

Japan auto SMEs seek to run plants on rent in India

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WITH increasing interest among Japanese firms to establish their business in India due to favourable outlook and rising labour costs in China, Japanese auto component firms, particularly the small players, are seeking plug-in factory facilities on rent to commence their operations in India.

“China was a favourable destination for Japanese manufacturing investments for long. However, the labour costs there are going up. Japanese companies are now seeing India as a highly valued market and the country has become the most preferred destination for Japanese investments despite infrastructure challenges,” Kensuke Ichihara, director general – manufacturing and environment industry department, Japanese External Trade Organisation (Jetro), Tokyo said.

Ichihara, who is heading auto parts SME delegation to India, said Japanese companies have understood the eco-system in India and have adapted to work with

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Shinya Fuji

Director General, Jetro Chennai

local people here.

The Japanese auto SMEs are keen to come to India and are looking for plug-in factories on rent to establish their presence. Among others, several suppliers of Toyota, are planning to establish their operations in India. Jetro would be happy to work with governments and agencies to develop such rented factories. “This will pave the way for more auto parts investments into the country as the SMEs can just come, install their equipment and commence operations,” he added.

“Several countries including China have invested and developed such ready-to-use factories for facilitating investments by SMEs,” said Shinya Fuji, director general, Jetro Chennai.

With Tamil Nadu at the forefront of attracting more Japanese investments, the Tamil Nadu small industries development corporation (SIDCO) has identified an area for offering plug-in units for Japanese SMEs. “We are presently evaluating the sites and facilities,” said Fuji. Jetro is also working with private groups to develop ready-to-use facilities for auto parts SMEs.

The Japanese auto industry has been facing stagnant domestic market scenario and has been evaluating new markets to boost their business. Besides, manufacturing opportunities, the companies are looking for technological collaborations. As far as trade is concerned between the two countries, India imported \$ 967 million worth of auto parts in 2010, while exports were just \$41 million.

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