

The Huge Potential on the India-Japan Business Alliance

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India and Japan
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I . Current Economic Relationship between India and Japan

Export from India (million \$)

	1987	1995	2000	2004	2005
Total	12,088	31,794	44,560	83,535	102,725
US	2,252	5,520	9,305	13,765	17,203
UAE	238	1,428	2,597	7,347	8,592
China	14	332	831	5,615	6,721
Singapore	210	901	877	4,000	5,569
Japan	1,244 (10.3%) 2nd	2,215 (7.0%) 2nd	1,794 (4.0%) 6th	2,127 (2.6%) 10th	2,458 (2.4%) 10th

Source: Reserve Bank of India, Handbook of Statistics on Indian Economy

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I . Current Economic Relationship between India and Japan

Import to India (million \$)

	1987	1995	2000	2004	2005
Total	17,155	36,675	50,536	111,517	142,416
China	118	812	1,502	7,098	10,739
US	1,543	3,861	3,015	7,001	7,778
Switzerland	182	1,020	3,160	5,939	6,525
Germany	1,664	3,145	1,759	4,015	5,818
Japan	1,639 (9.6%) 2nd	2,467 (6.7%) 3rd	1,842 (3.6%) 5th	3,235 (2.9%) 10th	3,552 (2.5%) 10th

Source: Reserve Bank of India, Handbook of Statistics on Indian Economy

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I . Current Economic Relationship between India and Japan

India's Export (2005, %:the growth from previous year)

- Total (except software):102.7 US \$ billion (23%)
- Detail (US \$ billion)
 - Engineering goods 215 (24%)
 - Textile and textile products 160 (18%)
 - Gems and jewellery 155 (13%)
 - Chemicals and related products 145 (17%)
 - Petroleum products 115 (65%)
 - Agriculture and allied products 102 (20%)
 - Ores and minerals 62 (22%)
 - Others 73
- IT Industry Export:23.4 US \$ billion (37%)
 →As same as 22% of the Total export

Source: Reserve Bank of India, Handbook of Statistics on Indian Economy 5

I . Current Economic Relationship between India and Japan

India's export to Japan (US \$ million, %)

	2003FY	2004FY		
	Amount	Amount	Ratio	Growth
Gems and jewellery	351	496	25.1	41.3
Marine product	239	252	12.7	5.4
Iron ore	177	232	11.7	31.1
Garment product	98	84	4.2	△14.3
Ready made clothing	62	63	3.2	1.6
Pharmaceuticals	54	60	3.0	11.1
Total	1,709	1,978	100.0	15.7

Source:JETRO 6

I . Current Economic Relationship between India and Japan

Comparison with China-Japan trading

	India	China	India/ China
Export from Japan	3.52 US billion \$ 26 th (0.6%) Growth 115.7%	79.93 US billion \$ 2 nd (13.4%) Growth 128.1%	4.4%
Import to Japan	3.19 US billion \$ 28 th (0.6%) Growth 122.4%	108.57 US billion \$ 1 st (21%) Growth 115.1%	2.9%

Source: METI

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I . Current Economic Relationship between India and Japan

US trading for India and China (million \$)

	India	China	India / China
Export from US	6,605	44,042	15.0% (Japan:4.4%)
Import to US	14,665	139,724	10.5% (Japan:2.9%)

Source: Asian Development Bank, Key Indicators (India)

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I . Current Economic Relationship between India and Japan

Germany trading for India and China

(million \$)

	India	China	India / China
Export from Germany	4,264	30,885	13. 8% (Japan:4.4%)
Import to Germany	3,201	24,586	13. 0% (Japan:2.9%)

Source: Asian Development Bank, Key Indicators (India)

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II . India's presence in the global economy

A) Renowned Indian business persons working in the Multi National Companies

- アルン サリン(Arun Sarin)
 - ・ 英国Vodafone GroupのChief Executive
- インドラ ノオイ(Indra Nooyi)
 - ・ 米国ペプシ社次期CEO
- ラジャト グプタ(Rajat Gupta)
 - ・ 米国マッキンゼー社 前CEO
- サビール バティア (Sabeer Bhatia)
 - ・ Hotmail開発者
- ラクシュミ ミタル(Lakshmi Mittal)
 - ・ 世界最大の鉄鋼会社Mittal Steel Company CEO

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II . India's presence in the global economy

B) The global network of Non Residential Indians (NRI)

- Overseas Indian Population

US	2,500,000
Canada	713,330
UK	2,850,000
Europe except UK	3,450,000
Singapore	400,000
Japan	16,400
Total	25,000,000

http://en.wikipedia.org/wiki/Ethnic_Indian

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II . India's presence in the global economy

