Activity of Japan Chamber of Commerce and Industry in Indi and Japan’s Role for “Make in India” in Enhancing India’s Manufacturing prowess.

17th Nov 2015

Masazumi Konishi
President of JCCII.

What is JCCII

<u>Japan Chamber of Commerce and Industry in India (JCCII)</u>
Incorporated : 17th July 2006
Number of Member Companies : 401 (As of Sep 2015)

〔Objectives of JCCII〕

1. To undertake, encourage, facilitate and promote the industrial and commercial development between India and Japan.

2. To promote and strengthen the relationship between India and Japan through business activities.

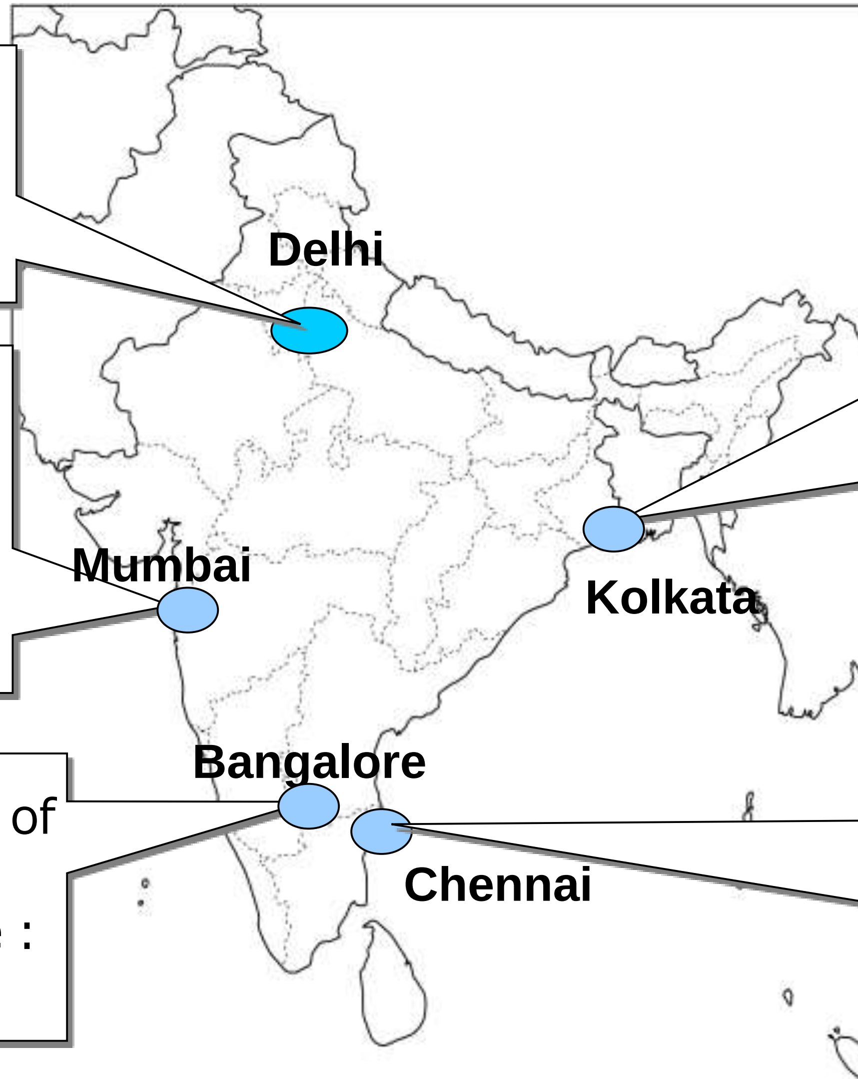
3. To enhance information exchange and promote networking in areas of mutual interest among members.

