

## **Japanese companies will get same speedy clearance like in Gujarat: PM Modi**

TOKYO: Holding that the environment of "disappointment" was over, Prime Minister Narendra Modi today invited Japanese businesses to join India's developmental efforts with a promise of non-discriminatory and speedy clearances and announced setting up of a Special Management Team under PMO to facilitate business from Japan.

Addressing top business leaders of Japan and India here, Modi flagged the recent decisions to liberalise FDI policy in the railways, defence and insurance and said rules and laws are being changed in India which would show results in the near future.

Modi, who has enjoyed immense reputation in Japan as then Gujarat Chief Minister in terms of ensuring the state's progress, said India wants to emulate Japan in terms of quality, zero defect and delivery systems while carrying out skill development.

He underlined the need for closer and deeper cooperation between Japan and India to champion the cause of global "vikas vaad (development) instead of vistar vaad (expansionism)".



"We have to decide if we want to have 'vikas vaad' or 'vistar vaad' which leads to disintegration. Those who follow the path of Buddha and have faith on 'vikas vaad', they develop. But we see, those having ideas of the 18th century, engage in encroachments and enter seas (of others)," he said in comments that may be seen as targeting China which is having conflict over South China Sea with some neighbouring countries.

While wooing Japanese businesses, Modi cited the latest growth figures of 5.7 per cent in the first quarter of this financial year and suggested that the phase of disappointment was over.

"See the work done in 100 days of my government. Earlier, the GDP used to hover around 5-5.4 per cent and led to an environment of disappointment...But in the first quarter of our government, there has been a growth of 5.7 per cent. It is a big jump. Now there is renewed hope," he said.

Targeting the previous Manmohan Singh government, he said the situation was bad for one decade. He specifically mentioned the UPA government's 'Go, No-Go' policy with regard to

environmental clearances and said it would put anybody in a "dilemma" with regard to taking any decision.

He said India, after 30 years, has a government with full majority, which puts increased responsibility on the government to deliver as 125 crore people of the country have an urge to see the quality of life change.

Inviting Japanese businesses, particularly to infrastructure and clean energy sectors, the Prime Minister asked them to keep in mind the Gujarat experience.

He promised single-window clearances, speedy decision-making which is non-discriminatory in nature.

He said two representatives of Japanese business can be part of an Indian team which decides on business proposals. They can be permanently part of this decision making.

## **Japanese investors may invest in India to beat inflation back home**

MUMBAI: Japanese investors may consider increasing investment in emerging market assets as India if inflation in Japan comes close to or crosses the Bank of Japan's target of 2%, a top Japanese fund manager has said.

Japanese households own financial assets worth about \$160 billion. However, a large 53% of this is invested in cash with only 5% invested in equities and 27% in insurance.

The nearly two-decade long deflationary spiral has made an ordinary Japanese investor cautious about equities, but that attitude could change in coming months. "We expect inflation of 2% in Japan and hence, you have to protect your money," said Jun Nishikozi, chief portfolio manager, Nissay Asset Management.



"We have been facing deflation in the economy so far, but now the option is to invest in risky assets like Japanese equities. And I expect some money flow to emerging markets like India."

Nissay is a subsidiary of Nippon Life, Japan's largest private insurer with revenues of \$65 billion and an operating profit of over \$5 billion. Shinzo Abe, Japanese prime minister, has set out to

revive the economy after taking charge in 2012 and his policy measures include fiscal stimulus, monetary easing and structural reforms.

Japanese GDP fell 6.8% in the second quarter ended June, but exports revived a bit in July and some experts believe that the economy will rebound from the effects of the consumption tax hike to 8% from 5%.

BoJ has targeted inflation of 2% and Nishikozi believes that Japanese investors need to be prepared for securing higher returns than they have normally been accustomed to in the past decade or so. In a bullish scenario, much of household savings will go into Japanese equities but some money will also find its way into emerging markets, including India.

"The trend for India looks positive, albeit there might be short-term hiccups. There is a strong political leadership with a clear direction. Macroeconomic view for India is quite positive," Nishikozi added.

Indian equity market has been among the best performing markets globally this year. The benchmark index, BSE Sensex has surged over 28.5% this year in dollar terms and has outperformed major emerging and developed markets.

Indian market has also received highest foreign fund flows in the emerging markets basket this year of over \$13 billion, followed by Taiwan which attracted flows of over \$12.98 billion.

Major emerging markets such as China's Shanghai Composite Index has gained mere 3.25% this year whereas Russia's MICEX has fallen over 17% over the same period. Brazil's Ibovespa Index has gained 23% over the same period.

The underperformance of China and Russia has weighed heavy on performance of emerging markets index, and this has lured more foreign money into India. Nishikozi believes that India is a better opportunity than other developed markets like the US which is already overvalued and where companies are buying back shares to boost their prices.

Nishikozi was visiting Mumbai to meet with officials of Reliance Capital Asset Management. The two firms are providing three funds for investors in India and Japan. Nissay Asset Management and Reliance Capital Asset Management have launched two funds for Japanese retail investors - India Equity Selection Fund, which directly invests in Indian companies with long term potential and Short Term Indian Bond Fund, which directly invests in Indian government securities and corporate bonds.

