

Snapshot: Current Japanese business in India

Japan External Trade Organization New Delhi Office
May, 2023

Japanese Investment to India

(Unit : 1Bil US\$)

(Unit : %)

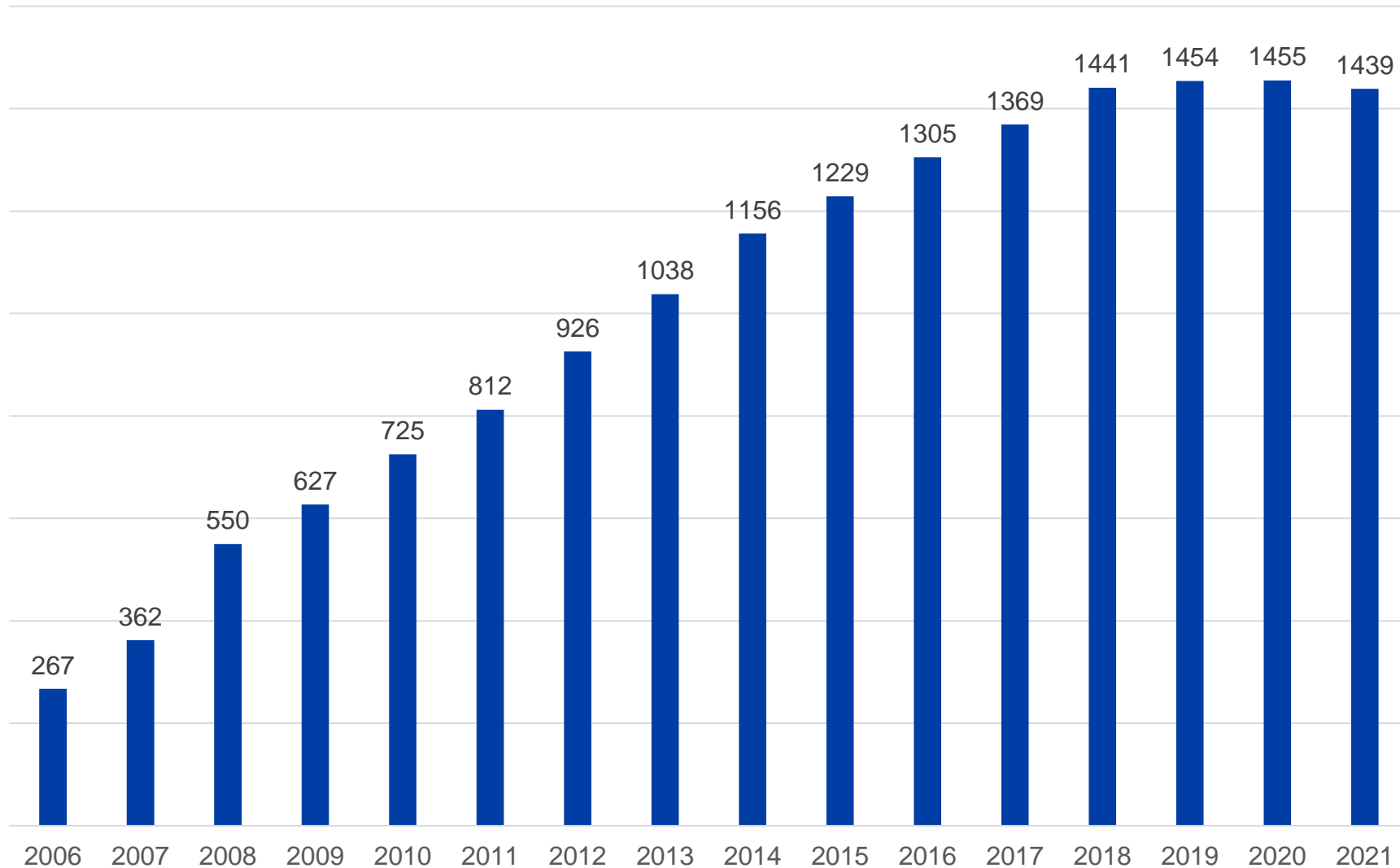


To CHINA
10 years' average approx.
4.3 Bil US\$ per year

To INDIA
10 years' average approx.
2.4 Bil US\$ per year

(出所) 商工省「FDI Newsletter」を基にジェトロ作成。

Japanese companies in India : **1,439** (4,790 locations)



