

Speech by Ambassador Nagma M. Mallick at the Keidanren Event
29th January, 2026

Mr. Tatsuo YASUNAGA, Chair, Committee on South Asia, KEIDANREN
Distinguished members of Keidanren,
Ladies and Gentlemen,

Good morning and thank you for the warm welcome. It is a pleasure to be here with Keidanren—an institution that truly represents Japan's industrial strength, technological excellence, and long-term vision.

India greatly values Keidanren's role in shaping the economic partnership between our two countries. Many of the most enduring success stories in India–Japan relations have been built by companies represented in this room. I also acknowledge the very successful India-Japan Business leaders forum which was organized in Aug 2025 on the occasion of Annual Summit.

India and Japan share a **Special Strategic and Global Partnership**—one rooted in trust, shared values, and deep people-to-people connections.

Our civilizational links go back centuries. Buddhism travelled from India to Japan, shaping Japanese culture and philosophy. Even today, we see familiar echoes—Saraswati and Benzaiten, Ganesha and Kangiten, Lakshmi and Kichijoten. These shared traditions remind us that our partnership is built on understanding and mutual respect. Through Modern times, India has been considered as a thought leader in Asia and the symbiotic relationship it shares with Japan in unique.

That strong foundation now supports one of the most forward-looking economic partnerships in the Indo-Pacific.

India's Growth Story is of Scale with Stability and we are poised to become the third largest economy soon. India today is the **fastest-growing large economy in the world**. For FY 2025–26, India is projected to grow at **7.4%**, supported by stable governance, policy continuity, and strong domestic demand. This transformational change over the last decade is based on 4 pillars:

- a. **public investment in physical, digital and social infrastructure**

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- b. **Investment in Inclusive growth**
- c. **Building manufacturing capacity and inculcating Innovation**
- d. **And Simplification of rules for Ease of Doing Business.**

As Prime Minister Modi has said, *“India has boarded the Reform Express.”* These reforms—across taxation, logistics, insolvency resolution, digital governance, and infrastructure—are improving predictability and ease of doing business for global investors.

India’s current GDP structure shows the dominance of services with the **tertiary sector contributing about 56.4% of total nominal GVA (Gross Value added) in 2025–26**. Within this, financial, real estate and professional services alone account for **around 24%**, and trade, hotels, transport and communication add another **17%**, underlining how urbanization, consumption, and service-led growth are driving the economy forward.

The **secondary sector contributes roughly 25.3%** to GDP, with **manufacturing forming about 14%**, making it the largest component within industry. The **primary sector’s share has declined to about 18.3%**, even though agriculture still supports a large share of the population.

It is our endeavour to bolster the manufacturing segment to 25 % in the coming years which will deepen our supply chain resilience and employ the huge talent pool of skilled and young manpower in India. Therefore, it becomes central to India’s economic strategy—and an area where Japanese companies are natural, long-term partners.

India continues to maintain the **strongest Manufacturing PMI (Purchasing Managers Index) in Asia**. More importantly, this momentum is translating into real investments on the ground.

Between **April and September 2025 alone**, India attracted **US\$3.2 billion in investments**, spanning electronics, energy, chemicals, food processing, infrastructure, and automotive sectors. Japan was among the key contributor countries to this momentum, demonstrating sustained confidence in India as a manufacturing destination.

A particularly important area for cooperation is Semiconductors, **electronics and advanced components**.

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India's semiconductor push is driven by the **Semicon India Programme**, implemented through the **India Semiconductor Mission (ISM)**, with a fiscal outlay of **around US\$10 billion**. The programme provides **50 percent capital support on a pari-passu basis** for semiconductor fabs, display fabs, ATMP/OSAT, compound semiconductors, and design. This is further complemented by state governments offering **20–30 percent additional CAPEX support**, along with incentives on land, power, water, and taxes. So far, **10 semiconductor projects have been approved** across states such as Gujarat, Odisha, and Punjab.

Alongside manufacturing, India is strengthening **design, talent, and the broader ecosystem**. The **Design Linked Incentive (DLI) scheme** offers **4–6 percent incentives** and access to **free EDA (Electronic Design Automation) tools**, supporting **90 startups** and **24 approved design companies**, with **17 million hours of EDA usage in 2025**. Through the **Chips to Startups (C2S)** programme, over **300 academic institutions** are training **85,000 skilled professionals**. These efforts are reinforced by global partnerships, including the **India–Japan MoC on Semiconductor Supply Chain Partnership**, positioning India as a **trusted, long-term partner** in resilient global semiconductor supply chains.

Under India's **Electronics Component Manufacturing Scheme**, more than **₹54,000 crore (5.9 bn USD) in investments** have been approved across **46 projects in 11 states**, creating **over 50,000 direct jobs**. These projects cover PCBs, capacitors, connectors, camera modules, mobile phone enclosures, **Li-ion cells, anode materials**, and optical transceivers. This is not just about assembly. India is now building **deep, domestic supply chains** in areas that were earlier import-dependent—exactly the kind of resilience that Japanese companies are looking for.

Infrastructure development to enable Manufacturing

This manufacturing push is supported by large-scale infrastructure development.

