southeast Asian countries like Vietnam and Indonesia offer comparable wages, their smaller skilled workforce restricts long-term scalability.

India leads in Labour quality



Country-wise statutory minimum wage per day (range)

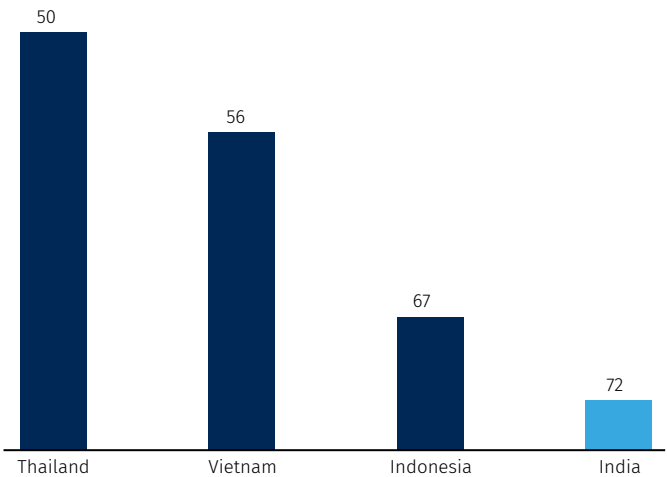


Vietnam struggles with a shortage of skilled workers in R&D and high-tech industries, as well as language barriers and regulatory restrictions on expatriate hiring. Thailand’s aging population and increasing labor costs (minimum wage increase to USD 11.80 in 2024) further reduce its appeal for labor-intensive industries. Indonesia, despite low labor costs, faces poor productivity levels, with only 55 million workers classified as skilled.

Though India also faces skill shortages, government initiatives have made significant progress in bridging this gap. Programs like Pradhan Mantri Kaushal Vikas Yojana, Craftsmen Training Scheme, and National Apprenticeship Promotion Scheme have trained millions, enhancing inclusivity and empowering women in traditionally underrepresented sectors. Additionally, the Skill India Digital Hub and Skill India International Centers aim to align India’s workforce with global standards. These efforts position India ahead of its southeast Asian counterparts in preparing its workforce for high-tech industries.

Infrastructure and Logistics Development

Infrastructure Ranking (2024)



While Thailand currently leads in infrastructure, India has made substantial improvements, particularly in roads, ports, and digital connectivity and set-up costs in India remain relatively low due to various State level incentives. Thailand’s bureaucratic inefficiencies and infrastructure bottlenecks have led to delays in project approvals, slowing economic expansion. Similarly, Vietnam faces power shortages, affecting industrial operations. Indonesia’s land acquisition challenges and regulatory inefficiencies further complicate infrastructure development. India, by contrast, is consistently investing in improving logistics through projects like Bharatmala and Sagarmala, aimed at enhancing connectivity.

Ease of Doing Business & Policy Reforms

Compared to its southeast Asian peers, India’s policy reforms and incentives have significantly improved its investment climate. Along with various incentives, the government has implemented business-friendly reforms to reduce bureaucratic hurdles. India also has a mature and well-regulated financial system, including



an efficient stock market overseen by the Securities and Exchange Board of India (SEBI).

The Make in India Initiative, GST reform of 2017, and the PLI scheme have decreased red tape, opened key sectors to FDI, and created a cohesive domestic market. In contrast, Vietnam and Indonesia present regulatory challenges and policy inconsistencies that deter investors. Vietnam's opaque legal system, weak intellectual property rights protection, and State-owned enterprise dominance create obstacles for businesses. Indonesia's complex regulatory framework, corruption, and economic nationalism further limit ease of doing business. Thailand's inconsistent contract enforcement and sluggish government decision-making have also contributed to its recent FDI decline.

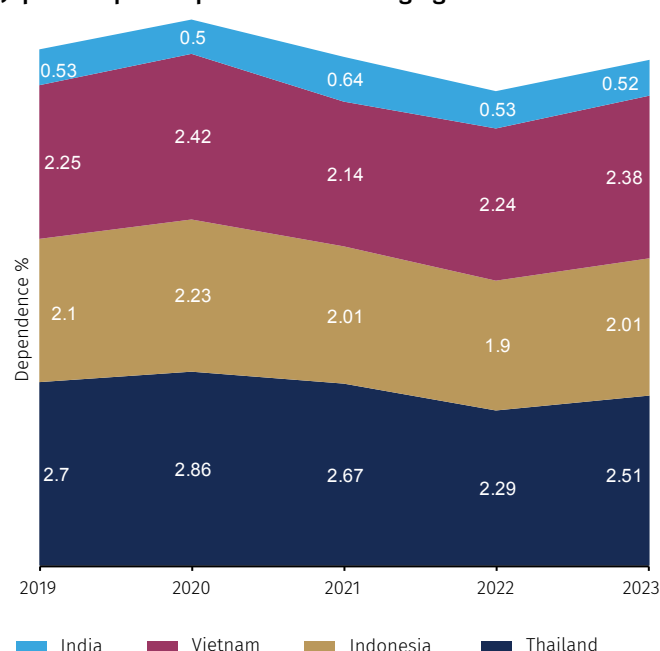
Why India Leads the Pack: Strong Fundamentals and Policy Reforms