"As a good role model of business partnership between Indian and Japanese corporations, Reliance Group and Nippon Life Group will actively further expand their collaboration," Amitabh Jhunjhunwala, group MD, Reliance Group.

## **Modi's Japan visit 2014: Japan lifts ban on HAL and 5 other Indian entities**

TOKYO: Japan today lifted ban on HAL and five other Indian entities, which had been imposed in the aftermath of the 1998 nuclear tests, amid Prime Minister Narendra Modi's assertion that cooperation between the two countries in defence and security will get a "new direction".

The lifting of the ban was announced by Modi at his joint media interaction with Japanese counterpart Shinzo Abe here after their talks during which they discussed ways to enhance cooperation in various areas to make it Special Strategic and Global Partnership.

"Japan has decided to remove ban on some entities," he said.

Sources later said the ban had been lifted on six entities, including Hindustan Aeronautics Limited. However, four entities still remain in the banned list.

The removal of the ban will enable these companies to have cooperation with Japanese firms, including transfer of technology.

After the talks, the two sides also signed an MoU in the field of defence, which provides for enhanced exchanges and exercises, including at multilateral level.

The two sides agreed to upgrade from Joint Secretary to Minister level the trilateral dialogue on defence and security which also involves the US.

"The defence MoU shows that we are keen to take our relationship to a new level," Modi said.

"Defence cooperation will get a new direction. It will not be limited to talks and exercises but cooperation in technology and equipment," Modi said.

The Tokyo Declaration said Modi and Abe decided to "intensify and invigorate" exchanges recognising the "special quality" of bilateral engagement imparted by multi-sectoral ministerial and Cabinet-level dialogues, in particular, those between their Foreign Ministers, Defence Ministers and Ministers dealing with finance, economy, trade and energy.

Modi welcomed the recent developments in Japan's policy on transfer of defence

equipment and technology and the two Prime Ministers expressed hope that this would usher in a new era of cooperation in defence equipment and technology.

They recognised the enormous future potential for transfer and collaborative projects in defence equipment and technology between the two countries, the declaration said.

They welcomed progress made in discussions in the Joint Working Group on cooperation in US-2 amphibian aircraft and its technology, and directed their officials to accelerate their discussions.

They also directed their officials to launch working-level consultations between the two countries with a view to promoting defence equipment and technology cooperation.

They underlined the importance of the 2 plus 2 dialogue, involving Foreign and Defence Secretaries, for their growing strategic partnership, and decided to seek ways to intensify this dialogue.

The two Prime Ministers reaffirmed the importance of defence relations between India and Japan in their strategic partnership and decided to upgrade and strengthen them, the declaration said.



They welcomed the signing of the Memorandum of Cooperation and Exchanges in the Field of Defence during the visit. In this context, they attached importance to the regularisation of bilateral maritime exercises as well as to Japan's continued participation in India - US Malabar series of exercises.

They also welcomed the existing dialogue mechanism and joint exercises between Indian and Japanese Coast Guards.

The two Prime Ministers recognised their wide-ranging shared interests in security of maritime and cyber domains, and decided to work with each other and with like-minded partners to preserve the integrity and inviolability of these global commons.

They affirmed their shared commitment to maritime security, freedom of navigation and overflight, civil aviation safety, unimpeded lawful commerce, and peaceful settlement of disputes in accordance with international law.

## **Nippon, Reliance Group launches India funds for Japan investors**

TOKYO/MUMBAI: With Prime Minister Narendra Modi seeking greater investment flow from Japan into India, financial services giant Nippon Life today announced two dedicated funds in partnership with Anil Ambani-led Reliance Group to facilitate Japanese investments into Indian markets.

Besides, Nippon Life also reiterated its commitment to a partnership with the Indian business conglomerate for setting up 'Reliance Bank' under an appropriate category of licenses to be issued by the Reserve Bank of India.

The announcements -- including for launch of one equity and another bond fund -- coincide with Modi's first official visit to Japan as Prime Minister, during which he invited Japanese investments into India and said that the businessmen from the two countries can give a direction to world economy.

Welcoming Modi on his Japan visit, Nippon and Reliance Group said in a joint statement that the two groups would actively expand their collaboration and contribute towards strengthening of Indo-Japan relations.

"The Prime Minister's visit to Japan reinforces the strategic focus of global partnership between India and Japan.

"As a good role model of business partnership between Indian and Japanese corporations, Reliance Group and NLI Group will actively further expand their collaboration, which will contribute towards strengthening the relations between India and Japan," Reliance Group Managing Director Amitabh Jhunjunwala said.

Nippon Life Insurance (NLI) President Yoshinobu Tsutsui said, "Reliance Capital is planning to set up its own bank which will cater to individual customers and small and medium enterprises all over India.

"NLI is also participating in this bank project as part of strategic business alliance with a view to improve the financial infrastructure and contribute towards economic growth of India."

