



India & Japan

in the Globalized Economy

4th December 2007

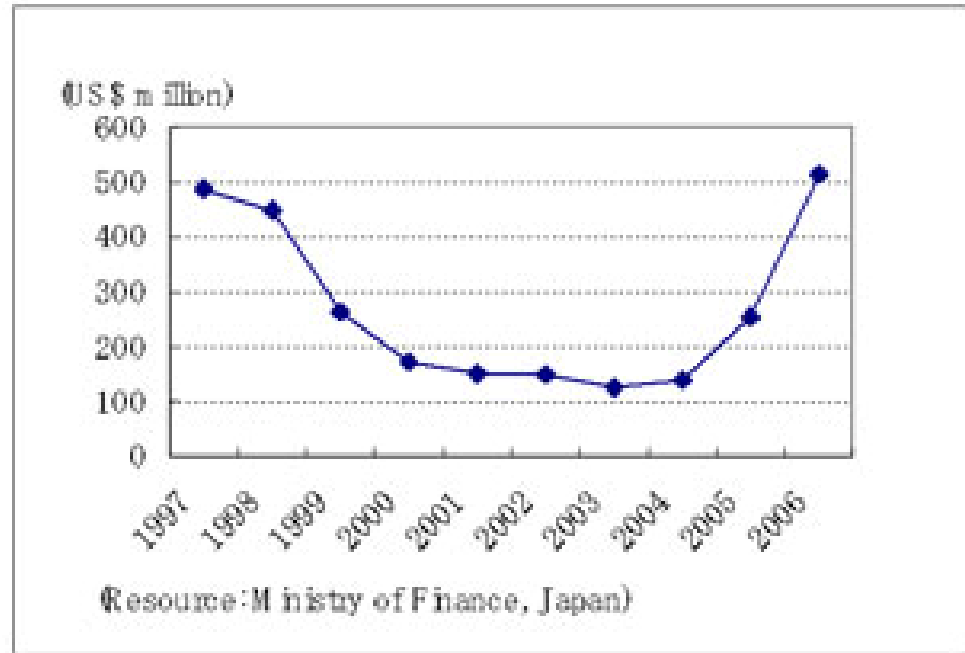
Indo-Japan Relations

- Lets look at some numbers.....

Japan's Foreign Direct Investment (FDI) to India

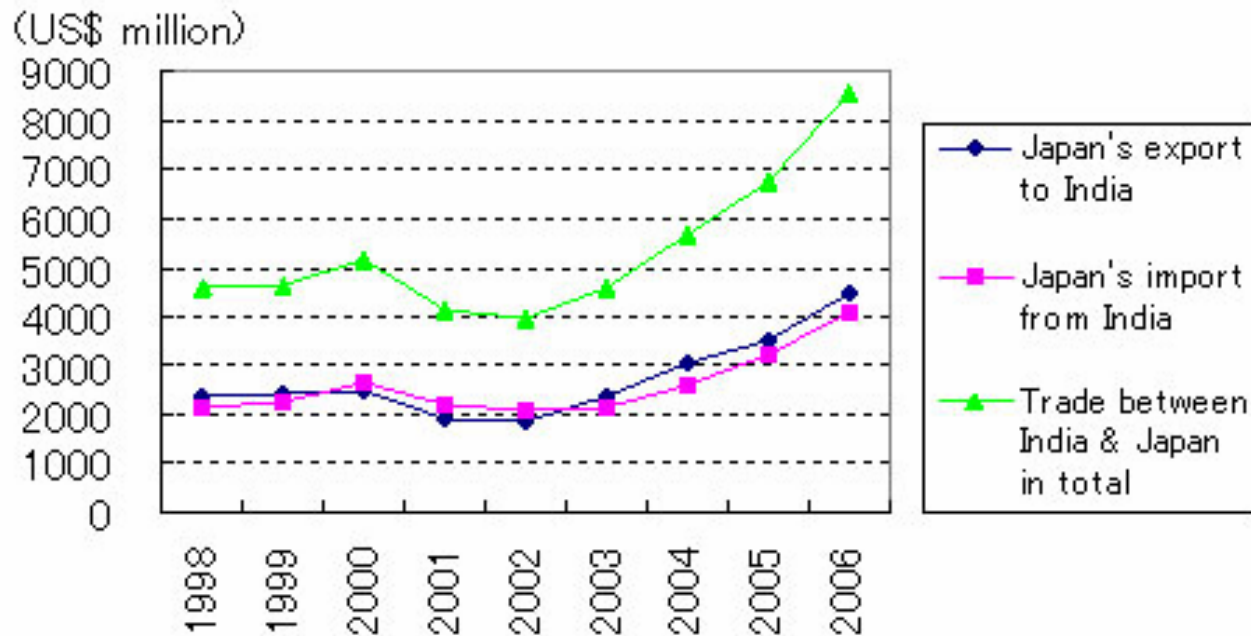
Doubled - 2005 - US \$ 254.7 million
2006 - US \$ 515.5 million