India's scale, economic reforms, and long-term market potential make it the most promising and sustainable destination for Japanese investments. India's emergence and performance is underpinned by multiple key factors that distinguish it from its regional competitors. India's vast market, strong domestic consumption, skilled labor development, improving infrastructure, and business-friendly policies position it as the most promising destination for Japanese investments. Addressing regulatory bottlenecks and infrastructure gaps will further solidify India's long-term competitiveness over its southeast Asian rivals.

Comparative Analysis of Supply Chain Integration with Japan

The deep integration of Japanese subsidiaries in southeast Asia into Japan's supply chain contrasts with the relatively nascent and diversified export patterns seen in India. As a result, although FDI in India is on an upward trajectory, its contribution to Japan-bound exports from Japanese subsidiaries in India remains smaller.

Japan's Import Dependence on emerging economies in Asia



Source: MacroTrends

Southeast Asia: Japanese investments in Thailand, Indonesia, and Vietnam are closely aligned with Japan's global supply network. Products-ranging from auto components to consumer electronics-are often produced in these hubs and then exported to Japan or other global markets. In sectors like automotive and electronics, Japanese subsidiaries contribute between 25-40% of exports to Japan, reinforcing the region's role as a critical node in Japan's production strategy.

India: While production capabilities of Japanese companies in India are expanding, they are currently less focused on the export channel to Japan. The emphasis remains on serving local and regional demand, with export linkages to Japan constituting a smaller portion of overall output. As India's manufacturing ecosystem matures, there is potential for increased integration;

however, current figures indicate a more modest share of Japanese-led exports relative to southeast Asia.

Comparative Analysis of Integration with Global Markets and Trade Outlook for Southeast Asia Vis-À-Vis India

Integration with Global Markets Through Trade Agreements

A major role in the export competitiveness of a country can be attributed to the utilization of the FTAs and Preferential Trade Agreements (**PTAs**) to expand their global market access.

Both India and the three southeast Asian countries Indonesia, Vietnam and Thailand are well integrated into global trade through various FTAs and PTAs, however their approaches differ significantly. While India has established strong bilateral trade agreements, the three South-east Asian countries benefit from their regional integration.

Vietnam, Indonesia, and Thailand enjoy a significant advantage through ASEAN-led trade agreements, such as the ASEAN Free Trade Area, ASEAN-China Free Trade Area, ASEAN-Japan Comprehensive Economic Partnership, and ASEAN-Australia-New Zealand Free Trade Agreement. These agreements provide seamless trade access to major economies, including China, Japan, Australia, and South Korea, Australia, Japan and New Zealand.

Further, Vietnam has an additional edge through its membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and a direct trade agreement with the European Union. These agreements make Vietnam particularly competitive in high-value markets in North America and Europe.

India's market access strategy on the other hand relies on bilateral agreements with key countries. As of now, there are a total of 19 trade agreements that India has in place.⁹⁵ In its recent endeavors, India has FTAs with United Arab Emirates and Australia in 2022 and with Mauritius in 2021. Additionally, India is making significant strides in expanding its trade reach by negotiating FTAs with the European Union, United Kingdom and Canada.

Trade Outlook Amidst Global Headwinds

Global Headwinds for Southeast Asian Countries: Even with various robust trade agreements, the trade outlook in the southeast Asia faces strong headwinds emanating from various global developments,

⁹⁵ <https://pib.gov.in/PressReleasePage.aspx?PRID=1814151>



the convergence of which could prove particularly deleterious to the manufacturing sector of Indonesia, Thailand and Vietnam.

First, FTAs like the Regional Comprehensive Economic Partnership (**RCEP**) which were meant to give low-cost manufacturers in these southeast Asian countries access to China's vast market, have, in reality, been detrimental for these countries themselves.

Faced with a collapsing property sector, a slowing economy and higher tariffs walls in the US, the South-East Asian markets are witnessing dumping of Chinese goods in their markets, owing to the RCEP arrangement.