インドにおける日系商工会/JCCI-related organizations in India

Japan Chamber of Commerce and Industry in India : 401 members

The Japanese Chamber of Commerce and Industries in Mumbai c/o Japanese Association Mumbai ： 115 members

Japanese Chamber of Commerce and Industry Bangalore : 139 members

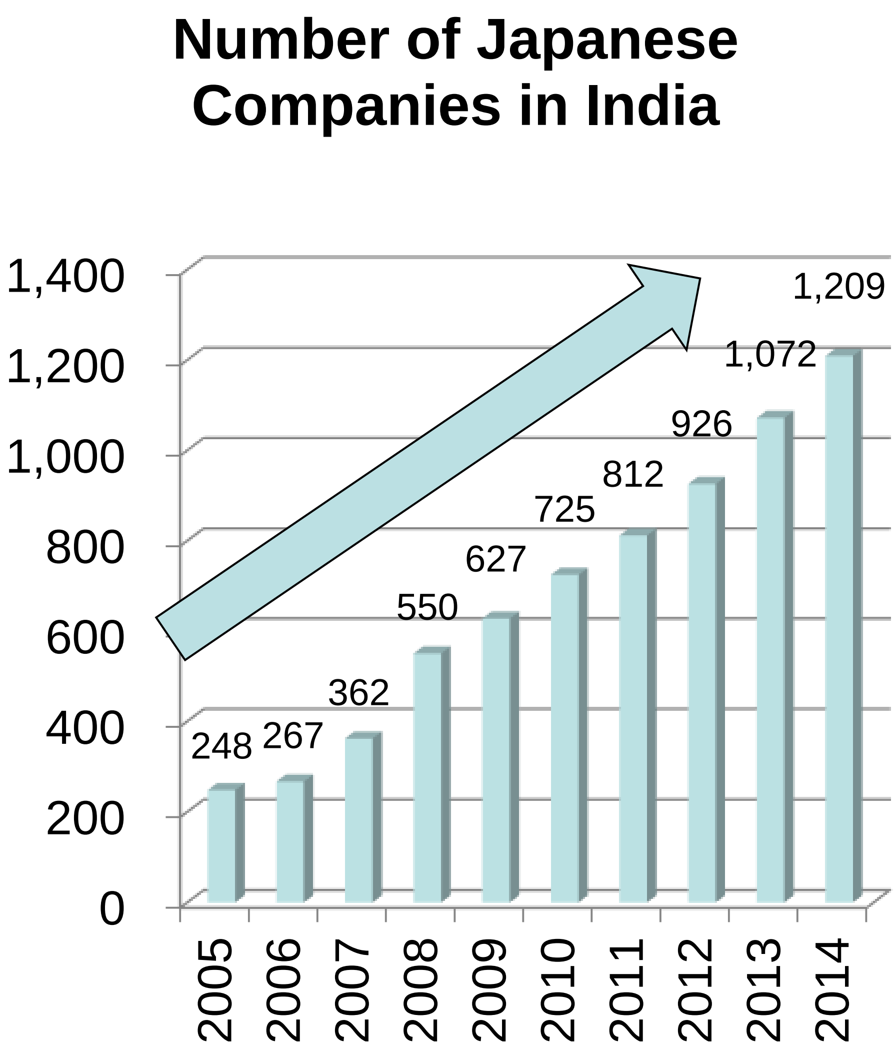


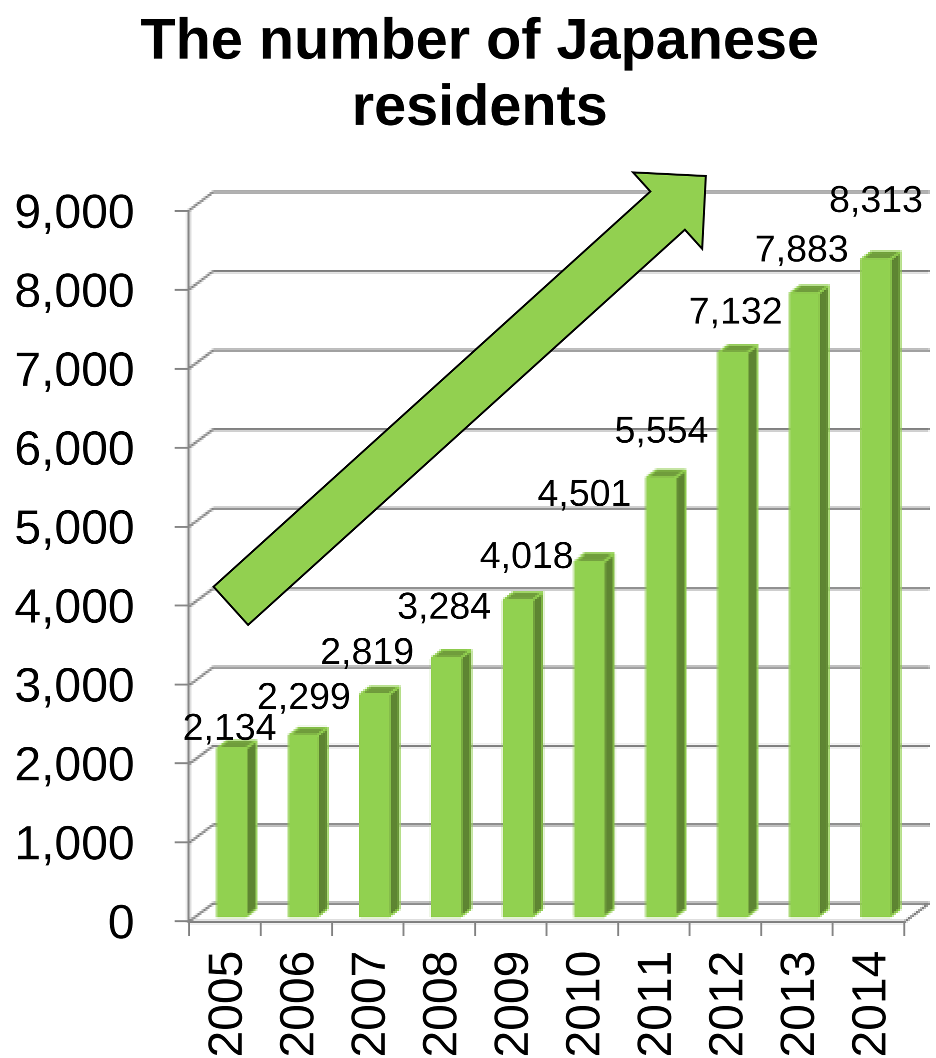
The Japanese Association of Commerce and Industry in Calcutta ： 20 members

The Japanese Commerce & Industries, Chennai : 188 members

Resource ：JCCI-related organizations in India
(as of Apr 2015)

