

**Speech by Ambassador Nagma M. Mallick at the SMBC Seminar
6th March 2026**

Good morning, and thank you, Mr. Fumihiko Ito, for the warm welcome.

It is a pleasure to be here today at such a distinguished gathering, and I thank the SMBC Group for organizing this important seminar on India. I am also pleased to share this platform with Ambassador Kenji Hiramatsu, President of the Japan Research Institute, and Mr. Amitabh Kant, former G-20 Sherpa and now SMBC Group's India Country Advisor.

I thought of dividing my remarks today to begin with sketching how the fundamentals of the Indian economy are strong, and then to bring out the complementarity between the Indian and Japanese economies, and then finally to touch upon how India is placed for the future.

India's growth story is one of scale, stability, and opportunity. India is the fastest-growing major economy globally, and for the current financial 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
- The 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 often describes this transformation by saying that "India has boarded the Reform Express."

Some major reforms include:

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- 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
- Labour law reforms, where four modern labour codes replaced 29 outdated laws, simplifying compliance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 Purchasing Managers' Index 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

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- 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

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. 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.

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.

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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 in 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 Semiconductor, and Foxconn are involved in building this ecosystem. The recent inauguration of Micron's ATMP facility in Sanand on 28 February 2026 by our 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.

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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**—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 resilient 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. Just as crucial, perhaps more crucial is 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 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. I hear from foreign entrepreneurs that Indian workers ask too many questions something that South East Asian don't do!

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We look forward to working closely with Japanese industry and financial institutions to take forward our multifaceted partnership.

We believe that India and Japan have a partnership for the long term but equally that , for innovative and quick problem solving, Indians are the best in the world!