The result has been a slew of factory closures, ranging from Indonesian textile mills to Thai plastic plants affected by the flood of Chinese exports into their markets. Industries like textiles, cosmetics, and



electronics are being outpaced by China's advanced supply chains and aggressive market strategies. SMEs, already on razor-thin margins, in particular, are feeling the pinch.

While several Southeast Asian economies have suffered from plunging exports and mass factory closures under the weight of increased competition, in contrast, India's bold decision to bypass the RCEP arrangement has effectively shielded its domestic market from the destabilizing effects of Chinese dumping and aggressive supply chains.

Second major challenge for the South-East Asian nations comes from Trump administration's tariff policies target nations heavily reliant on Chinese investments. Given that almost all major ASEAN economies, have a robust trade surplus with the US and the fact that Chinese companies have been the largest investors in South-East Asia's manufacturing sector for five of the eight years since 2016, will likely

place key these economies under closer scrutiny as thinly disguised Chinese tariff evasion under Trump administration, with possible sanctions to follow.

India's Resilience to Global Headwinds: India's bilateral approach in trade agreements provides the dual advantage of guarding against the pitfalls of Chinese market practices and leveraging the benefits of international trade integration, thereby reinforcing its competitive edge in a rapidly evolving global landscape.

India's distance from Chinese investments and its deepening ties with Washington offer a secure alternative for companies seeking to diversify away from volatile supply chains.

This alignment not only shields India from the direct fallout of US tariff policies but also solidifies its status as a strategically advantageous destination for global capital in an era marked by geopolitical turbulence and market uncertainty.

Chapter 6: Charting India's Regulatory Landscape

India offers significant potential for long-term growth. Japanese SMEs should carefully select local partners and adopt business models that align with local regulatory conditions to ensure a sustainable presence.

Strategic Recommendations to Japanese SMEs Investing in India

Given the specific regulatory compliances and procedural requirements in relation to FDI in India, investors should work with legal, tax and financial advisors who are familiar with the particular federal, State and sectoral landscape that they wish to invest in and be acquainted early on with the particular restrictions or rules that may govern their investments. This would allow investors to prepare more comprehensive and compliant FDI proposals and increase the chances of it obtaining the relevant approvals and licenses early.

Preferred Structures for FDI in India

FDI in India is regulated by the Foreign Exchange Management Act, 1999 (**FEMA**) (along with associated rules and regulations), Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (**NDI Rules**) and the FDI Policy, which provide sectoral caps, pricing guidelines, reporting requirements and other conditionalities for investment.

The acquisition of a substantial stake or “control” may trigger additional obligations under other Indian laws, such as antitrust and securities laws (in case of public listed companies).

Companies: A company in India can be incorporated either as a private company or a public company under the Companies Act, 2013 (**CA 2013**). While there are no minimum capitalisation norms prescribed under the CA 2013, foreign investment in certain sectors such as non-banking financial services and permitted real estate activities are subject to minimum capitalization requirements under applicable foreign exchange laws. A company may be incorporated in India as a (a) private company; or (b) public company.

Limited Liability Partnerships: FDI in LLPs are subject to certain legal requirements, having said that, large investors usually prefer to adopt a company structure as it offers flexibilities

of ownership and a management structure suitable to the business's specific needs, making it easier to raise capital.

Various investment options are available to a foreign investor in India, which includes:

Joint Ventures: Under this structure, two or more companies come together to undertake a specific project or business activity. Due consideration should be paid to management and governance rights (such as adequate board representation, veto rights, the right of transferability of shares and exit rights), and commercial concerns (such as alignment of business plans, roles and responsibilities, non-compete and non-solicit obligations of the concerned parties and intended objectives). These should be agreed upfront under the joint venture agreement. Examples of certain successful joint ventures between an Indian entity and a foreign investor, include Maruti Suzuki and Tata Starbucks.

Mergers and Acquisitions: Foreign investors can opt to invest in India by way of cross-border mergers, or partial or full acquisition of an Indian company. This mechanism offers various market advantages to investors in terms of market consolidation, minimal entry barriers and efficient technology transfer. Protective harbours in the form of deferred consideration or a share swap can be opted for by investors while negotiating terms concerning price adjustment and closing structures, subject to pricing restrictions under the NDI Rules. In this regard, the parties should consider the applicable provisions under the securities laws (in case of public listed companies) and antitrust laws.

Brownfield / Greenfield Investments: Previously, foreign investments in brownfield projects were more preferred primarily owing to their established nature and lower compliance burden. However, over time, there has also been an uptick in foreign investments in greenfield projects in India.

Tax Considerations

There are several tax considerations that may affect the structuring of investment in India, including corporate taxes and capital gains taxes. Below is a snapshot of the key tax considerations that may affect the structuring of the investment.