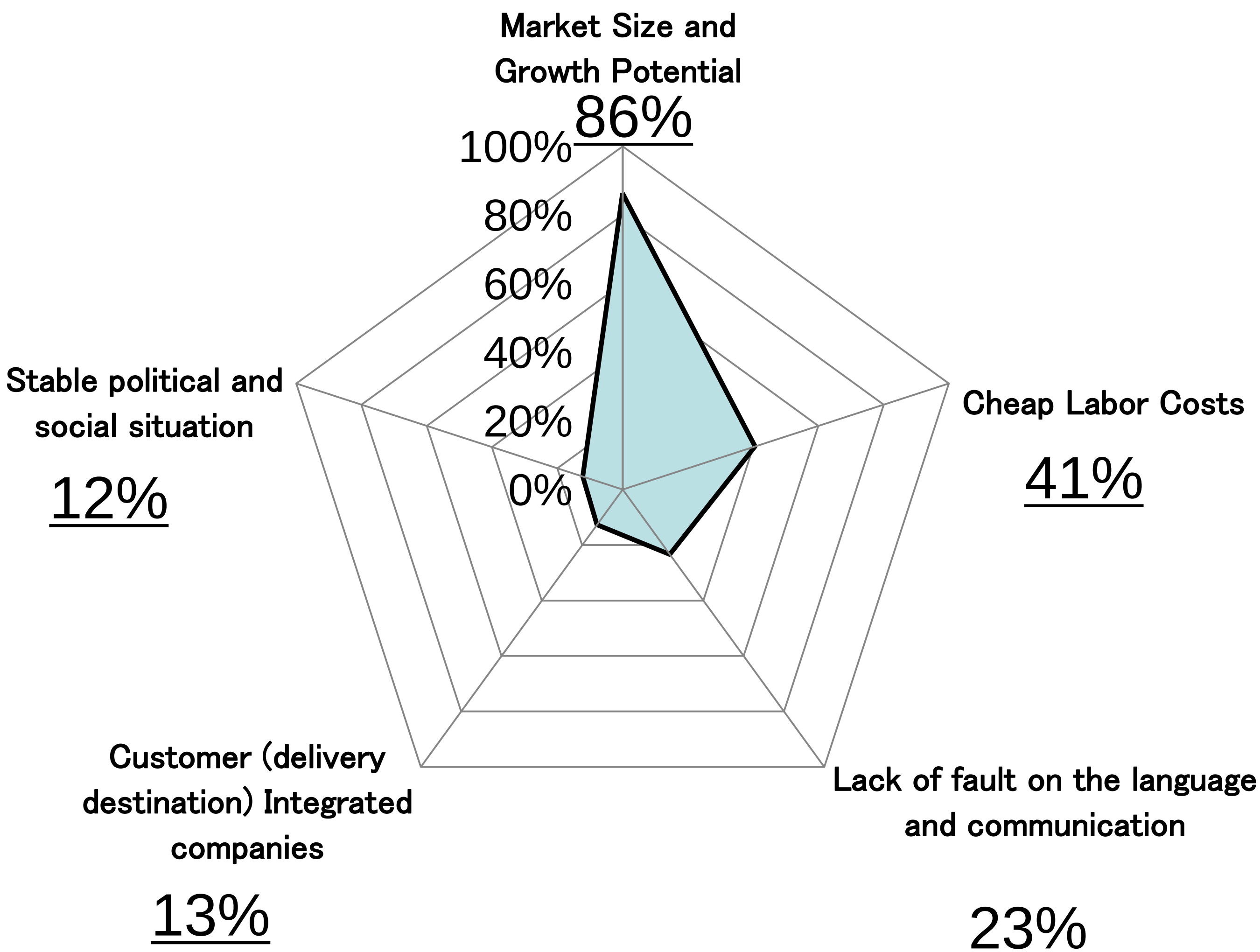
Japanese companies and residents in India





