

**Speech by Ambassador Nagma M. Mallick during Interaction with Keizai  
Doyukai Members  
6<sup>th</sup> March 2026**

**India–Japan Business Partnership: Opportunities and Expectations**

Distinguished members of Keizai Doyukai,

Good afternoon.

I will speak first on the fundamentals of the Indian economy, and then will bring out the complementarity between the Indian and Japanese economies. I will end by briefly sketching what India expects from Japanese business.

Let me give the details of India's economic transformation. India has a GDP of above 4 trillion USD, is the fastest-growing major economy in the world, and for the current fiscal year, growth is projected at about 7.4 percent, supported by stable governance, policy continuity, and strong domestic demand. Over the last three and a half years, India has concluded nine Free Trade Agreements with 38 countries, providing preferential market access covering nearly two-thirds of global GDP and trade. This expanding trade architecture is positioning India as an important hub for global manufacturing and supply chains.

India's transformation over the last decade rests on four key pillars:

- Public investment in physical, digital, and social infrastructure
- Commitment to inclusive growth
- Expansion of manufacturing capacity and innovation
- Simplification of regulations to improve the Ease of Doing Business

Over the past 12 years, India has implemented a series of structural economic reforms aimed at improving competitiveness, transparency, and investor confidence. Prime Minister Modi describes this transformation by saying that "India has boarded the Reform Express."

Some major reforms include:

- New Income Tax reforms (2025) to stimulate savings and consumption
- Production Linked Incentive (PLI) schemes, offering performance-based incentives to boost manufacturing in key sectors

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- Labour law reforms, where four modern labour codes replaced 29 outdated laws, simplifying compliance
- Increased FDI caps in sectors such as defence, insurance, and pensions
- Next-generation Goods and Services Tax or GST reforms aimed at further simplifying taxation

Together, these reforms are creating a predictable, transparent, and business-friendly investment environment.

India's GDP structure currently shows a strong services sector, which contributes about 56.4 percent of total Gross Value Added. The secondary sector contributes about 25.3 percent, with manufacturing accounting for around 14 percent of GDP. Expanding manufacturing therefore represents the next major leap in India's economic journey. Our goal is to increase manufacturing to 25 percent of GDP in the coming years, strengthening supply chains while generating employment for India's large pool of young and skilled talent.

India's manufacturing sector, especially MSMEs, we believe will play a key role in expanding India's merchandise exports to USD 1 trillion within the next six to seven years. India is positioning itself as a reliable supplier and a valuable partner in resilient global value chains. Through initiatives such as Make in India, we aim to strengthen further this ecosystem. Japanese enterprises and technology leaders are natural partners for India in this transformation.

India continues to maintain one of the strongest Manufacturing PMI levels in Asia, reflecting robust industrial activity and strong business confidence.

The Government has also allocated USD 132 billion for infrastructure development, improving logistics, transportation, and connectivity. Several targeted policies are supporting key sectors:

- Automobiles – customs duty exemptions on key minerals to support EV manufacturing
- Textiles – approximately USD 527 million allocated to strengthen the textile industry
- Electronics manufacturing – expanded investments under the PLI scheme for electronics components
- Critical minerals – about USD 880 million allocated to build supply chains for renewable energy and clean technologies

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We believe these initiatives will help position India as a future global manufacturing hub.

We are proud of our Digital Public Infrastructure that has enabled the widespread financial inclusion of our people. I will touch upon just a couple of our grand digital projects: the Aadhar: every citizen of India has a unique identification number that enables every sort of digital transaction. Quick digital banking, the leakage-free disbursement of welfare payments and other services from the government to the citizens, and enhanced tax compliance are among its many benefits; UPI, the United Payments Interface, a digital payment system that has no service charge and can be used interoperably between all Indian banks that is today used by nearly every Indian.

The digital public infrastructure of India has created a strong trinity that we call the JAM trinity – Jandhan Aadhar Mobile. We have leaped from using advanced technology to develop a paperless, digital banking and financial system. Under Prime Minister Modi's watch, more than 550 million bank accounts were opened and from a landscape in which only 15% of women owned bank accounts, today over 90% of Indian women are the proud operators of bank accounts. This is Jan Dhan or people's wealth. The biometric identity given by Aadhaar to more than 1.38 billion Indians is the backbone of formal financial transactions and, as I just said, the main method of welfare payment from the Government to the people. M for mobile refers to the ubiquitous role played by the mobile phone in the lives of ordinary Indians. Today an Indian can do a financial transaction, trade in stocks and buy an insurance policy on his or her mobile within 30-60 seconds, with the whole process being paperless. This digitisation of banking and record keeping of 1.4 billion Indians makes for transparency and accountability in financial transactions and adds to the attractiveness of India as an investment destination for Japanese investors.

**A quick word on AI.** India is making significant strides in artificial intelligence and digital technologies.

Earlier this year, India hosted the India AI Impact Summit 2026, held from 16 to 21 February 2026, bringing together global leaders, policymakers, researchers, and technology innovators. The summit witnessed remarkable participation:

- over 600,000 in-person attendees
- more than 900,000 virtual viewers
- delegations from over 100 countries and 20 international organizations

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During the summit, Prime Minister Narendra Modi emphasised what he termed the “MANAV” vision for Artificial Intelligence, a human-centric framework for responsible AI development, which places moral and ethical systems at the heart of AI development. India announced a major expansion of sovereign AI computing capacity—from 38,000 GPUs to nearly 58,000 GPUs under the IndiaAI Mission.

These developments reflect India’s ambition to become not only a major user of AI technologies, but also a global hub for AI innovation and responsible governance.