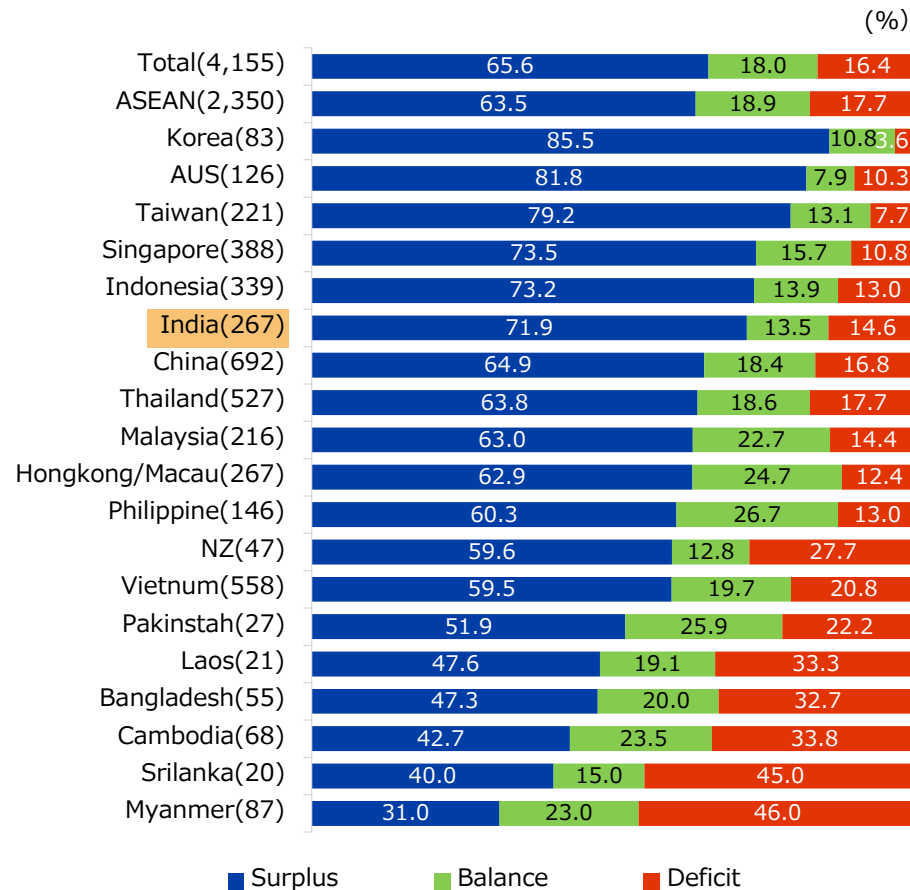
(出所) 在インド日本国大使館・ジェトロ「インド進出日系企業リスト」(2021年版) ※2021年10月時点

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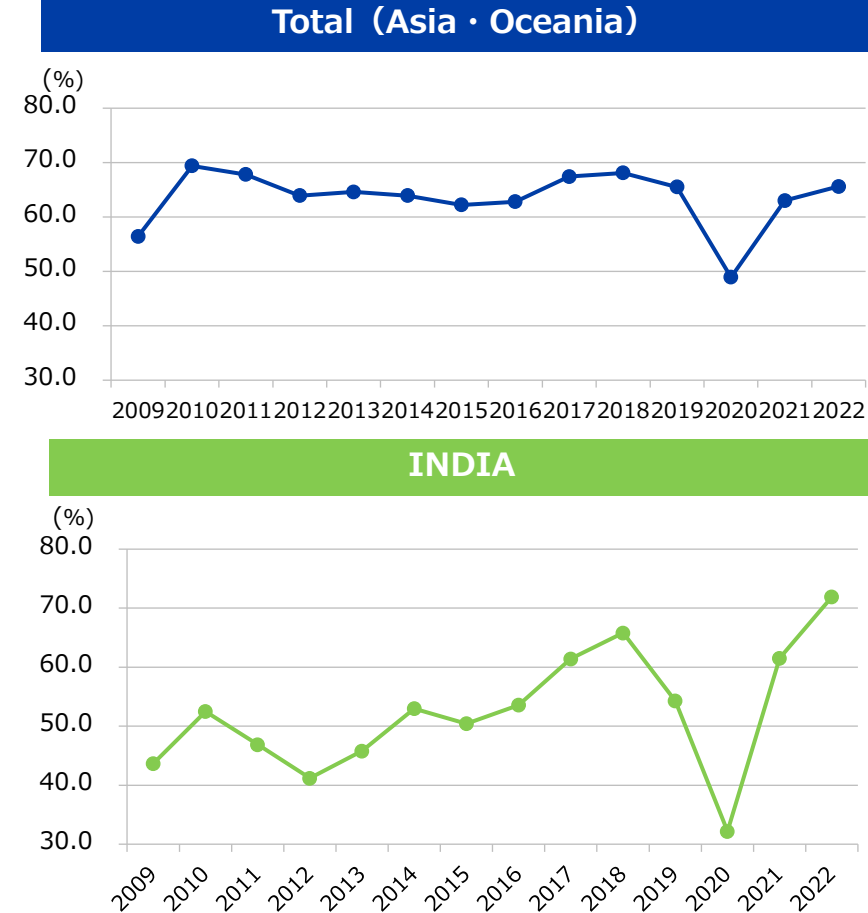
Percentage of companies in Surplus increased 10.4 points