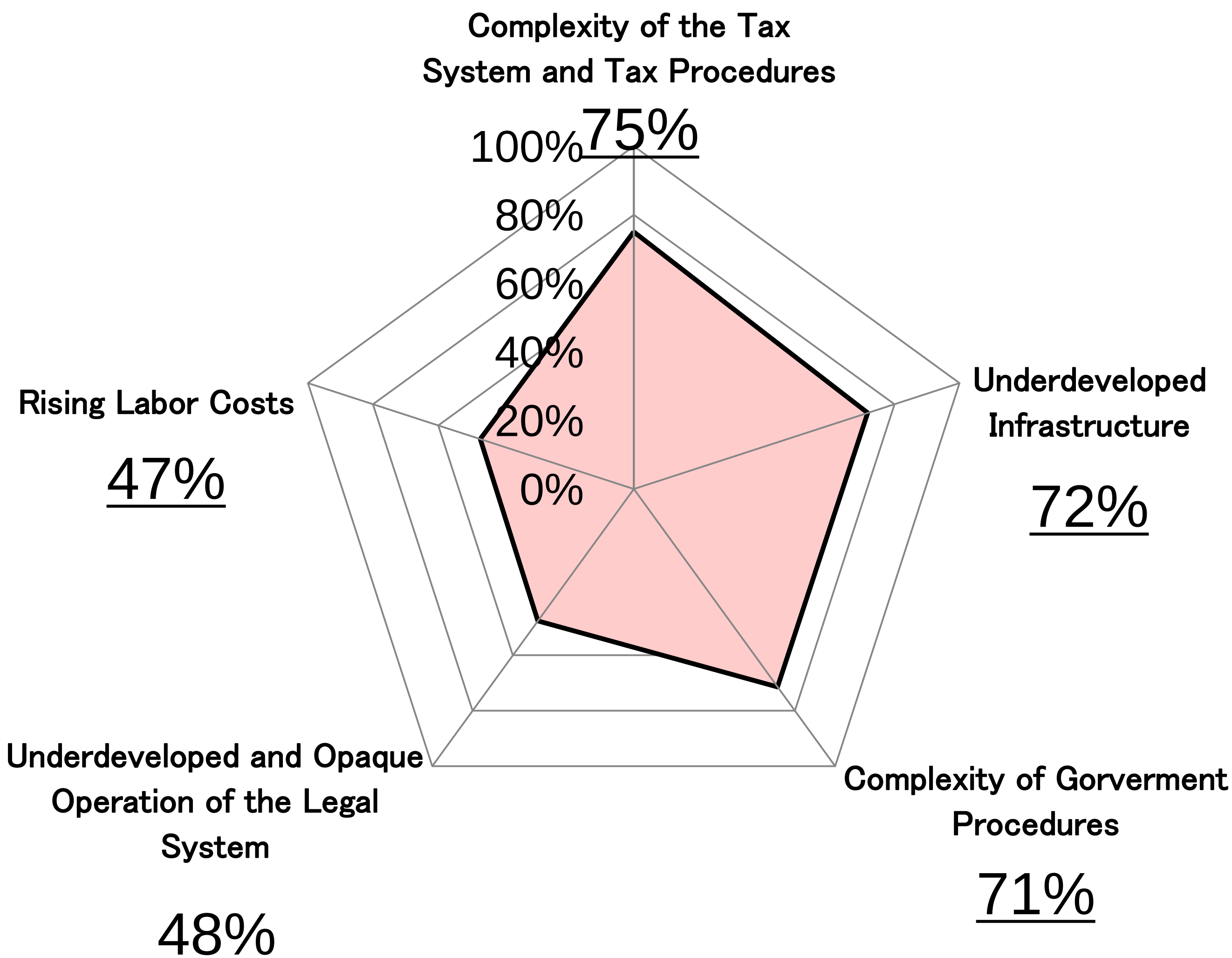
Resource：Embassy of Japan in India (as of 2014)