DTAAs: Investments in India are often structured through holding companies in various jurisdictions for a number of strategic and tax reasons. In such cases, the risk of double taxation may be avoided by investing through an intermediary holding company in a favourable jurisdiction. Previously, the Indian DTAAs with Mauritius, Cyprus and Singapore allowed for a beneficial framework for capital gains taxation leading to many Indian companies or investors in Indian companies structuring their intermediary holding company in these jurisdictions. However, these DTAAs have since been amended and some of these benefits are no longer available. In line with OECD's Base Erosion and Profit Shifting Framework which amongst other things aims to curb treaty shopping, there is also a requirement to demonstrate commercial substance in the holding company structure to access tax treaty benefits.

India has entered into more than 100 bilateral tax treaties to avoid double taxation, including with Japan. A taxpayer may be taxed either under Indian law or an India-Japan DTAA to the extent it is more beneficial. Particularly with respect to taxes on dividend income, on royalties and technical fees, a Japanese investor may take advantage of the beneficial rate under the India-Japan DTAA vis-à-vis the higher domestic Indian taxes.

Carry-forward of Losses: The Income Tax Act, 1961, provides businesses the right to carry forward their business losses for eight assessment years until the same can be set off against their

business profits. However, the rule provides that the beneficial ownership of shares carrying at least 51% of the voting power of the company must be the same at the end of both the year during which the loss was incurred and the year during which the loss is proposed to be offset (except for certain startups).

Therefore, investors should be mindful of the historical and potential tax liabilities of the business, and the ability to carry forward such losses pursuant to their investment.

Conclusion

The future of the India-Japan relationship is promising, driven by mutual interests in economic growth, technological advancement, and sustainable development. This partnership, characterised by trust and mutual benefit, is poised to propel significant advancements across infrastructure, technology, and human resource development, establishing a robust foundation for long-term collaboration and global influence.

As Japan looks to expand its investments in high-growth areas, India provides a promising environment for these investments to flourish. Both countries stand to benefit from deeper economic ties, particularly in sectors like technology, manufacturing, financial services, consumer goods, and retail.

For Japanese investors and SMEs, India is not just an alternative—it is the best strategic choice for the future. India provides a promising environment for these investments to flourish.

Leveraging on their capacity for innovation and reputation for high quality product, Japanese businesses and especially SMEs are primed to reap the potential of the deep economic partnership between India and Japan.

Opportunities in India for Japanese SMEs in the manufacturing sector



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Japanese companies have significant potential to contribute to across various industrial sectors in India, given the country's large economy, rapid growth, evolving consumer lifestyles, and expanding infrastructure. In this report, we focus on opportunities for small and medium-sized manufacturing enterprises (SMEs), in the manufacturing sector which is Japan's strength.

In 2024, we published a study, "Transforming Small and Medium Enterprises: A Blueprint for Indo-Japan Collaboration in Manufacturing and Machine Tool Technology for your SME and industry specific reference.

Japanese Companies Expanding their Presence in India

Japanese companies already have established a strong presence in the Indian market. Many are highly motivated to make additional investments, recognizing India's growth potential and market attractiveness. According to the FY2024JBIC (Japan Bank for International Cooperation) Survey Report on Overseas Business Operations by Japanese Manufacturing Companies (JBIC), India has remained the top destination for business expansion for three consecutive years. This reflects the growing commitment of Japanese companies to expand their operations in India

2023		2024	Country
1	→	1	India
2	→	2	Vietnam
4	➡	3	US
5	➡	4	Indonesia
6	➡	5	Thailand
3	➡	6	China
7	→	7	Mexico
9	➡	8	Malaysia
8	➡	9	Philippines
10	→	10	Germany

Promising medium-term business development destination countries among Japanese manufacturing companies

Source: FY2024 JBIC Survey (36th) Report on Overseas Business Operations by Japanese Manufacturing Companies

Major Japanese corporations with a strong global presence have already entered India's manufacturing sector and continue to grow their operations. They are deepening ties with India

through personnel exchanges and the development of new business ventures. Even companies listed on the TSE Standard, which operate on a smaller scale than Japan's largest firms, are steadily expanding their businesses in India. These companies are leveraging their strengths to provide products and services that cater to local market needs.