India is implementing a **US\$1.4 trillion National Infrastructure Pipeline**, including:

- The **second-largest road network globally**, with **20,000 km of high-speed corridors planned by 2030**
- The **fourth-largest rail network**, with **1,300+ station redevelopments** and **seven high-speed rail corridors**

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- **229 ports, 111 national waterways**, and new shipbuilding clusters
- **Industrial corridors, smart cities, and over 270 operational SEZs**

India is firmly established as a key engine of global growth, driven by its scale, resources, and expanding demand. **Global growth across many sectors will emanate from India for decades to come**, triggered by the country's inherent strength and long-term potential supported by strong demography. The aviation sector exemplifies this momentum, with **169 airports currently operational** and plans to expand to **300 by 2030** and **400 by 2047**, underscoring sustained infrastructure development. As the **third-largest domestic aviation market**, India recorded a **15% year-on-year increase in passenger traffic to 376 million in FY24**, reflecting the rise of a confident and aspirational middle class. This robust demand has positioned India as the **largest global buyer of Boeing aircraft**, while continued investments are simultaneously transforming the country into a **competitive and reliable manufacturing and logistics hub**, firmly anchoring India's role in driving downstream growth across the global aviation ecosystem.

If one looks at outbound tourism from India, more Indians are travelling abroad than ever, showing their zeal for new experiences and demonstrating their purchasing power. Last year 32.7 million Indians went abroad.

Japan as a Trusted Long-Term Partner

Japan remains one of India's most trusted economic partners, with cumulative FDI of over **US\$45 billion**. More than **40% of Japanese investment is in manufacturing**, reflecting long-term commitment rather than short-term opportunity.

Japan Industrial Townships, now **11 across 8 states**, host more than **123 Japanese companies**, offering Japan-specific ecosystems and operational support.

Independent surveys confirm this confidence:

- **JBIC** has ranked India the **most promising overseas destination** for the **15th consecutive year** in the long term
- **JETRO** shows nearly **80% of Japanese companies in India are profitable**, and **over 80% plan to expand**
- I would like to mention the great success of Nippon Life Asset Management which is not only the **largest foreign asset manager in India today**, but **nearly**

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40% of mutual fund investors in India are invested in Nippon Life–managed funds. This remarkable penetration reflects deep investor trust and long-term commitment to the Indian market. The Chairman of **Keidanren** can take pride in the fact that this stands as **Nippon Life’s most successful global venture** to date. Further strengthening India–Japan economic collaboration, the **India–Japan Startup Fund**, launched in **2019**, has so far supported and nurtured **354 startups**, underscoring the depth and durability of this partnership.

Economic Security: A New Dimension of Cooperation

Economic security has now emerged as one of central pillar of India–Japan cooperation. The Joint Vision on Next Generation Partnership is poised to deepen ties in this dimension.

In the last 75 days since assuming charge as Ambassador of India to Japan, I have had the opportunity to meet a wide range of business leaders, prefectural governors, Union Cabinet ministers, vice ministers, and several Japanese business delegations en route to India. What stands out clearly is the growing enthusiasm to build deeper partnerships with India. Last year alone, over ten prefectural delegations visited India, and this year the interest—especially from Japanese SMEs—has accelerated further. METI has led major delegations in defence, aerospace, and most recently a solar mission. Equally encouraging is the expanding role of Japanese financial intermediaries, who are emerging as anchors of long-term capital in India. Investments by institutions such as SMBC in YES Bank, MUFG in Shriram Finance, Nippon Life in the mutual fund space, and the expanding presence of Mizuho and Nomura signal strong confidence in India as a stable destination amid global trade and geopolitical uncertainties. **I believe large Japanese corporations can play a vital role in encouraging and handholding smaller Japanese firms to explore India, with the 12 Japanese Industrial Townships providing a familiar starting platform.**

This momentum was reinforced during my recent interaction with Vice Minister Matsuo of METI, who shared insights from his January 2026 solar mission to India. Our discussions covered renewable energy, batteries, advanced manufacturing, critical minerals, mobility, healthcare, AI, and human resources. Japan brings advanced technology—particularly in solar panels, batteries, and materials—while India offers scale, manufacturing capacity, and a supportive policy environment. Schemes such as PLI and ALMM (Approved List of Models and Manufacturers) were appreciated for promoting China-free supply chains, though additional capital support was flagged as important for scaling investments. Critical minerals and rare earths, especially opportunities in Gujarat

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with potential JOGMEC participation, featured prominently, alongside mobility solutions like biofuels, healthcare innovation using AI, and expanded human-resource exchanges.

Overall, **the emphasis was clear: strengthening economic security through trusted Japan–India partnerships, resilient supply chains, and long-term industrial collaboration in the post-Prime Ministerial visit phase.**

Before I conclude, let me make one clear and direct invitation.

This is an important moment for **Japanese companies that are actively seeking deeper cooperation with India—whether in electronics and components, batteries and energy storage, critical minerals, clean energy, mobility, healthcare, or advanced manufacturing.**

India offers **policy certainty, market protection, and scale.** Through instruments such as **Production Linked Incentive schemes** and strong state-level facilitation, we are ready to work closely with Japanese companies that wish to **establish or expand manufacturing, co-develop technology, or build resilient supply chains in India.**

India also sees **Japanese SMEs as essential partners** in the next phase of our economic relationship. Many of Japan's most advanced capabilities—in **precision manufacturing, components, materials, electronics, machinery, healthcare devices, and green technologies**—reside in its SMEs. We recognize that SMEs have specific needs—like **partner identification, capital support, land, skilled manpower, and regulatory clarity.** India is ready to work closely with Keidanren and Japanese industry association to ensure that Japanese SMEs find **the right partners, the right locations, and the right policy support.**

I look forward to working closely with Keidanren and Japanese industry to turn our shared vision, including the **¥10 trillion (USD 67 billion) investment commitment,** into tangible outcomes on the ground.

Thank you very much.
