

India, Japan Biz Tie Up to Leverage Economic Growth

Written by Krishnakumar C K, Editor, Small Enterprise India.com
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Biz Watch

From the Editor's Desk



India and Japan are about to enter into a strategic economic tie up. During a bilateral meeting held at Tokyo in October, the Indian PM Manmohan Singh and his Japanese counterpart Naoto Kan discussed in detail various aspects of broad economic partnership between India and Japan. If the proposed Comprehensive Economic Partnership Agreement between India and Japan, referred to as CEPA becomes a reality, this will pave way for the beginning of a new era of strong economic and bilateral co-operation between the two economically strong nations in Asia.

The CEPA will open paths towards mutually beneficial trading, investment, improvement of business environment, bi lateral co-operation etc.

During the financial years of 2009-2010 India has seen 24% growth in the overall export to Japan, as against 19.78% during 2007-2008. With CEPA coming into existence, Indian players in the export industry can formulate new strategies to tap this opportunities to the maximum, thus giving 'heads up' to the export industry, and economy. Indian MSMEs holds a major share for export items such as handicrafts, cotton garments, carpets and leather garments, among others to Japan.

The Japanese PM Naoto Kan expressed his country's wish to go about for greater investment from Japan into India including in the infrastructure sector over the next decade. This can translate more job opportunities for the rural community, as this will be executed through both

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Public and Private partnerships. Indian MSMES in the construction segment as well as supply chain management can play crucial roles if they can associate with this investment drive.

Japan has already started investing in the Indian manufacturing sector, and many Japanese manufacturing firms are bee lining to India. Thanks to the tested, and trusted manufacturing prowess of the our domestic players. For many years Indian auto component manufacturers are continuously pipping their global competitors which include Japan as well. This was an eye opener to Japan which until that moment looked India down upon with in matters of flaw less manufacturing capability.

Now India is fast becoming one of the most preferred destination for investment. Japan does not want to be an exception in this regard. Thus the ground was set to make CEPA a reality.

The MSMEs in Indian automobile component manufacturers can look forward for business liaison and technology know how's, with the Japanese manufacturing firms who want to start a base here, as the CEPA proposes for greater cooperation in the area of technology and financial assistance.

The CEPA encompasses a wide spectrum of bilateral co-operation which include assistance to India in various technology related aspects such as re-cycling and re-use of rare earths and rare metals and in research and development of their industrial substitutes, trade in high technology, co operation in the energy sector, co operation in the area of green and clean technology etc.

In short with this much of opportunities in the offing, with the strong back up of a comprehensive MSME policy by the Indian government, the Indian MSMES have more reasons to cheer!

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