Japanese Companies (on TSE Standard) Driving Growth in India

- **ASTI Corporation:** A manufacturer of automotive electrical components, ASTI has set up plants in Haryana and Gujarat to supply high-quality automotive products. The company has successfully adapted to local market demands while exploring new business opportunities.
- **Chuo Spring Co., Ltd.:** Specializing in chassis and precision springs for automobiles, Chuo Spring has set up its second joint venture in Bangalore in 2024, to strengthen local production and material procurement. This initiative is part of the company's strategic alignment with the Global South strategy.
- **Mikuni Corporation:** A manufacturer of automotive components, Mikuni has established a subsidiary in Rajasthan. In 2018, the company completed a new production facility, strengthening local production and material sourcing. Mikuni offers products that comply with the Indian government's emission regulations, addressing local needs and promoting local production.
- **Daiki Axis Co., Ltd.:** In the environmental equipment sector, Daiki Axis has established a manufacturing facility near Delhi to produce and sell septic tanks in line with the Indian government's "Clean India" policy. Compliance with regulations and a focus on high-quality products have been key to its success.
- **Yushiro Chemical Industries Co., Ltd.:** A manufacturer of metalworking fluids and surface treatment agents, Yushiro has set up a plant in Gurugram, Haryana. The company has built strong relationships with automotive and manufacturing companies by offering high-quality products and technical support.

Beyond these examples, an increasing number of Japanese companies—regardless of size or industry—are incorporating India into their medium-term business plans. It is expected to establish new local entities or invest further in their existing operations, reinforcing Japan's growing economic engagement with India.

Leveraging Japanese SMEs in the Manufacturing Sector

Business opportunities range from B2B sectors such as infrastructure development to B2C markets catering to the world's largest population. Among them, the manufacturing, mobility, and machinery sectors, as well as industries related to infrastructure, offer particularly strong business prospects and related to Japanese SMEs.

With this in mind, this section of the report provides an analysis and key recommendations for Japanese SMEs looking to enter or expand in India. In the previous edition of the FICCI Report, we presented a detailed overview of opportunities in the manufacturing sector, supported by relevant data. In this edition, we offer a fresh perspective based on expert insights, on-the-ground interviews in Japan and India, and our own industry expertise.

“Japan” Brand in India

The “Japan” brand holds a unique and highly trusted position in India's manufacturing sector, thanks to industry pioneers like Suzuki. Suzuki's technological excellence, substantial investments, and efforts to build a robust manufacturing ecosystem and supply chain have been instrumental in making India one of the world's leading automobile nations. By 2031, Suzuki aims to manufacture 4.2 million vehicles annually, further strengthening this position. They are actively investing in development of electric vehicles, driving future growth in India's mobility sector.

It is no exaggeration to say that Suzuki has become an indispensable part of everyday life in India, with its cars and bikes deeply embedded in the country's transportation landscape.

In addition to Suzuki, Hitachi, NEC, and other major Japanese corporations continue to play a key role in India's infrastructure development. In recent years, real estate and logistics companies, as well as trading firms, committed significant investments in local real estate development, further enhancing business opportunities.

In the consumer goods sector, brands such as Asics, Unicharm and Yakrut have successfully expanded their footprint across India, building a loyal customer base. Retail giants UNIQLO, MUJI, Daiso and Nitori are already present in India.

Strong trust in Japanese brands and the rising investment from major corporations create a favorable business environment for SMEs seeking to expand or collaborate in India. By leveraging this

established credibility, the first step is easier to take. Moreover, Indian central and local governments have been supporting Japanese manufacturing with incentives, industrial parks, etc., as described in the following sections.

Manufacturing Environment in India

When entering or collaborating with the Indian market, it is essential to understand the on-the-ground realities of the business environment. Recognizing these key trends will help Japanese companies navigate the market effectively and establish successful partnerships with local industries.

“Make in India” as a National Policy

The GoI has been actively promoting the “Make in India” initiative to strengthen the country's manufacturing sector. The policy aims to: (i) Increase the sector's growth rate to 12-14% (ii) Boost its contribution to GDP to 25%, and (iii) Create millions of new jobs

This presents an attractive opportunity for Japanese companies, as government support improves the ease of doing business. Additionally, India is positioning itself as a key hub in the global manufacturing supply chain, with an increasing emphasis on local sourcing of materials and equipment. Anticipating this trend, many large multinationals have already begun restructuring their Asian production and supply networks to enhance their manufacturing operations in India.

Production Linked Incentives

As part of the “Make in India” initiative, the government has introduced PLI to stimulate domestic and foreign investment in manufacturing. The PLI scheme offers incentives for 14 specific sectors, encouraging large-scale business investments.

For Japanese SMEs, focusing on the sectors covered under PLI and the companies participating in the scheme can provide valuable insights into India's priority industries and investment trends. (For more details, please refer to our previous article).

Industrial Parks for Japanese Companies

India has several industrial parks operated by both public and private sectors, specifically catering to Japanese companies. These parks provide essential infrastructure, business support, and networking opportunities, making them an ideal base for Japanese companies entering the market.