C) Many NRIs who are working as a specialist

- In case of US

- No. of the "Asian Indian in US"(AIU): 2,319,000
- Median household income for Indian Americans: \$68,771 (Nationwide average: \$46,326)
- No. of Indian American doctors: 41,000
- Almost 40% of AIU have a master's, doctorate or other professional degree
- Almost 40% of AIU are employed in managerial and professional specialties
- 25 to 30 thousand alumnus of IIT and IIS are in US
- Almost 40% of new companies in Silicon Valley are owned by AIU recently

http://en.wikipedia.org/wiki/Indian_American 12

II . India's presence in the global economy

D) Plentiful Knowledge Resources for Global Market

- List of countries by English-speaking population

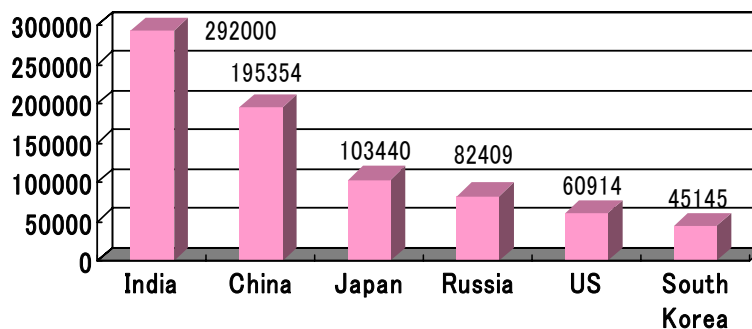
Rank	Country	Total	First language	As an additional language
1	India	350,000,000	178,598	350,000,000
2	USA	251,388,301	215,423,557	35,964,744
3	China	200,000,000 -300,000,000	?	200,000,000 -300,000,000
4	UK	59,600,000	58,100,000	1,500,000
5	Philippines	45,900,000	3,400,000	42,500,000
6	Germany	36,000,000	272,504	36,000,000
24	Tanzania	4,000,000		4,000,000
?	Japan	?	?	?

http://en.wikipedia.org/wiki/List_of_countries_by_English-speaking_population 13

II . India's presence in the global economy

D) Plentiful Knowledge Resources for Global Market

No. of the Engineering Graduates (2003)



Source: NASSCOM Web "Resource Center": www.nasscom.in

II . India's presence in the global economy

D) Plentiful Knowledge Resources for Global Market

Annual Wage (2004)	
Software Engineer	72万円
Senior Software Engineer	110万円
Team Leader	164万円
Project Leader	234万円
Project Manager	340万円
Programme Manager	471万円
Manager for Software Development Div.	697万円

Source: NASSCOM Web "Resource Center": www.nasscom.in

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II . India's presence in the global economy

D) Plentiful Knowledge Resources for Global Market

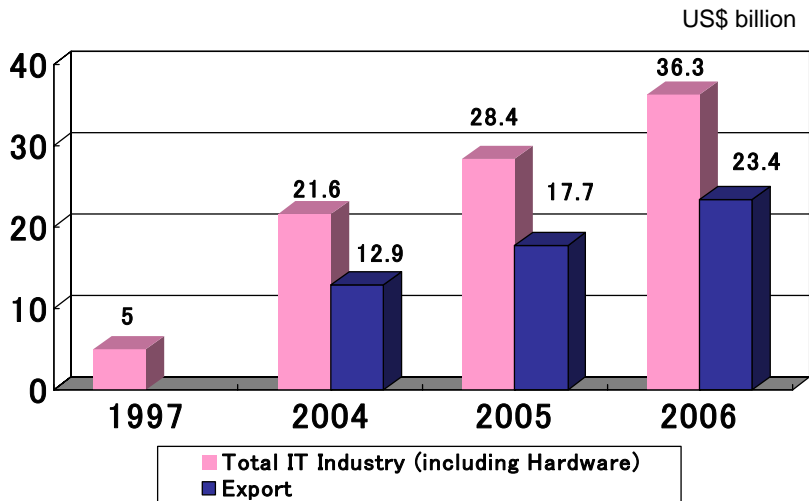
- US global companies' eagerness for India's resource
 - GE
 - Employing 15,000 Indians in its call center
 - Several thousand Ph.D. scientists and engineers are working at the cutting edge on the whole range of GE projects in the Bangalore research and technology centers.
 - Intel
 - The Bangalore office is one of the biggest institutes outside US
 - 1,800 Ph.D. electrical engineers and computer scientists are designing Intel's next generation of microprocessors here.
 - IBM
 - The largest foreign IBM with 43,000 employees is India's one
 - The additional 60 billion \$ investment for India was announced in 2006.

