

METI To Aid Small Businesses Moving To South India

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CHENNAI, India (Nikkei)--Japan sees southern India as fertile ground for the growth of small and midsize Japanese manufacturers and is readying support to encourage them to make the move.

The area is already becoming a hub for Japanese multinationals, including Nissan Motor Co. (7201), Toyota Motor Corp. (7203), Toshiba Corp. (6502) and Komatsu Ltd. (6301). Japanese manufacturers' supply chains will eventually stretch beyond China and Southeast Asia to India, reckons the Ministry of Economy, Trade and Industry.

The government is looking to help small and midsize parts makers expand abroad in a bid to create stable revenue flows that can keep their domestic factories afloat.

On a trip here Tuesday, METI chief Yukio Edano called on the Tamil Nadu state government to improve ports, roads, electric power and other infrastructure essential for industry. Tamil Nadu's chief minister, J. Jayalalithaa, said the state is ready to provide Japanese companies with the necessary support.

Much of India lacks infrastructure, and in many cases companies have to build their own. Besides getting the state government to commit to take the lead in laying infrastructure, METI plans to pursue cooperation with the private sector.

An international consortium including JGC Corp. (1963), Mizuho Corporate Bank and Singapore-based real estate developer Ascendas Pte. signed a deal with the state government Tuesday on a 50 billion yen industrial park project. Plans call for parceling out sites to Japanese companies, with an eye toward small and midsize firms that cannot afford to build their own infrastructure.

To bridge the information gap faced by smaller firms, the government-affiliated Japan External Trade Organization is opening a business support center here. It will offer short-term office accommodations for small and midsize companies looking to move to southern India and information about local business practices and market trends.

With a growing middle class, India holds potential as a bigger market for Japanese goods. Japan's trade with India is still only around 1.3 trillion yen a year, compared with 26 trillion yen with China.