- 71.9% answered that they expect to be "in the black" in terms of operating income in 2022.
- Looking at the past trends, the percentage of Japanese companies in India that answered that they expect to be "in the black" has been gradually increasing.

Estimated profit in 2022 by country

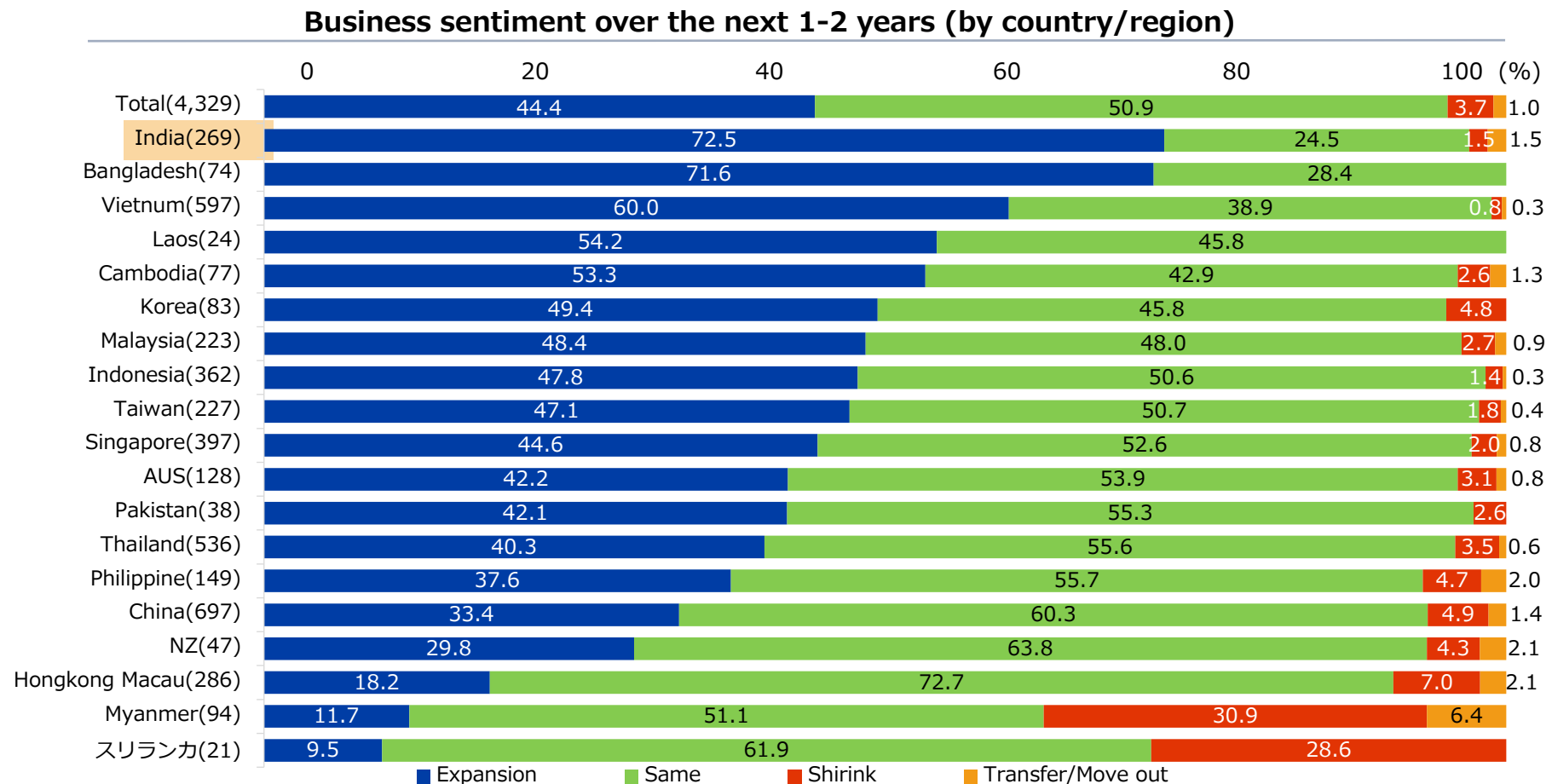


Historical trend of Profitable companies



Japanese companies in India have the world's NO.1 appetite for business expansion

- Over the next 1-2 years, 72.5% responded "Aiming expansion," the highest percentage in the World
- India exceeded the result of the 2007 survey (65.5%)



Existing Japanese Companies– 1,439 in India

-84% are located in 5 major region/cities-

Delhi NCR (150)

HITACHI, SONY, SHARP, Yakult, Banks, Trade companies etc

Uttar Pradesh (44)

HONDA (4W) , YAMAHA, Car Parts

Haryana (404)

Suzuki (2W, 4W) , HONDA (2W) , Car parts companies etc

West Bengal (27)

Hitachi Construction, NRI, Air Water, Trade Companies

Rajasthan (49)

HONDA (2W • 4W) , Car Parts, DAIKIN, Unicharm, Otsuka Chemical etc

Bangladesh (338)

Gujarat (39)

Suzuki, HONDA (2W) , YAZAKI, TOTO, MHI, Nippon Steel

Assam (18)

Sony, Sharp, Honda Power, Bridgestone

Telangana (30)

TOSHIBA, Fuji Foods, TOMOEGAWA

Andhra Pradesh (20)

Eisai, ISUZU, KOBELCO, KUSAK ABE Electric

Maharashtra (238)

(Mumbai) MUJI, Asahi-Kasei, Bank, Insurance, Security, Shipping

(Pune) Mitsubishi Electric, Yamazaki Mazak, Kawasaki, Car parts

Karnataka (226)

