
Business Trends' Synopsis

Topic # 120

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The Japan-India business trends' synopsis summarizes 10 most recent or developing news topics related to Japan and India compiled and curated during recent week.

Japanese companies doubling capacities in India

India's economic potential has been consistently increasing. It is the second most populous country in the world and in purchasing-power-parity terms (in nominal US dollars) its economy is larger than that of Japan and third globally behind the US and China. Against this favorable investment context, several Japanese companies are seeking to increase its market share in India by firming-up plans to double its production capacities in India across different industry sectors.

Reasons for Japanese companies doubling capabilities in India

Indian market:

- India is a developing consumer market with immense growth potential.
- India is the fourth most attractive location for FDI for 2014-2016
- India ranks as the 2nd Most Promising Country for Overseas Business Operations in the Medium Term
- India has been rated as Top Investment Destination for the Long Term
- Availability of abundant natural resources and diverse climatic conditions
- Investor friendly policies and incentive based schemes.
- India's economy is projected to grow fivefold in the next 20 years

Japan aspect:

- Japanese companies are doubling the production to meet the growing demand in Indian market
- Japanese companies aiming to increase its retail channel presence in India are doubling its capabilities
- Rising incomes in India are spurring demand for high-price cars. Expecting growing demand from middle-income consumers ready to upgrade from economy cars, companies double its high-end auto dealerships
- Increasing production capability will help them better meet the demands of Indian and overseas customers by limiting waiting times on deliveries.
- Japanese companies view the Indian market as one of the growing countries due to the second highest population in the world which is further said to increase by 2025.

- Japanese companies believe that manufacturing sector will lead the economy in the near future with other growing sectors like automotives, pharmaceuticals, medical, textiles and, also, chemicals and petrochemicals.
- A large market will be expected to be born in the near future once India's exports expand and domestic consumption increases steeply.
- Japan is the fourth largest foreign direct investment (FDI) contributor to India, with major interests in pharmaceuticals, automobiles, and services sectors accounting for 7.46 per cent of total FDI equity inflows into India
- More and more Japanese firms prefer to make future investments in India than China as the latter is becoming less attractive

Government initiatives:

- The governments of India and Japan signed an agreement for doubling of Japanese investment into Indian firms in the next five years, and boosting two-way trade.
- Make in India is expected to further investments from Japan into the country's manufacturing sector.
- The Department of Industrial Policy and Promotion under the ministry of commerce and industry had set up a mechanism to fast-track Japanese investments named 'Japan Plus.'
- Under the Tokyo Declaration for Japan-India Special Strategic and Global Partnership, Modi and Abe have set a target of doubling Japanese FDI and the number of Japanese firms in India by 2019.

News updates on Japanese companies doubling capacities in India

Japan/India Company Name	News Title
Eisai Co., Ltd.	Eisai to invest several billion yen to double production capacity of manufacturing facility in Southern India to 60 tons a year (more...)
Fujifilm Holdings Corporation	Fujifilm aims to double Acuity installation base in India (more...)
Hitachi Koki Co., Ltd.	Hitachi Koki to double India capacity (more...)
Honda Motorcycle & Scooter India Pvt. Ltd.	Honda Navi production doubled (more...)
Honda Motorcycle & Scooter India Pvt. Ltd.	Honda doubles Gujarat plant's scooter capacity with new line
NTT Communications	NTT Comms' Netmagic to double Indian data center capacity to 1.3m square feet (more...)
Renault–Nissan Alliance	Renault-Nissan to increase production at Chennai plant (more...)
Suzuki Motor Corporation	Suzuki doubles down on premium autos in India as incomes rise (more...)
The Yokohama Rubber Company, Limited	Japan's Yokohama Tyres to ramp up India production (more...)
Toshiba Machine Co., Ltd.	Japan's Toshiba Machine Co. Ltd. plans to expand the capacity and product range of its Indian plastics machinery subsidiary. (more...)

Way forward

India's market is poised for a massive growth, making it an important destination for investors; specifically for Japanese investors who have a successful presence in India across most of the industry sectors. Recognizing the benefits of future investments in India, companies from Japan are doubling their production capacities. This is advantageous for India too; an increase in employment and access to quality products. And this rise in expansion capacities is hoped will continue for at least few more years.

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3. http://www.business-standard.com/article/economy-policy/india-japan-sign-action-plan-to-double-investments-in-5-years-115043000401_1.html
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