For example, the Neemrana Industrial Estate, located near New

Delhi, houses over 50 Japanese companies, while similar parks exist across the country. These exclusive industrial zones offer Japanese companies the advantage of a familiar business ecosystem and ease of collaboration with other Japanese companies.

Price Competition and Quality Demands

The Indian market is highly price-sensitive, which can pose challenges for Japanese companies accustomed to competing on quality and technological superiority. However, opportunities exist for companies that can strategically balance cost with functionality and quality. Key approaches for success:

- **Balancing price with functionality and quality:** Indian companies dominate local markets due to their deep understanding of cost-sensitive consumers. Rather than direct price competition, Japanese companies should focus on offering products with an optimal balance of price, precision, and functionality, leveraging Japan's strengths in engineering and manufacturing.
- **Rising demand for high-quality machinery and components:** Many Indian and multinational companies, especially those focused on export markets, require high-quality machinery, components, and industrial equipment. The technological excellence and quality control standards of Japanese manufacturers provide a key competitive advantage in this space.

Factory Automation and Quality Improvement

There is significant potential for factory automation (FA) and quality enhancement in India's manufacturing sector. While cost reduction and efficiency gains are key drivers, ensuring consistent product quality is an equally important factor.

Japanese machine tools and automation technologies are highly regarded in India for their precision, durability, and low maintenance requirements. Companies looking to manufacture high-end products value Japan's advanced manufacturing solutions, making factory automation and quality control a key area of opportunity for Japanese companies.

India as a Gateway to Africa and the Middle East

Many Western companies are already leveraging India as a strategic manufacturing base for exports to Africa and the Middle East. In February 2025, Suzuki announced increased focus on Africa with a new mid-term business plan, while reaching 1 million exports in less than 4 years in Nov. 2024. Japanese companies can adopt a similar approach, utilizing India as a regional hub to

access these growing markets more efficiently and cost-effectively. Japanese Ministry of Economy, Trade and Industry will support the recruitment and training of Japanese companies based in India to develop African market, which has high growth potential, announced in February 2025.

Partnerships: Essential for 'Local Supply Chain' Participation

Partnering with local companies is a crucial step for Japanese companies seeking to establish a strong presence in both local and international markets. Engaging in strategic partnerships not only facilitates market entry, but also enhances operational efficiency and scalability. This approach has been successfully adopted by leading companies not only in Japan but worldwide.

Collaboration Opportunities for Japanese Manufacturing SMEs in India

Japanese Companies Already Operating in India

Japanese companies with an established presence in India can be valuable customers for products exported from Japan or manufactured locally. However, these companies adapt their strategies in India by focusing on different sectors or products to meet local market demands. Japanese SMEs need to understand the current Indian operations and long-term strategies of these Japanese companies. By doing so, they can align their business plans and establish meaningful partnerships that meet local needs while leveraging their expertise.

Large Indian Companies

Large Indian conglomerates actively collaborate with the GoI and state governments to drive large-scale, cutting-edge projects that require advanced technology and expertise. These companies have extensive local networks and deep market knowledge, making them strong potential partners. Many of them are expanding into new manufacturing-related ventures and may require Japan's advanced technology and high-quality products in the short term. This creates opportunities for business deals and joint ventures with Japanese SMEs that offer unique technological solutions.

Medium-Sized Indian Companies

Growing Indian companies with an established local customer base and strong business relationships with both domestic and international firms are also keen to collaborate with Japanese companies. Partnering with a Japanese SME can enhance their credibility, improve production capacity, increase product

precision, and support new product development. For Japanese SMEs, working with mid-sized Indian companies allows for flexible market entry, phased investment, and business expansion at their own pace—without the risk of being overshadowed by large corporations. This makes collaboration with mid-sized Indian companies an attractive and strategic option for Japanese SMEs looking to establish a presence in India.

Considerations for SMEs in Partnering with Local Companies:

This section examines recent developments in the mobility sector as an example to provide insights for Japanese SMEs and mobility component suppliers considering partnerships in India.

India is home to large automotive component suppliers such as Motherson Group, Uno Minda and Tata AutoComp Systems, and some major Japanese companies, including Toyota Gosei, T. RAD and GS Yuasa, have already established joint ventures with Indian partners. Meanwhile, India's mid-sized conglomerates and independent component manufacturers are rapidly growing, focusing on specialized product development in response to industry shifts—particularly in decarbonization and EV.

India has also made significant strides in railway development, with 25,000 km of railway lines to be added in India in the 5 years to 2024. Furthermore, Japan is actively involved in India's Shinkansen (bullet train) project, reflected the growing demand for advanced technology and expertise in the rail sector, which cannot be met by local manufacturers alone at this stage.