Merits of India investment environment assessment as Japanese companies in India



Resource：JETRO - Survey of Japanese Companies In Asia and Oceania Regional (as of Oct to Nov 2014)

Risks of India investment environment assessment as Japanese companies in India



Resource：JETRO - Survey of Japanese Companies In Asia and Oceania Regional (as of Oct to Nov 2014)

Suggestion Letter

Background

Since 2009, JCCII has submitted Suggestion Letters to DIPP, Ministry of Commerce and Industry every year in order to show and explain problems Japanese companies faced in their business.
*DIPP : Department of Industrial Policy and Promotion

Object

Solutions of the problems stated in Suggestion Letters are believed to improve business environment in India and contribute to the development of Indian economy.

Major Issues in Suggestion Letter 2015

1. Tax System

Transfer Pricing, Advance Pricing Agreement(APA), Permanent Establishment Taxation(PE) 、Minimum Alternate Tax(MAT) on Special Economic Zones(SEC) companies , etc.

2. Financial Sector

To ease condition of External Commercial Borrowing, Opening Branch Offices in the metropolitan area for Foreign banks

3. Logistics

The process of issuance of Special Valuation Branch (SVB) Order should be streamlined and approprioate time frame for application disposal should be prescribed.

4.Steel Products

Exemptions of Indian Standards(IS) certification for specific steel products, To reduce work load of obtaining IS certificate

5.Japanese Lawyers

Japanese lawyers shall be admitted to conduct activities in India

Major Issues in Suggestion Letter 2015

6.Intellectual Property Rights

Accelerated examination system, Ease the scope of the Foreign Filing License

7.Procedure SME

promote advance of Japanese Small & Medium industries into Indian Market.

8.Infrastructure

Provide stable power supply, Constructions of the Roads and Bridges in Chennai, Connectivity in and around Bangalore.

9. Follow-up Item

Stable power supply, Industrial park, GST

Collaboration between Government and Private

1. **Independent efforts by private sector**

   Market development, development of trade investment, human resources

2. **Reinforcement of the cooperation between Japanese Government, the related organization and private sector**

   Japanese Embassy : General (System,Tax,Regulation, etc)

   ＪＩＣＡ : Infrastructure, Investment, technical cooperation.