**Japan remains one of India’s most trusted economic partners, with cumulative FDI of over USD 45 billion,** more than 40 percent in manufacturing. Japan Industrial Townships across eight Indian states provide dedicated ecosystems for Japanese companies.

Independent surveys reflect strong confidence on the part of the Japanese in India:

- JBIC has ranked India the most promising overseas destination for Japanese companies for the fifteenth consecutive year
- JETRO surveys show that nearly 80 percent of Japanese companies operating in India are profitable

Japanese automobile manufacturers have already demonstrated what this partnership can achieve. They have built globally competitive manufacturing bases in India, serving both the domestic market and exports worldwide. This successful model of “Make in India for the World” can now expand to sectors such as electronics, semiconductors, clean energy, and advanced materials.

It is encouraging that 26 Japanese companies have already benefited from India’s PLI schemes. There remains significant potential for many more Japanese companies to explore these opportunities.

A particularly important area for India-Japan cooperation is semiconductors and advanced electronics. India’s semiconductor initiative is driven by the Semicon India Programme, implemented through the India Semiconductor Mission, with a fiscal outlay of USD 10 billion. Major investments are already underway in Gujarat, Assam, Uttar Pradesh, Odisha, Punjab, and Andhra Pradesh. Companies such as Micron, Tata Electronics, Kaynes

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Semiconductor, and Foxconn are involved in building this ecosystem. The recent inauguration of Micron's ATMP facility in Sanand on 28 February 2026 by the Prime Minister represents a major milestone. India is focusing not only on chip fabrication but on the entire semiconductor value chain—including design, packaging, research, logistics, and skilled workforce development. This year's budget has also announced India Semiconductor Mission 2.0 to accelerate these efforts.

While India's economy is strongly driven by domestic demand, we are also focused on expanding exports and integrating more deeply into global supply chains. The Government of India has launched a comprehensive Export Promotion Mission, especially to support MSMEs in meeting international regulatory standards. Japanese technical collaboration in these areas can further strengthen Indian industry while creating new opportunities for Japanese enterprises.

India is also advancing rapidly in future-oriented sectors, including:

- Clean energy and green transitions
- Battery and energy storage technologies
- The digital economy
- Biofuels
- Artificial intelligence

These sectors present significant opportunities for India–Japan collaboration.

Japanese financial institutions play a crucial role in building a strong India–Japan business bridge. SMBC's recent acquisition of a 20 percent stake in YES Bank reflects strong confidence in India's macroeconomic fundamentals and governance framework.

Also:

- MUFG's proposed investment in Shriram Finance
- Nippon Life's success in India's asset management sector
- The expanding presence of Mizuho and Nomura

All demonstrate growing confidence in India as a stable destination amid global economic and geopolitical uncertainties.

Happy to say that this cooperation is underpinned by a close political relationship. India and Japan share a Special Strategic and Global Partnership—

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one rooted in trust, shared values, and strong people-to-people connections. Since nearly 20 years, we have established a tradition of Annual Summit meetings between our Prime Ministers.

The India–Japan Annual Summit in August 2025 further strengthened this partnership with the visit of Prime Minister Shri Narendra Modi to Japan. Our leaders launched a 10-year joint vision across eight key pillars of cooperation, including technology, economic security, defence, and human resource development.

Japan also committed to mobilizing ¥10 trillion—approximately USD 68 billion—in private investment in India, a vote of confidence in India’s economy and institutions. Among the other new initiatives launched at this Summit, the economic security initiative focussing on resilience supply chains and the India-Japan digital partnership 2.0 are noteworthy.

What makes India a valuable partner for the long term is not only our economic fundamentals, but the fact that India is a stable, deeply-rooted civilisation-state. It is well-known that India is the largest democracy in the world and that we have turned our diversity into our strength with our constitution-based ideals of inclusivity and representation. India has been admired as a thought leader in Asia from the time of the Buddha till the modern era when Tagore and Mahatma Gandhi articulated the defining ideas of their time for Asia. India is self-sufficient in foodgrain production since the 1970s thanks to our hard working and resilient farmers. Largest producer of rice and second largest producer of wheat. With a median age of 28.5 years, India has the youngest working age population in the world with a large number of STEM graduates who serve as a force multiplier for the economy.

What India Expects from Japanese Businesses: Looking ahead, India hopes to deepen economic cooperation with Japanese industry in several ways.

- o Greater Manufacturing Investment

India welcomes greater Japanese participation in manufacturing under the Make in India initiative. We encourage Japanese companies to view India not only as a market but also as a global production base.

- o Technology Partnerships

Japan’s global leadership in technology makes it a natural partner for India in areas such as:

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- robotics and automation
- semiconductor technologies
- advanced materials
- clean energy systems

Joint innovation and R&D partnerships will benefit both countries.

### o Participation of Japanese SMEs

Japan's SMEs possess world-class capabilities in precision manufacturing, specialized components, and advanced engineering. India would welcome greater participation of Japanese SMEs in our expanding manufacturing ecosystem.

### o Supply Chain Diversification

Recent global disruptions have highlighted the importance of resilient and diversified supply chains. India offers a stable, democratic, and reliable platform for companies seeking to diversify supply chains in the Indo-Pacific.

### o Human Resources Exchange and Skill endowment

India boasts of the world's youngest working age and the second highest number of STEM graduates which will not only fuel India's Economy but will also power Japanese manufacturing units in Japan.

We warmly invite Japanese companies—large corporations as well as SMEs—to participate in the next phase of India's growth story. By working together, we can transform the vision of the India–Japan Special Strategic and Global Partnership into concrete economic cooperation, innovation, and shared prosperity.

Thank you very much.

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