Despite these developments, the potential benefits of collaboration between Japanese SMEs and mid-sized Indian manufacturers in the mobility sector are not well understood in Japan. The following section explores the current landscape through specific examples in the mobility sector.

Market Needs in India

Strong Interest in Japanese Partnerships

Indian manufacturers are keen to work with Japanese companies for number of reasons (as mentioned in section 4). In the mobility industry, which has become the third-largest new car market in the world in 2023, safety and durability are critical. Indian companies recognize the value of high-quality Japanese products and technology, making such partnerships highly attractive.

Government/Associations - Support for Mobility Initiatives

The Indian government and associations actively support the mobility sector through initiatives such as Bharat Mobility 2025, India's largest mobility trade fair, and IMTEX 2025, a key event for machine tools and related technologies. The former attracted nearly one million attendants, generating significant attention, especially with the unveiling of the eVITARA, a new electric vehicle that Suzuki plans to manufacture in India. At IMTEX 2025, Japanese companies, including Fanuc, Yamazaki Mazak, and DMG Mori, demonstrated strong presence in machine tools and manufacturing—an essential area for automotive parts production.

Mid-Sized Indian Mobility Component Manufacturers

Interviews with dozens of mid-sized Indian automotive parts manufacturers over the past six months reveal that they are more interested in technological collaboration with Japanese companies than in sales partnerships or investment deals. However, many struggle to find suitable Japanese partners and need assistance in matchmaking, negotiation and communication to establish meaningful collaborations.

Needs and Current Situation of Mid-Sized Indian Auto Component Manufacturers:

Prominent mid-sized auto component suppliers in India already count Japanese companies such as Suzuki, local mobility companies, and foreign enterprises among their clients. Due to the expansion and structural changes in the industry, there has been an increase in order requests, posing challenges in product development and manufacturing capacity. To address these challenges, there is a need for expanding order volumes, meeting delivery deadlines, introducing new technologies, and developing products tailored to the Indian market. Consequently, collaboration with Japanese companies is highly desired, especially those with unique technologies.

In addition to cost reduction, direct dialogue and partnerships with Japanese companies are being sought to establish a flexible collaboration framework. Furthermore, there is a recognized need for third-party expert support to enhance the certainty and speed of communication and negotiations with Japanese firms.

Here are some recent examples of Indian companies seeking collaboration with Japanese partners:

1) A listed company with Japanese capital is looking for Japanese

partners to drive technological innovation. They seek collaboration to improve functional performance, including IoT integration, and to jointly develop and market new products.

(ii) A company, which supplies major Japanese mobility manufacturers, is looking for Japanese partners with unique technologies to develop new components at the request of its key Japanese clients. They are actively seeking external assistance to connect with potential partners.

(iii) A company with a strong track record of supplying domestic and international automotive parts manufacturers wants to source specific components from Japanese manufacturers to develop new products for Indian Railways.

Summary and Future Prospects

Current Situation and Challenges

While business opportunities for Japanese SMEs in India are abundant, awareness remains limited in Japan. At the same time, interest in expanding into the Indian market is growing, with demand from both Japanese and Indian companies increasing. However, many Japanese SMEs remain hesitant to take concrete steps due to concerns about:

- Cost and regulatory hurdles
- Uncertainty about forming local partnerships
- Resource constraints and lack of market intelligence
- Moreover, disruptions in global supply chains, tariffs, and trade regulations have forced many SMEs to prioritize maintaining existing business relationships over exploring new markets like India.

Future Outlook

For Japan's manufacturing industry, continued expansion into India will be crucial for long-term competitiveness. SMEs that enter the local supply chain early will gain a competitive edge in

the evolving market landscape.

Risks and Opportunities

Global trade uncertainties - such as tariffs and policy shifts - pose risks for new market entrants. Many SMEs perceive a lack of information as a major risk factor, making them reluctant to expand. However, India's rapid market growth and proactive business environment offer significant opportunities. Suzuki's medium-term investment plan to invest 4 trillion yen in capital expenditure and R&D, with a focus on India, has been well received and the company is confident of its market potential.

Conclusion: The Need for Immediate Action

Japanese SMEs that understand the Indian market, strategically identify partners, and form alliances will enhance their global competitiveness. The next few years will be critical for making the right moves.

While uncertainties remain in the global business environment persist, the difference between companies that hesitate and those that act could be significant. Now is the time for Japanese SMEs to take the first step towards collaboration in India.

About MiraIndia

MiraIndia is an incorporated consulting company founded by experienced business professionals from both Japan and India to provide end to end support for mid-large Japanese companies to establish business in India. Headquartered in Tokyo, members are in Tokyo /Osaka /Delhi /Mumbai /Bengaluru, holding a wide range of expert partner networks all over India to support Japanese clients. We support Indian companies to find partnerships and establish business in Japan. miraindia.com/en/

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ABOUT SAM & CO.