Source: Thomas L. Friedman, "The World Is Flat"
Clyde Prestowitz, "THREE BILLION NEW CAPITALISTS"

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II . India's presence in the global economy

E) Rapid growth IT Industry with high export rate



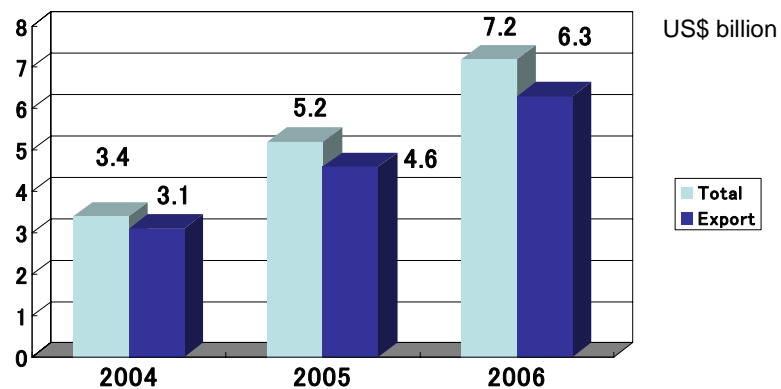
Source : NASSCOM Web "Resource Center": www.nasscom.in

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II . India's presence in the global economy

E) Rapid growth IT Industry with high export rate

- Market size of the ITES –BPO (IT Enabled Service – Business Process Outsourcing)



– Main exported countries: US (66%), EU(14%, almost UK)

Source : NASSCOM Web "Resource Center": www.nasscom.in

II. India's presence in the global economy

E) Rapid growth IT Industry with high export rate

- Market Capitalization of Major Indian IT Companies

(As of January 16, 2007; US \$ billion)

– Infosys	32.03
– Wipro	24.24
– (Hitachi)	22.08
– (Fujitsu)*	17.18

Source: Yahoo! Finance <http://finance.yahoo.com/>
 Yahoo! ファイナンス <http://quote.yahoo.co.jp/>
 (*1\$=120円)

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III. Japan's weakness in the global economy

A) Poor skills for English

- List of countries by English-speaking population

Rank	Country	Total	First language	As an additional language
1	India	350,000,000	178,598	350,000,000
2	USA	251,388,301	215,423,557	35,964,744
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6	Germany	36,000,000	272,504	36,000,000
24	Tanzania	4,000,000		4,000,000
?	Japan	?	?	?

http://en.wikipedia.org/wiki/List_of_countries_by_English-speaking_population 20

III. Japan's weakness in the global economy

A) Poor skills for English

• Results on the test for English

1. EIKEN (Test in Practical English Proficiency) On the 3rd test of 2005

- No. of applicants: 776,666
- No. of winners for Grade 1: 637 (0.08%)

2. TOEIC in November 2006

- No. of applicants: 73,720
- No. of applicants over the score of 845: 5,276 (7.2%)

- An assumption on the No. of Japanese speaking English
120 million * (0.08% + 7.2%)/2 = 3.3 million

* Less than the No. in Tanzania

<http://www.eiken.or.jp/advice/situation/grade.html>
<http://www.toeic.or.jp/toeic/data/data02.html>

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III. Japan's weakness in the global economy

B) Inexperienced in Negotiation and Presentation

- “One of the skills that Japanese are hard to deal with is Negotiation”
 - Prof. Tadashi Fujita, President of the JAPAN INSTITUTE OF NEGOTIATION
- “Japanese are not good at speaking publicly”
 - Dr. Takuya Matsuda, Kobe Univ.

C) Few human resources on Knowledge works

- In METI's research, 85% of Japanese IT companies said that Engineers were scarce in their companies

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IV. A model for the India-Japan Business Alliance

A model for the India-Japan Business Alliance

Japanese company

High quality for products & services

*but poor skills on English & Negotiation,
and few human resources on Knowledge works*

+

India's Knowledge Resources

Plentiful human resources on Knowledge works
with high skills on English & Negotiation

||

A Complementary Alliance for the Global Market !

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IV. A model for the India-Japan Business Alliance

Expected Application 1: Mobile Phone

SHARP

Products with clear display and high-end digital camera

+

India's Knowledge Resources

1. Localizing the embedded chips for English
2. Providing the after sales service through BPO

||

Strong Alliance for the Global Mobile Market !

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Expected Application 2: Broadcasting Service

NHK

Excellent image with well elaborated stories

+

India's Knowledge Resources

1. Localizing its contents for English
2. Dealing with the patent issues through KPO

||

Strong Alliance for the Global Media Market !

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Expected Application 3: Banking Industry

Sumitomo Mitsui Banking Corp.

1. Huge financial assets
2. High reliability on Japanese individual capitalist

+

India's Knowledge Resources

1. Plentiful talents for global financial services
2. Outstanding resources on IT, BPO and KPO

||

Strong Alliance for the Global Financial Service !

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IV. A model for the India-Japan Business Alliance

Expected Application 4: Small & Medium Enterprise

Mold (Kanagata) Industry

Elaborated skills for customer's demand
with implicit knowledge

+

India's Knowledge Resources

1. Outstanding resources on IT
2. Plentiful talents for global business

||

Strong Alliance for the Global Manufacturing Corp.!

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V. Conclusion

For Japanese companies,

To leverage
the India's Knowledge Resources,
unleash its infinite potential.
And let's join the Global Market
through India!

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V. Conclusion

For Indian companies,

There are many companies
which have excellent products,
but don't have enough experience
for global business in Japan.
Let's make them notice
the huge potential in the globe
and make the Win-Win relationship!

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Thank you!



Official logo mark for the Japan - India Friendship Year 2007

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