   ＪＥＴＲＯ : Assistance for business development and investment, Industrial Park

   ＪＢＩＣ : Assistance for Investment, Finance

   ＮＥＤＯ : New energy

   ＨＩＤＡ : Development of Human resources others;

3. **Reinforcement of the cooperation with Indian Government**

4. **Reinforcement of the cooperation with FICCII, ASSOCHAM, CII etc.**

sojitz

New way, New value

Infrastructure Development in India
"Encourage Private Participation"

17 November 2015

Masazumi Konishi, Managing Director
Sojitz India Private Limited

Sojitz Corporation

Development Plan for Infrastructure by Gov. of India

Budget in FY2015-2016 for Infrastructure

- Budget: INR 310,000 Cr. (30% Increase from previous year)
- Establishment of National Investment and Infrastructure Fund. Funding amount: INR 20,000 Cr.
- Planning 4,000MW level giga size power plant in 5 locations
- New development of 100,000km road all over India

New Policies for Infrastructure

- Admission of 100% FDI in railway field
- Admission of issuance of tax exemption warrants in railway, road development and irrigation projects
- Establishment of Project Monitoring Group(PMG）in order to solve disputes in relation to development of infrastructure

Pronouncement of Strong Intention for Infrastructure Development by Modi Government

Support for Infrastructure by Government of Japan

Japan-India Special Strategic and Global Partnership

<u>Announcement of JPY 3.5 trillion investment during 5 years by government and private sector</u>

<Infrastructure Programs>

- ✓ Delhi – Mumbai Industrial Corridor
- ✓ Chennai – Bengaluru Industrial Corridor
- ✓ Dedicated Freight Corridor Project
- ✓ High Speed Railway between Mumbai and Ahmedabad
- ✓ Development of Ahmedabad Metro Network
- ✓ Smart City Project / Renewal of Varanasi City with Purification of Ganga

Strong Backup for Infrastructure Development by Gov. of Japan

Railway Network & Development Plan

Network of Indian Railway / Comparison List

Country	Territory [km²]	Railway Track [km]	Passenger Distance*1 [1mil km]	Freight weight Distance*2 [1mil ton･km]
India	**2,973,190**	**64,460**	**978,508**	**625,723**
USA	9,147,420	228,218	9,518	2,524,585
China	9,326,410	86,000	795,639	2,518,310
Japan	364,560	20,140	244,591	20,255

*1 number of passengers multiply distance of each passenger : Scale indicator for railway for passengers
*2 Weight of cargo multiply distance of the cargo : scale indicator for freight railway
From : Open data in World Bank

FY2015-2016 Railway Budget: 100,000 Cr.（Double of FY2014-2015)

Investment Plan

- Investment in **850,000 Cr. during 5 years**
- Priority : Network Decongestion, Station redevelopment, Passenger Amenities, Safety, Network Expansion, Rolling Stock
- **Utilization for Private Fund → Admission of 100% FDI in Railway Field**

Modernization and Safety for Railway

Aim to Encourage Private Companies' Participation in India's Railway Sector

Q&A: No.1

Final Target?
To develop the infrastructure which should be the base of industrial development and peoples' lives

Correct

Q&A: No.2

Why are private companies' participation required?
- **IR does not have enough fund for project.**
- **IR wants to utilize private financial strength.**