Among the two new mutual funds announced for Japanese retail investors, India Equity Selection Fund would allow Japanese investors to "directly invest in Indian companies with long term potential".

Besides, the Short Term Indian Bond Fund would allow investors from Japan to directly invest in Indian government securities and corporate bonds.

Nippon Life Insurance, a Fortune 100 company and the fifth largest private life insurer in the world with revenue of USD 65 billion and profit of USD 5 billion, is the biggest foreign direct investor in Indian asset management and life insurance sector till date.

The Japanese insurer has 26 per cent stake each in Reliance Capital Asset Management (RCAM) and Reliance Life Insurance Company (RLIC), both part of Reliance Capital, the financial services arm of Reliance Group.

The two new funds would be managed by Nippon with advice from Reliance Capital Asset Management Company (RCAM), which recently launched India's first Japanese Equity Fund to help Indian investors invest in Japan-based global companies.

RCAM CEO Sundeep Sikka said that the launch of these funds is "part of our larger initiative to strengthen the partnership between the two corporations and two countries".

"These funds will use the collective expertise of our fund managers to help Japanese and Indian investors invest and gain from growth potential in our countries," he added.



The equity fund would have a diversified portfolio benchmarked to the BSE 100 index of India's top-100 companies.

The bond fund would largely invest in permitted Indian government securities and local currency Indian corporate bonds. The fund also has the capability to invest up to a limit (20 per cent) in offshore foreign currency bonds of large Indian issuers and it can purchase securities with duration of 5 years.

Sikka said that Indian markets have grown almost seven times in the last ten years, but the Indian investor still has primary investments in domestic bonds and equities.

"Through the Reliance Japan Equity fund, we offer our investors a diversification portfolio in the Japanese market and in global Japanese companies," he said.



As part of its strategy to enhance investments outside of Japan, Nippon has already been investing substantially in the Indian equity and bond funds through RCAM.

## **Narendra Modi includes two nominees of Japan in PMO's special management team**

NEW DELHI: PM Narendra Modi on Monday announced that a special management team would be set up directly under the Prime Minister's Office to facilitate investment proposals from Japan.

The decision to include two nominees of Japan in the special management team is unprecedented and such a system of having nominees of the foreign government will happen for the first time. In his keynote address at the luncheon hosted by business chambers, he said two nominees selected by Japan would also be part of the decision-making team which evaluates business proposal.

Foreign affairs expert and ex-Ambassador of India in Japan, HK Singh, told ET for the first time such a mechanism is being put in place to facilitate Japanese investments under the aegis of the PMO. "We have to now wait to see how Japanese nominees are drawn — whether they are drawn from various Japanese business bodies present in India or sent from Tokyo."

Former Foreign Secretary Kanwal Sibal, while welcoming the decision, said it remains to be seen whether there would be permanent representations or Japanese nominees would be invited periodically for this mechanism. Modi also announced special mechanisms like Japan Fast Track Channel for Japanese investors in India.



## **India, Japan sign key agreements; to share 'Special Strategic Global Partnership'**

NEW DELHI: Japan and India have upgraded their partnership to the level of 'Special Strategic and Global Partnership' with the signing of a defence pact for regional stability and Tokyo's decision to double FDI in India by pledging \$35 billion over the next five years for boosting India's infrastructure, including bullet trains. However, the much-anticipated civil nuclear deal remained elusive.

The excellent personal chemistry between the two PMs were visible during Narendra Modi's maiden trip to Japan as they drew up an ambitious plan to expand economic and



security partnership over the next five years. Modi announced that Japan would nominate two persons to the special management team under the Indian PMO to facilitate investment proposals from Japan.

Sources in the Japanese government told ET that Modi's announcement for inclusion of nominees by Japan have taken them by surprise. However, this was not enough to break the logjam in negotiations to seal what would be a landmark civil nuclear deal. Modi and Shinzo Abe at their summit meeting in Tokyo directed their respective officials to expedite negotiations for mutually acceptable civil nuclear deal at an early date.

Addressing a joint press briefing with Abe, Modi said, "In recent months, we have made significant progress in our negotiations on civil nuclear cooperation. Today, we have discussed this issue at length. We have reached better understanding of each other's positions through this discussion.

We have agreed to instruct our negotiators to work expeditiously to conclude the



negotiations at an early date so that we can further strengthen our strategic partnership." Abe commended India's efforts in the field of nonproliferation, including the affirmation that goods and technologies transferred from Japan would not be used for delivery systems for weapon of mass destruction.

Despite last minute negotiations, the two sides could not narrow down differences over Tokyo's insistence for a tougher safe-guard regime and "no nuclear test" clause in the bilateral agreement.

Japan wants India to guarantee not to conduct nuclear tests and more stringent inspections of its nuclear facilities to ensure that spent fuel is not diverted to make bombs.

India has been insisting on self-imposed moratorium on its tests and does not agree to Tokyo's insistence on the clause in the text of the agreement that provides for automatic termination of nuclear ties if India conducts test in future. ET had reported last week that the nuclear deal will remain elusive in this trip which is Modi's standalone bilateral trip beyond the subcontinent.