International Conference

The Changing Paradigm of India-Japan Relations

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Japan Bank for International Cooperation
1. Growth of interest of Japanese companies in India

Promising Countries/Regions for Overseas Business over the Medium-term (next 3 yrs. or so): Percentage Shares

(Source: FY2012 JBIC’s Survey Report on Overseas Business Operations by Japanese Manufacturing Companies)
Japanese Business establishments in India

<table>
<thead>
<tr>
<th>日本企業在インドの設立状況（※）</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>日本企業設立数（※）</td>
<td>838</td>
<td>1,049</td>
<td>1,236</td>
<td>1,422</td>
<td>1,804</td>
</tr>
<tr>
<td>（デリ／ハリヤーナ）</td>
<td>255</td>
<td>295</td>
<td>328</td>
<td>385</td>
<td>454</td>
</tr>
<tr>
<td>（タミルナードゥ）</td>
<td>143</td>
<td>169</td>
<td>240</td>
<td>286</td>
<td>344</td>
</tr>
<tr>
<td>（カランタカ）</td>
<td>104</td>
<td>123</td>
<td>155</td>
<td>182</td>
<td>228</td>
</tr>
<tr>
<td>日本企業在インド登録数</td>
<td>550</td>
<td>627</td>
<td>725</td>
<td>812</td>
<td>926</td>
</tr>
</tbody>
</table>

※: Head office, Manufacturing unit and Branch

(Source: Embassy of Japan in India)
2. Prevailing perception of difficulties in doing business in India

- Shortage of infrastructure
- Difficulties in land acquisition and complexity of land ownership
- Complicated regulation
- Difficulties in appropriate fund raising
3. Promotion of win-win relationship between India and Japan

① Recent change in Global Financial Flows

② How to overcome challenges
   - Closer governmental cooperation
   - National Manufacturing Policy (NMP)
Private Financial Flow in Global markets

Banks

Global Financial Markets

Financial Patriotism
Financial Nationalism
(Financial Protectionism)

Recapitalization
Capital Injection
Tax

Operate here first!!

Government

Keep our jobs!!

Taxpayers

Invest in Domestic market!!

Parliament

Shrinking Private Flow in the markets

Environment Resolution

Infra-structure Financing

Trade Financing
Multilateral Institutions (MDBs)

ODA is shrinking
← Fiscal Constraint in Many Developed Economies

More Private Flows should be mobilized

Cautious Operation by Private Banks

Capital-ratio Requirement
Shortening Asset Maturity

Financial Patriotism
Fear for Liquidity Shortage

3 Functions played by Public Institutions

Counter-cyclical Function
Analytic Function
Trouble-shooting Function

Sustaining Capital Flows

Bilateral Institutions (ECAs)
4. JBIC’s approach to India

- Key feature of JBIC’s finance

- JBIC’s approach to infrastructure finance
  - Public-Private Partnership
New Development in PPP (Public-Private Partnership)

From “PPP” to “PPPPP”

[Pattern A]
① Public ( Hosting country’s Government-Central and/or Local )
② Public ( Multilateral Institutions and Foreign Public Entities)
③ Private ( Foreign Companies and Investors)
④ Private ( Domestic Private Companies)
   Partnership

[Pattern B]
① People of the country
② Public Entities
③ Private Investors and Contractors
④ Providers of Finance
   Partnership
5. Conclusion