Year	JPY billion	US \$ million
1997	59.1	488.4
1998	58.9	449.6
1999	30.1	264.0
2000	18.7	173.1
2001	18.4	150.8
2002	18.7	149.6
2003	14.6	125.9
2004	15.0	139.8
2005	29.8	254.7
2006	59.8	515.5



Bilateral Trade between India and Japan

2006 – US \$ 8.6 billion (27% growth, 2005 – US \$ 6.8 billion)

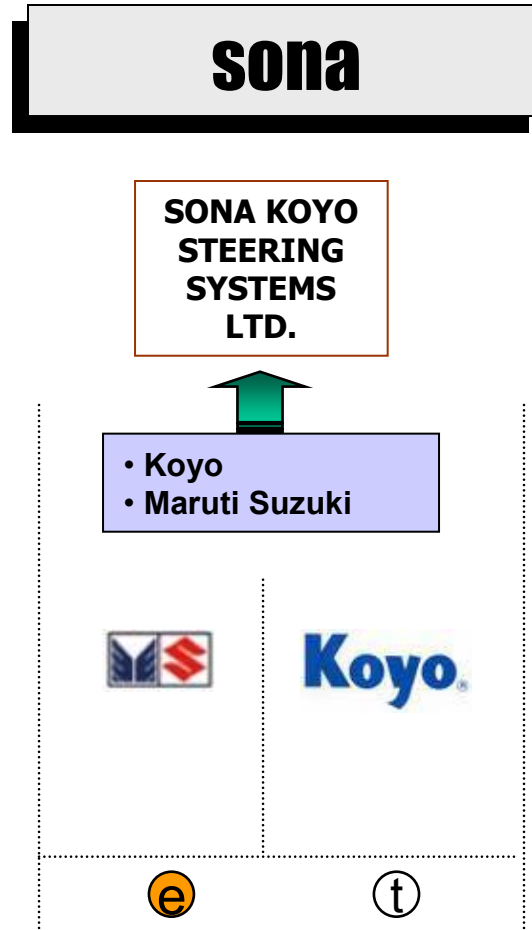


(Resource: Ministry of Finance, Japan)

But its not about numbers.....