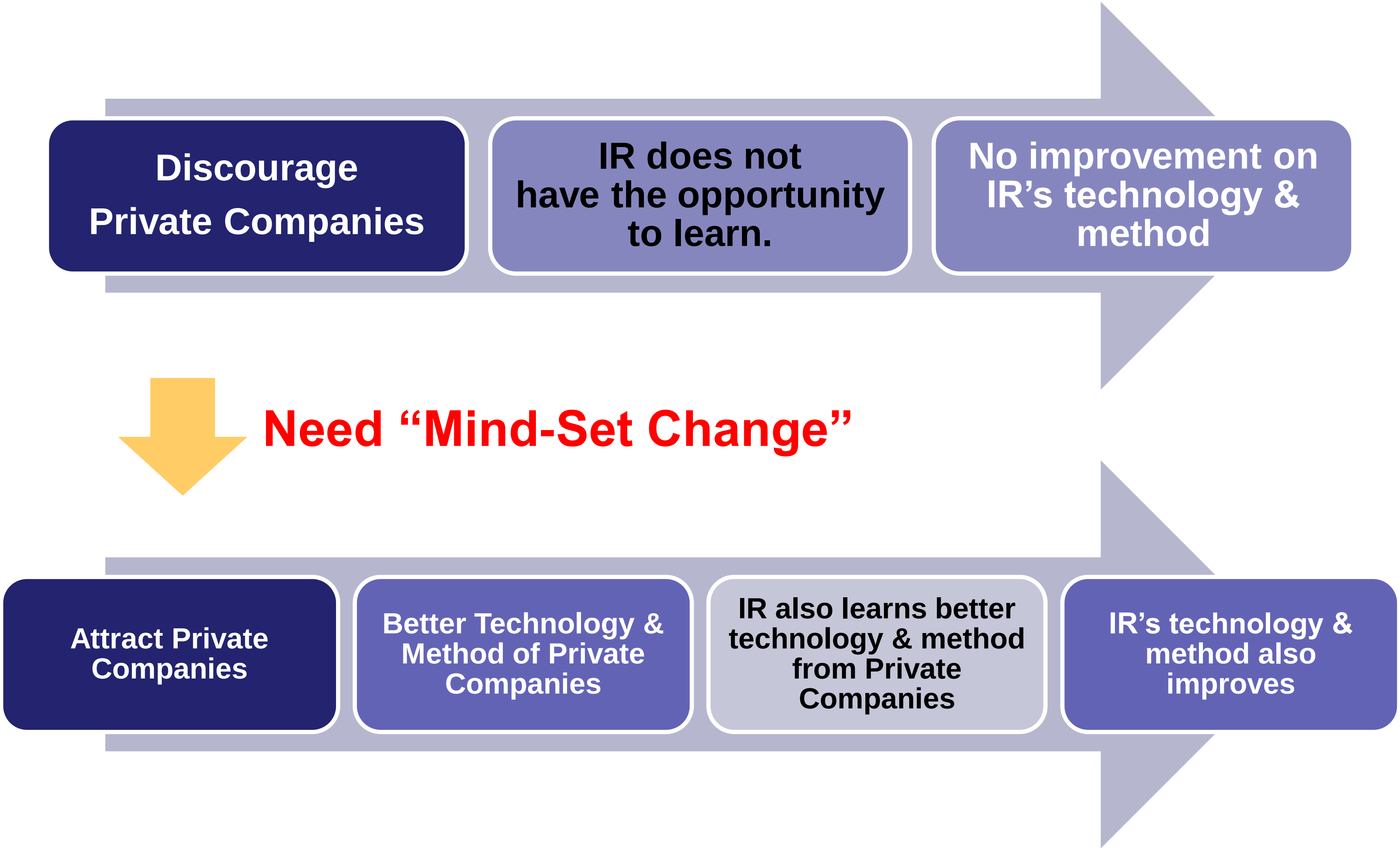
Not up to the Mark

Need "Mind-Set Change"

Why are private companies' participation required?
- **IR does not have enough fund for project.**
- **For better infrastructure, IR shall utilize private sector's better technology, methodology, operation and maintenance with higher cost.**

Correct

Bad Cycle to Good Cycle



DO's & DON'Ts by MOR

Protect companies from risks	• MOR should protect private companies from various risks, which private companies can not take such as land acquisition, change of law etc.
Fair Competition	• MOR shall prepare the fair competition ground. Especially against MOR's own PSU such as CONCOR, CLW, DLW etc.
View private companies as clients	• Don't view private companies as just vendor. Private companies are the client. • Please think about how to help private companies generate profit.