TOYOTA, HONDA (2W) , FANUC, NISSAN, TMEIC, FUJITSU, Car parts

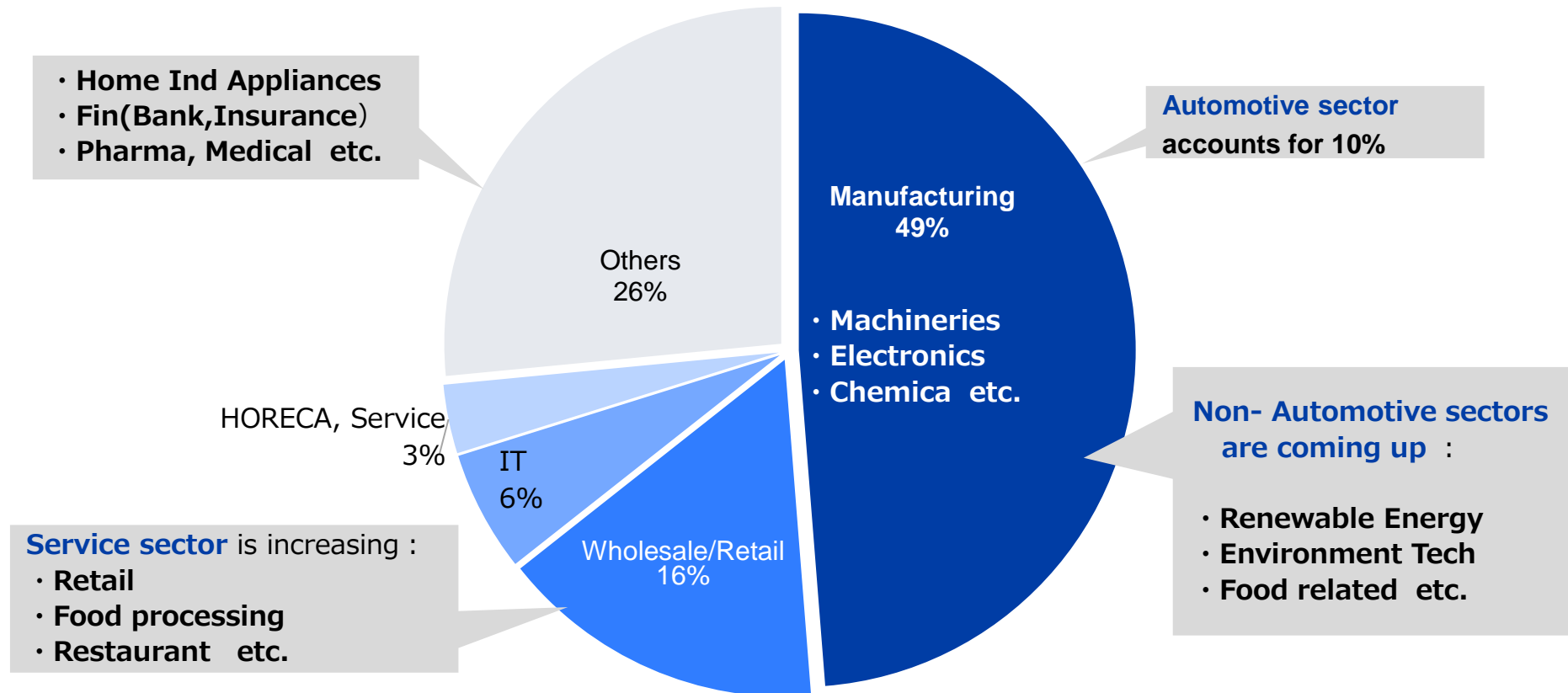
Tamil Nadu (191)

NISSAN, YAMAHA, TOSHIBA, KOMATSU, Panasonic, Car parts

Automotive industry is the majority, But the sectors are diversifying

- Automotive suppliers have been increasing. In recent years, Retailers and food service companies are also coming more.
- SMEs account for about 15% of the total number.

Sector-wise Japanese companies in India



(出所) 在インド日本大使館・ジェトロ「インド進出日系企業リスト (2021年10月時点)」

Japanese Food Companies

Make in India



NISSIN



KAMEDA



ISE EGG



YAKULT



SUNTORY

Import from Japan, etc



ROYCE



KIKKOMAN



MEIJI

Japanese companies in Retail / Restaurant

Uniqlo

- The first store opens in New Delhi in October 2019, and currently has a total of 9 stores in the Delhi NCR.



MUJI

Opened in 2016. Currently in New Delhi, Noida and Mumbai.



DAISO

In September 2022, it opened first store in Chandigarh, followed by 2nd shop in Mumbai in Dec 2023.



Ichiban ya/ Mitsui&Co

Opened first shop in Gurugram in August 2020, followed by 2nd shop opened in Delhi in October 2022.



(出所) ジェトロ撮影、または同社HPより

New Japanese Investment in Post COVID

“EXPORT from India” is the common interest



- Hitachi ATM is planning to move **its export base from China to India**. In addition to its existing ATMs for India, the company will manufacture ATMs for Southeast Asia. The company is also looking at exporting to the Middle East and Africa in the future. (August 2022, News Road)



- Yokohama Rubber announced the start of production of off-highway tires, including those for agricultural machinery, at its new plant in Visakhapatnam. The operations were moved up to **meet increasing global demand**. The total investment is approximately 45.7 billion yen. (August 2022, News Release)



- Daikin India held the start of construction of its southern plant (near Chennai), which will be the company's second production base in the country. The investment will be approximately 20 billion yen. The plant, which will manufacture compressors, will have **export capabilities to Middle Eastern and African markets**. (April 2022, Press Release)



- Nidec Corporation announced that it will invest 10 billion yen in a new building at its plant in Neemrana, Rajasthan, western India, to produce motors for electric motorcycles. **Export is also the future scope** (June 2022, Press Release)



- Toyota Kirloskar Motor announced on April 7 that it will invest 48 billion rupees in electrification-related projects with two Toyota Group companies in India. Toyota cars are **already exported to Africa**, etc. (May 2022 report)

Global R&D : New Trend of Japanese Business

- Major Japanese manufacturers established R&D centers in India.
- More are starting product development in India for the global market.