I started my relationship with Japan 20 years ago

1988 – 2 Japanese Partners

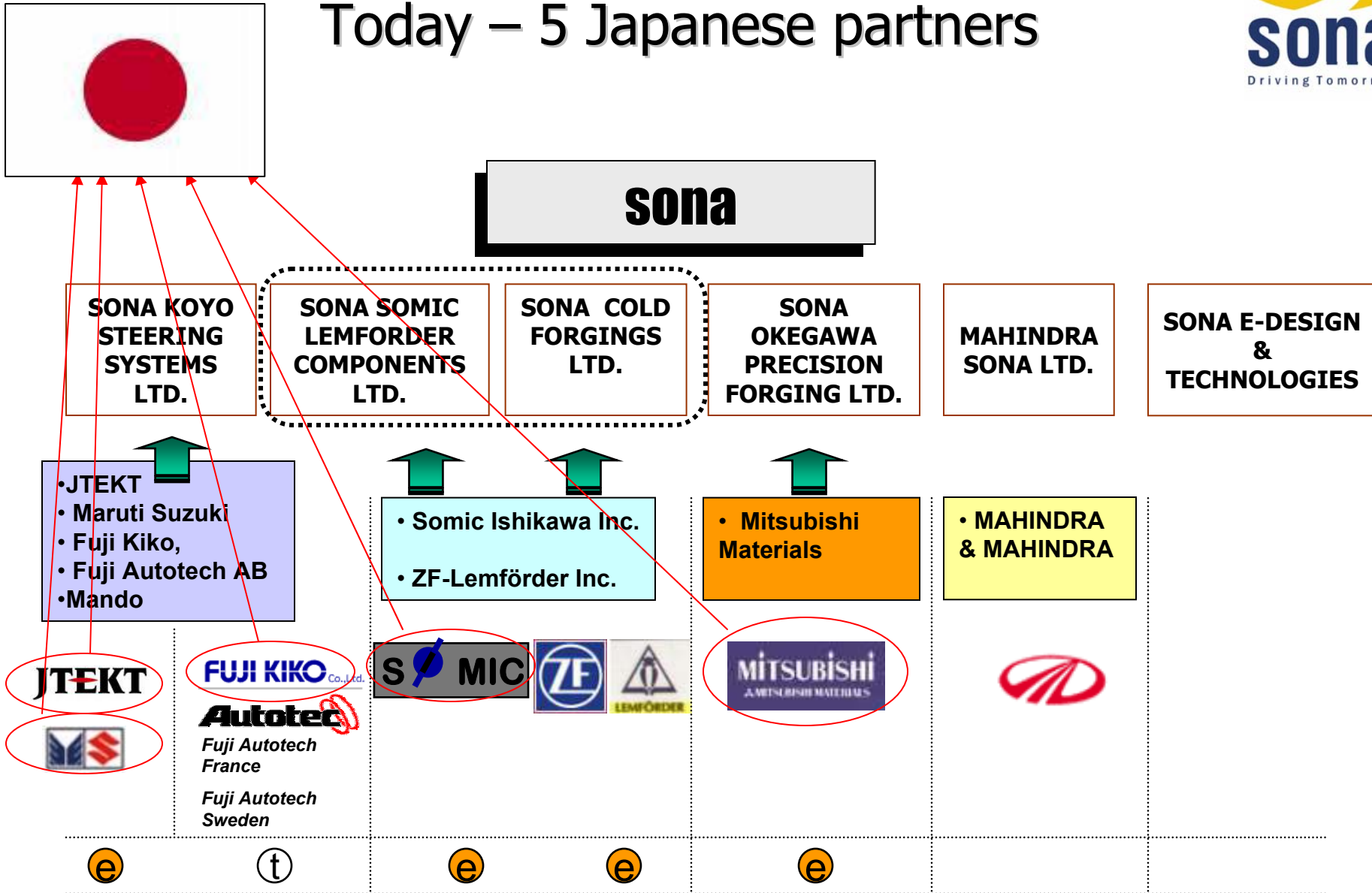


Technical licensing



Equity & Technology participation

Today – 5 Japanese partners



**Since Jan 1 2006, Koyo Seiko is now JTEKT Corporation

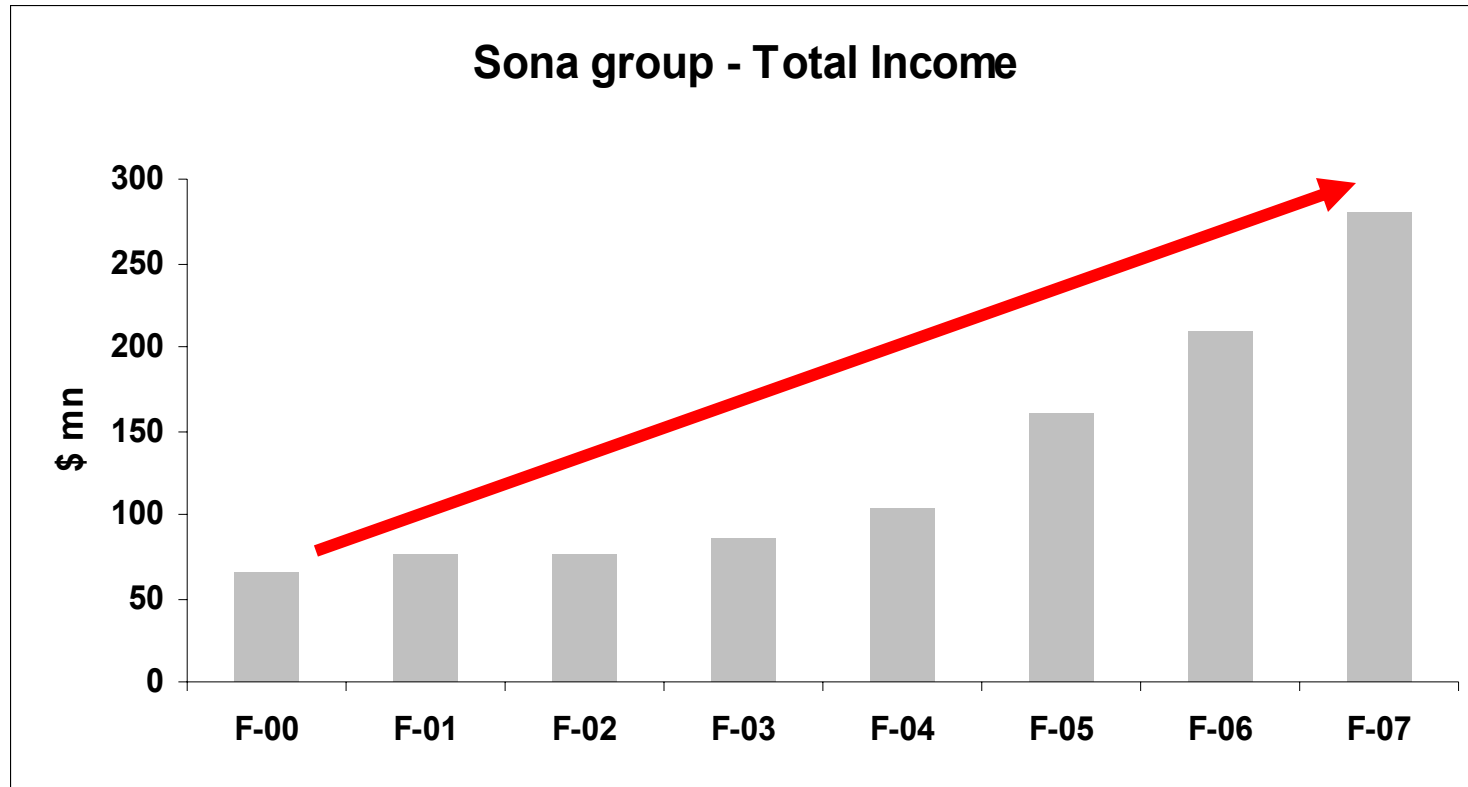


Technical licensing



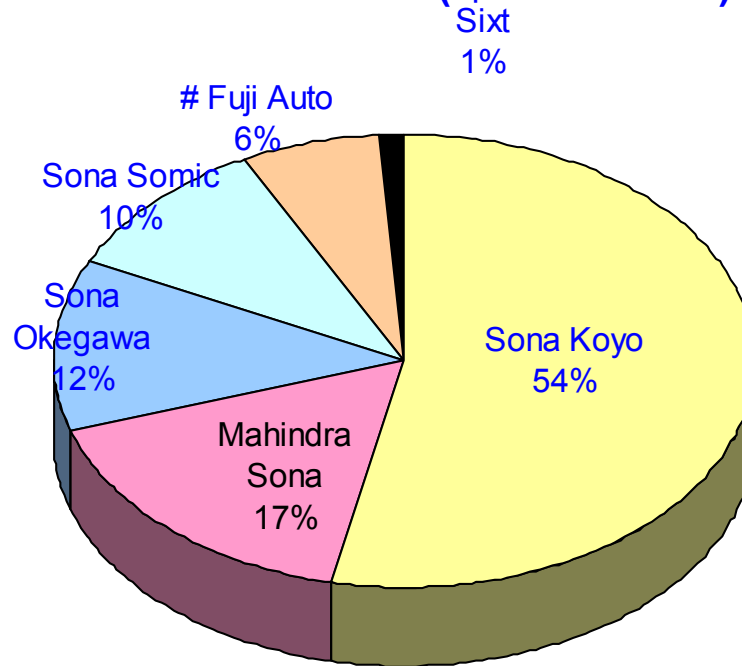
Equity & Technology participation

Sona Group Sales - Growth



Group Sales - FY-2007

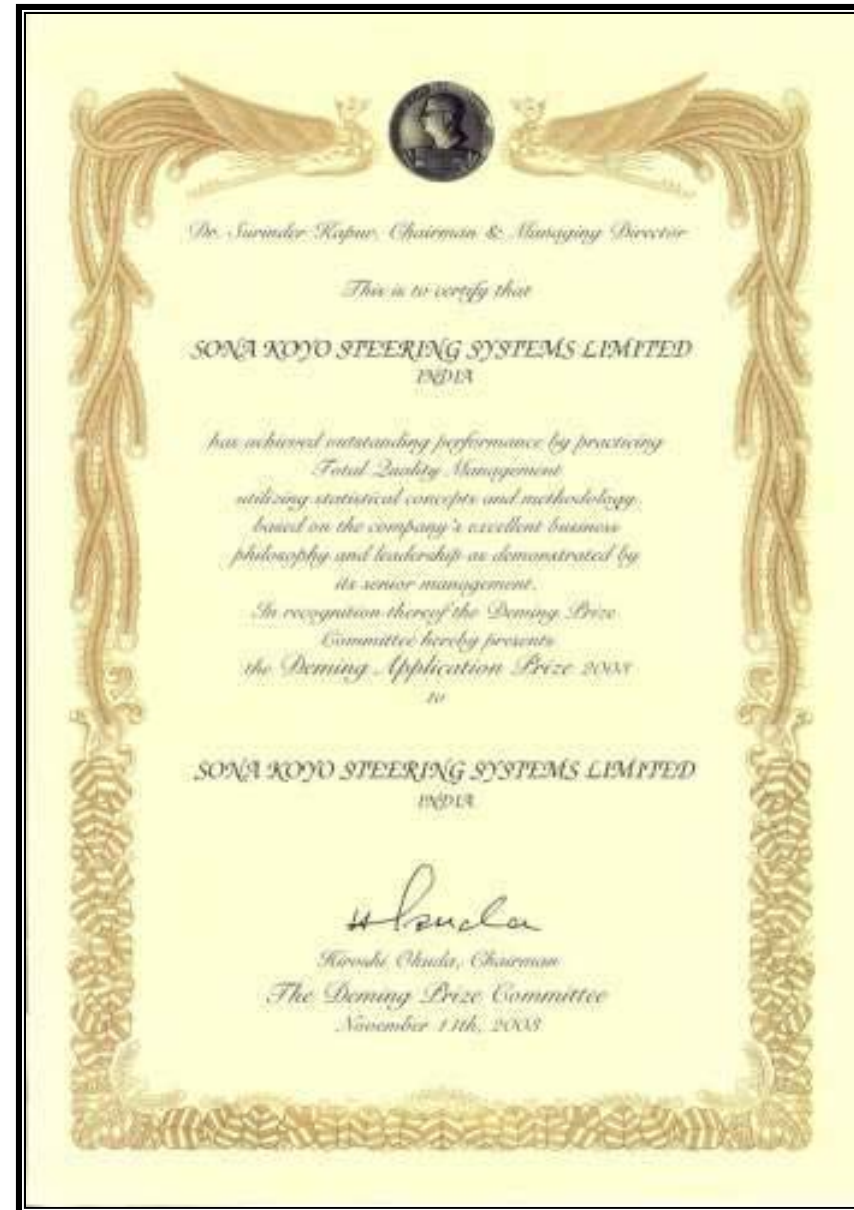
Gross Revenues (\$ 294 Million)



82% of our sales is with Japanese partners

- FY-2007 refers to Indian financial year April 2006– March 2007
- # Proportionate (to Sona ownership) of Fuji Autotech Europe

Resulting in - The Prestigious Deming



Resulting in - India becoming a world class engineering and manufacturing country

16 of the 31 non-Japanese
Deming prize winners are Indian
Manufacturing Companies

• **122 TPM** Awarded companies
in India (amongst the highest
outside Japan)



Areas of CII -Japan Collaboration

- CII acts as collaborating organisation for AOTS for various training Programmes
- Japan Finance Corporation for SMEs - JASME is CII partner for promotion of SME business between both countries
- SMRJ – Organization for SMEs and Regional Innovation is CII MoU Partner
- JETRO – CII are partners for business development

Other Areas of CII -Japan Collaboration

- CII- JMA combined innovation programmes
- JIPM - TPM Awards
- Training and consultancy partnership with JIPM-Solutions Co. Ltd.
- JMA Consulting – CII are collaborating for implementing lean manufacturing

My partnerships have not just been with companies.....