Shardul Amarchand Mangaldas & Co., founded on a century of legal achievements, is one of India's leading full-service law firms. The Firm's mission is to enable business by providing solutions as trusted advisers through excellence, responsiveness, innovation and collaboration.

SAM & Co. is known globally for its exceptional practices in mergers & acquisitions, private equity, competition law, insolvency & bankruptcy, dispute resolution, international commercial arbitration, capital markets, banking & finance, tax, intellectual property, data protection and data privacy, technology law and infrastructure, energy and project finance.

The Firm has a pan-India presence and has been at the helm of major headline transactions and litigations in all sectors, besides advising major multinational corporates on their entry into the Indian market and their business strategy. Currently, the Firm has over 870 lawyers including 175 Partners, offering legal services through its offices at New Delhi, Mumbai, Gurugram, Ahmedabad, Kolkata, Bengaluru, and Chennai.

ABOUT FICCI

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies.

FICCI works with its key stakeholders to foster active engagement and dialogue with decision makers, to support steps that are good for commerce and industry.

As a member-led and member-driven organisation, FICCI represents over 2,50,000 companies across all segments of economy including public, private and multinationals. The diverse membership base of FICCI across all Indian states includes both direct and indirect members through its 300 affiliated regional and state level industry associations. FICCI has a large international presence via partner agreements with 250 national business associations in over 100 countries.

FICCI INITIATIVES WITH JAPAN

- Economic Engagements- India-Japan Business Cooperation Committee (IJBCC)
- People to people connect: "India-Japan Friendship Forum" (IJFF)
- Engaging parliamentarians: "India - Japan Forum of Parliamentarians"
- Connecting Indian States: "Dialogue with States"
- Promoting Government of India's flagship initiatives including Make in India, Skill India with Japan
- Engagements with JCCI, JETRO and JCCII, FICCI partners in Japan
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East Asia*

Awards and Recognition

Shardul Amarchand Mangaldas & Co., founded on a century of legal achievements, is one of India's leading full-service law firms. The Firm's mission is to enable business by providing solutions as trusted advisers through excellence, responsiveness, innovation and collaboration.

SAM & Co. is known globally for its exceptional practices in mergers & acquisitions, private equity, competition law, insolvency & bankruptcy, dispute resolution, international commercial arbitration, capital markets, banking & finance, tax, intellectual property, data protection and data privacy, technology law and Infrastructure, Energy and Project Finance.

The Firm has a pan-India presence and has been at the helm of major headline transactions and litigations in all sectors, besides advising major multinational corporates on their entry into the Indian market and their business strategy. Currently, the Firm has over 870 lawyers including 174 Partners, offering legal services through its offices at New Delhi, Mumbai, Gurugram, Ahmedabad, Kolkata, Bengaluru, and Chennai.

Asia Pacific
Outside Counsel
Diversity Awards
2023 by
Morgan Stanley

'Outstanding'

in 2024-25 for Banking and Finance,
Banking and Financial Services, Capital
Markets, Competition/Antitrust, Construction,
Corporate and M&A, Dispute Resolution, Energy,
Insurance, Infrastructure, Pharmaceuticals and
Life Sciences, Private Equity, Regulatory,
Real Estate, Restructuring and Insolvency,
Technology and Telecommunications



'Ranked #1'

by deal count
in the Bloomberg India
Capital Markets League
Tables 2022
Bloomberg

'Ranked #1'

in deal count and
value in the annual
MergerMarket India
League Tables 2023
Mergermarket
An Acuris company

'Tier 1'

in 2025 for Antitrust and
Competition, Banking and Finance,
Capital Markets, Corporate and M&A,
Dispute resolution: Arbitration, Fintech and
Financial Services Regulatory, Insurance,
Private Client, Private Equity and Investment
Funds, Projects and Energy, Real Estate and
Construction, Restructuring and Insolvency,
Tax, TMT and White-collar crime



'Tier 1'

in 2024 for Banking, Capital
Markets: Equity and Debt,
M&A, Private Equity, Project
Development: Energy, Infrastructure
and Transport, Project Finance,
Restructuring & Insolvency



**Country Firm
of the Year 2023,
India**



'Band 1' in 2025 for
Capital Markets

Competition/Antitrust

Corporate/M&A: The Elite

Dispute Resolution

Dispute Resolution: Arbitration

FinTech

Private Equity

Projects, Infrastructure & Energy

Restructuring/Insolvency

White-Collar Crime & Corporate Investigations

CHAMBERS
AND PARTNERS

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