Panasonic **SONY**
TOSHIBA **NEC**
HITACHI **FUJITSU**

2011 Panasonic R&D Center, Hitachi R&D Center India
2013 Toshiba Software India R&D
2018 NEC India R&D
2020 Sony R&D Center
2021 Fujitsu R&D base



- Daikin India announces that it will invest 5 billion rupees over the next three years to establish a R&D center in Neemrana, Western Rajasthan. The center will conduct R&D on air conditioners for India and for export, aiming to start operations in December 2023. (reported in August 2022))



- Established Suzuki R&D Center India Private Limited (SRDI), a wholly owned R&D center in Delhi. The center aims to strengthen competitiveness in India by efficiently linking the R&D departments of Japan and India. (August 2022, Press Release)

Japanese big corporates are keen to collaborate with Startups

企業名	概要
SUZUKI	MAIL, a 3-month acceleration program , will begin in 2019.
Toyota Tsusho	Invested in Droom Technology, India's largest new and used car marketplace, and Super Highway Lab, a medium to long distance bus app. The company covers a wide range of businesses from used car sales to recycling.
Sojitz	In 2022, invested in Intelligent Retail, which operates the wholesale platform RIPPLR; from 2019, collaborated with local VC 3one4capital.
Denso	Cold chain business in collaboration with an Indian startup.
OMRON Healthcare	In 2021, the company formed a business alliance with Teralus, an online telemedicine service provider, to develop services utilizing the company's blood pressure monitors.
TOSHIBA Software (TSIP)	In 2022, in collaboration with Beyond Next Ventures, we plan to hold an internal Ideathon , soliciting ideas from the approximately 1,000 engineers at TSIP to help solve social issues in India.

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Business Challenges by country/region

- Respondents in all regions and industries cited "rising employee wages" as the most common business problem (70.9%), followed by "rising procurement costs" (69.0%) and "exchange rate fluctuations" (66.9%).
- In India as well, the top response rates were "rising employee wages" and "rising procurement costs," while "complicated procedures such as customs clearance" and "tax burdens" were also highly cited as problems.

TOP 5 Problems by country/region (multiple responses)

INDIA		(%)
1	rising employee wages	77.2
2	rising procurement costs	76.1
3	Complicated procedures such as customs clearance	63.0
4	Rise of competitors (cost and price competition)	59.2
5	Tax (corporate tax, transfer pricing tax, etc.)	58.6

Global Common Challenge		(%)
1	rising employee wages	70.9
2	rising procurement costs	69.0
3	exchange fluctuation	66.9
4	Rise of competitors (cost and price competition)	51.7
5	Complicated procedures such as customs clearance	50.3

Japanese company's establishment

China	31,047
USA	8,874
Thailand	5,856
India	4,790
Vietnam	2,306
Indonesia	2,046
Germany	1,934
Philippine	1,377

4th place

As of Oct 2021

Foreign company's in Japan

USA	607
China/Hongkong	475
Germany	301
Korea	165
France	164
Netherlands	152
Switzerland	149
Taiwan	144
UK	143
Singapore	139
India	12

*Responding companies to 2020 METI Survey

Foreign resident in Japan

China	744,551
Vietnam	476,346
Korea	412,340
Philippine	291,066
Brazil	207,081
Nepal	125,798
Indonesia	83,169
USA	57,299
Thailand	54,618
Taiwan	54,213
Peru	48,564
Myanmar	47,965
India	40,752

13th place

As of Jun 2022

Japanese Nationals Abroad

USA	418,842
China	102,066
AUS	94,942
Thailand	78,431
Canada	74,362
UK	65,023
Brazil	47,472
Germany	42,266
Korea	41,717
France	36,104
Singapore	32,743
Malaysia	24,545
Vietnam	21,819
Taiwan	20,345
NZ	19,730
Indonesia	15,972
Philippine	14,522
India	8,145

24th place

As of Oct 2022

JETRO's survey on International Co-Research between India and other countries.

JETRO worked on the survey on Global R&D between India and other major countries. We surveyed numbers and players of Co-research papers and Co-patent application.

- Collaboration between Japan and India in the field of IoT is significantly limited comparing with other major countries
- "India's software and Japan's hardware can do wonders" is not happening big yet...
- Results of joint projects are mostly not patented in India (for US, Europe, China, Korea's domestic market?)