Sona's TQM Initiative

- Guidance from Prof. Y. Tsuda
- A Systems approach
- Emphasis on Facts and data
- Customer focus
- Participation by all Employees



Prof. Y. Tsuda

Sona's TPM Initiative

- Guidance from S.Yamaguchi -JIPM
- Pursuing production Efficiency to its ultimate limits
- Zero accidents, Zero defects, Zero breakdown, Zero Losses
- Participation by all employees



S.Yamaguchi

Sona's Breakthrough Management



- Prof. Shoji Shiba of Sloan School of Management, MIT.
- Winner of the Deming Award for the Individual (2002).
- Teaching Breakthrough Management concept to a 'learning community' established in India.

Why has it been successful?

Shared.....

- Social Values
 - Family Oriented
 - Respect for Experience and the individual
 - Importance of Tradition

- Corporate Values
 - People Oriented
 - Long term growth focussed
 - Values, Vision part of company fabric

The Indian Government and CII have made it easy for companies in India to learn from Japanese experience just like Sona did.

India's Manufacturing Industry



Indian Government Encouragement

- + The Indian Government permits up to 100 percent FDI in manufacturing.**
- + India has a double taxation avoidance agreement with Japan, providing protection to investors.**
- + A duty of just 5 percent is imposed on machinery import, and 12.5 percent on import of other goods.**
- + The Japan Cell in the Ministry of Industry, Government of India, is working in close cooperation with JETRO and other Japanese organizations to aid the Japanese investors in India.**

Japanese Companies in India

Japan's FDI Projects in India in the Manufacturing Sector 2005-07:



USD 699 million



USD 128 million



USD 214 million

Planned Investments

USD 54 million

SAKATA INX...
visual communication technology

USD 128 million



Indian Manufacturing Sector – An Outlook

New Government Initiatives

- **The Government has set up the National Manufacturing Competitiveness Council (NMCC) to expedite policy-making for enhanced growth of the sector.**
- **NMCC has developed a national strategy for manufacturing that aims at a growth of 14 percent in the manufacturing sector for the next 10 years.**

Strengthening Indo-Japanese Corridor

- **The 'Indo-Japan Global Partnership' has now entered its sixth year.**
- **Japanese companies are setting up technical support centres in India to leverage the country's growing ITES industry, to cater to their global customers.**
- **New generation entrepreneurs and SMEs in the two countries must capitalize on the potential opportunities.**



VLFM Programme

A CII JICA Partnership



A Programme under the Joint Co operation Agreement

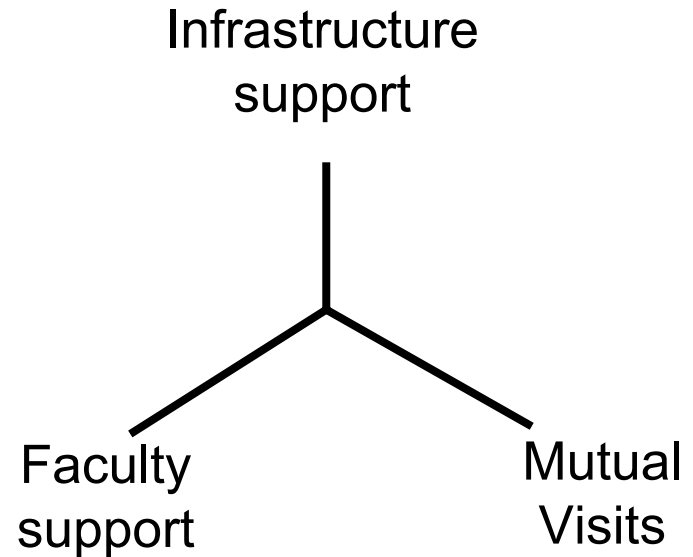


Signed by the Prime Minister of India and the Prime Minister of Japan
in December 2006