Western Dedicated Freight Corridor (DFC)

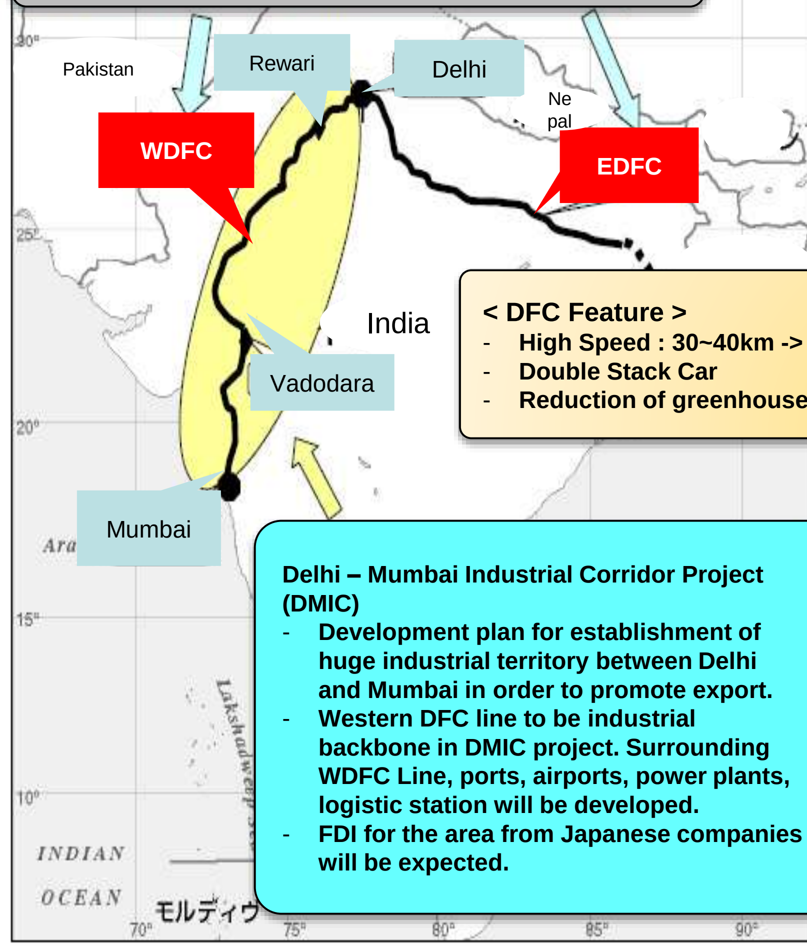
- **Emergency requirement for expansion of capacity of Freight in India**
- **JICA has been providing STEP (Tied) Loan for Western DFC**

Sojitz has been executing the following 2 large contracts.

- **Civil & Track Wok Package 1 & 2 from Aug. 2013 (INR6,700Cr. / Rewari - Iqbalgarh: 626Km)**
- **Electrical & Mechanical Package 4 from May. 2015 (INR3,100Cr. / Rewari – Vadodara: 915km)**




Dedicated Freight Corridor Project
- **Development of exclusive freight railway between Delhi and Mumbai (West) and Delhi and Kolkata (East) in order to expand capacity of freight.**
- **JICA has provided STEP (Tied) Loan.**



< DFC Feature >
- **High Speed : 30~40km -> 100k**
- **Double Stack Car**
- **Reduction of greenhouse effe**

Delhi – Mumbai Industrial Corridor Project (DMIC)
- **Development plan for establishment of huge industrial territory between Delhi and Mumbai in order to promote export.**
- **Western DFC line to be industrial backbone in DMIC project. Surrounding WDFC Line, ports, airports, power plants, logistic station will be developed.**
- **FDI for the area from Japanese companies will be expected.**

Work Photos

Sojitz's Next Target in India

- **High Speed Railway**
  as EPC Contractor / Rolling Stock Supplier / O&M Service Provider

- **DMIC Railway Projects**
  as EPC Contractor / Rolling Stock Supplier / O&M Service Provider

- **Automobile Freight Train Operator (AFTO)**
  as Concessionaire / Service Provider

- **Transit Oriented Development (TOD) & Redevelopment of Stations**
  by utilizing our experiences of shopping mall & station building development

- **Any Railway / Infrastructure Projects funded by Japan (Especially Tied Loan)**

New way, New value

The Sojitz Group creates value and prosperity by connecting the world with a spirit of integrity.