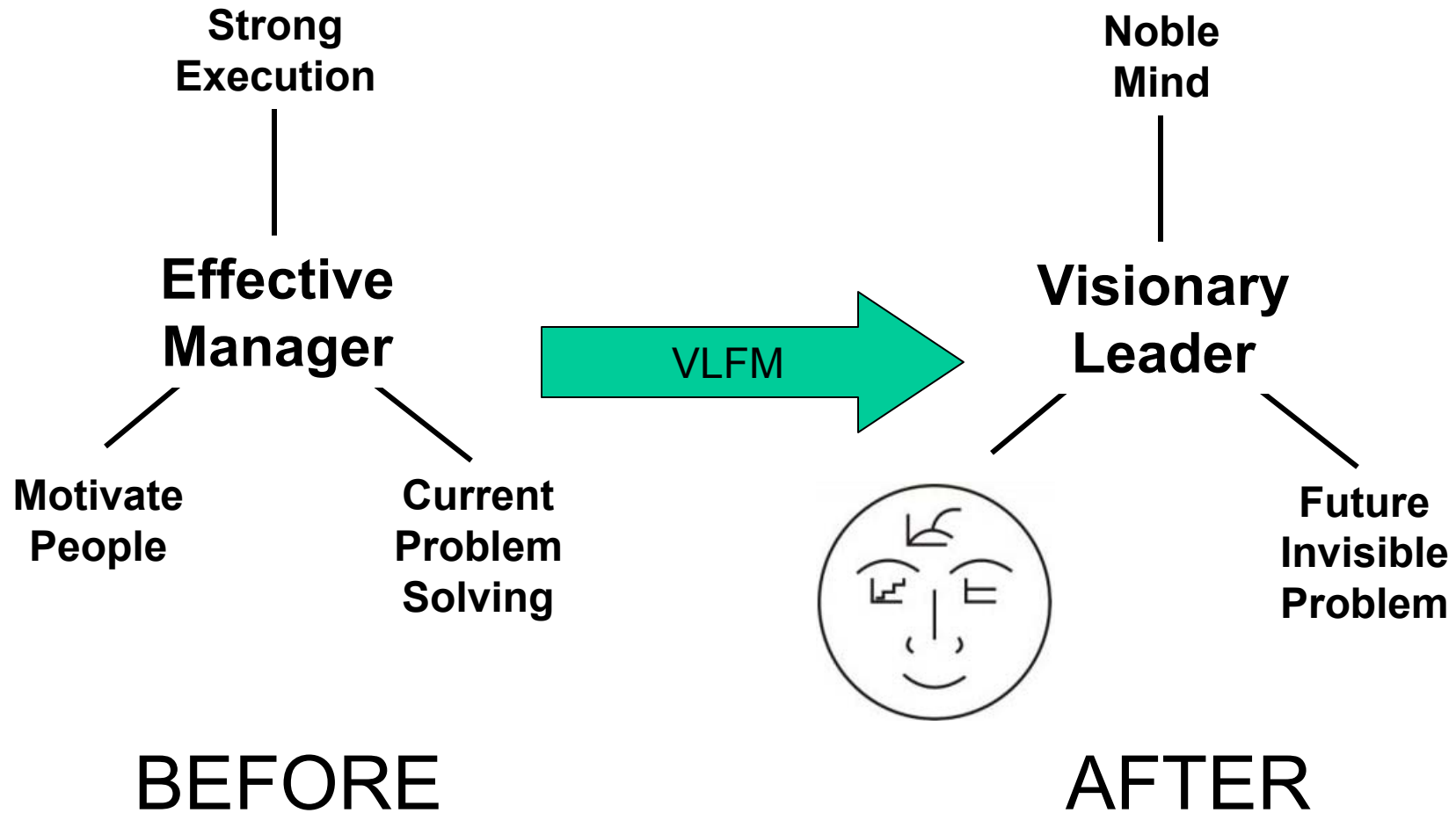
Japan agreed to support the Human Resource Development
for Promotion of Manufacturing in India

Indo-Japan Relationship: First Mega Initiative

- JICA Support has enabled creation of a cost effective training programme for senior executives
- Infrastructure support ensures sustenance
- Faculty support ensures learning from Industry and academia of Japan
- Visits to Japanese Industry would lead to learning from best practices, both in Industry as well as in society



From Effective Manager to Visionary Leader



JICA Supports VLFM Programme

VLFM Core Team Formed in July 2006



JICA Commits support to the VLFM Programme in July 2007



Prof. Shoji Shiba: Bridge Between Japan and India – JICA Enabled This



The Future.....

Indo Japan Industrial Corridor



THANK YOU