



ROLE OF JICA
towards
Sustainable Development
~India's Opportunities and Challenges~

March 8, 2017
7th ICRIER-PRI Workshop
“Advancing India-Japan Economic Engagement”
Juniper Hall, India Habitat Centre, New Delhi

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1. India - Japan Relations and JICA's Activities

India - Japan Relations

- Both established **Special** Partnership.
- For India, Japan is the **largest** donor of ODA.
- For Japan, India is the **largest** and **oldest** recipient of ODA.

- 1952.4 Established official diplomatic relations
- 1958 Japan's first ODA Loan in the world extended to India.
- 2000.8 **"Japan-India Global Partnership in the 21st Century"**
- 2005.4 Japanese PM Koizumi visited India. Annual based PMs mutual visits started.
- 2006.12 **"Joint Statement Towards Japan-India Strategic and Global Partnership"**
- 2014.9 Indian PM Modi visited Japan. **"Tokyo Declaration for Japan-India *Special***

Strategic and Global Partnership"

a) Doubling Japan's foreign direct investment in India within five years.

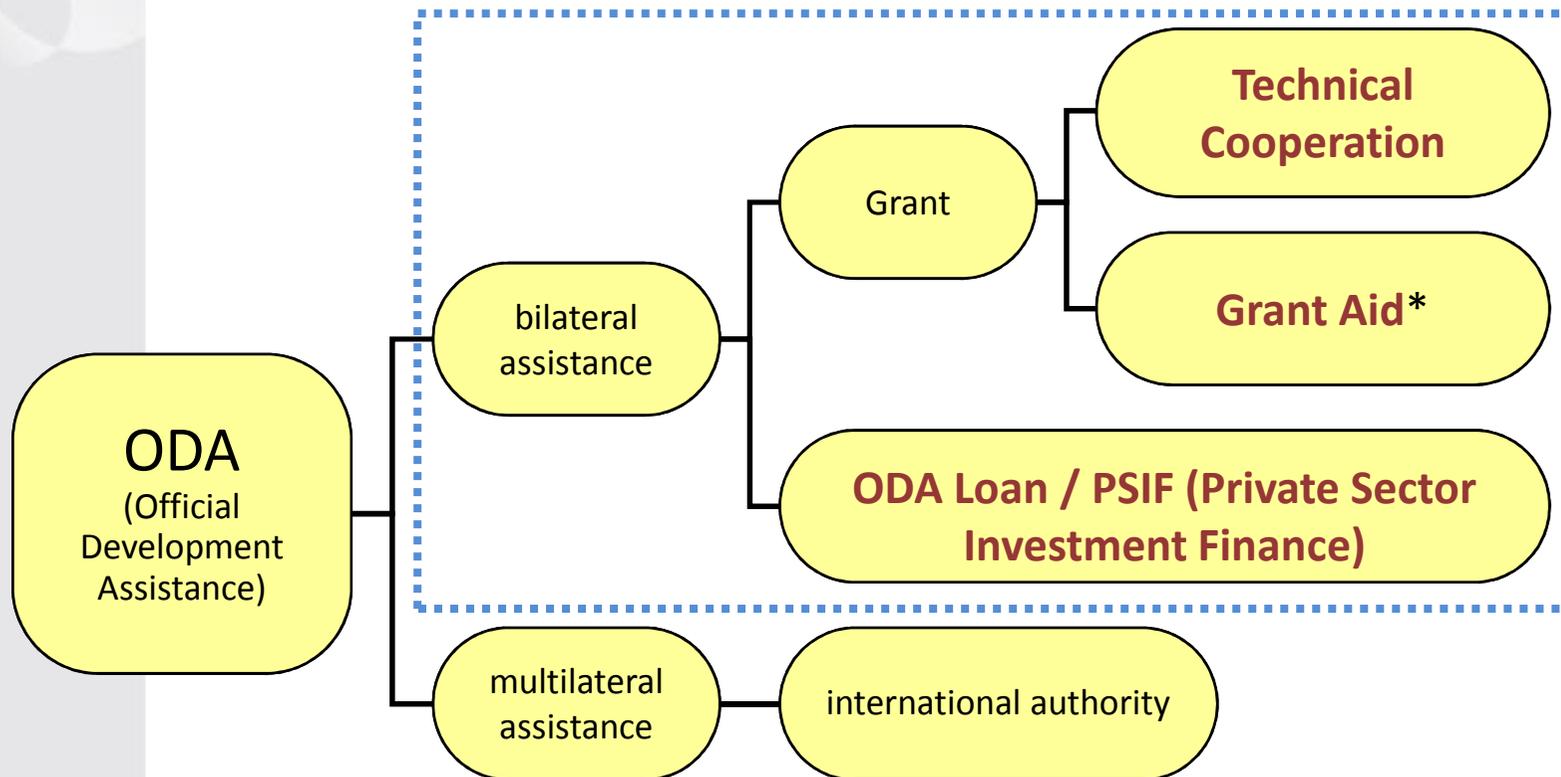
b) Doubling the number of Japanese companies in India within five years.

c) JPY 3.5 trillion (Rs. 2 trillion) of public and private investment and financing to India from Japan, including ODA, within five years.

- 2015.12 Japanese PM Abe visited India (Delhi and Varanasi).
- 2016.11 Indian PM Modi visited Japan (Tokyo and Hyogo).

What is “JICA”?

- ✓ **JICA** is a governmental agency of Japan, which is in charge of official development assistance (ODA)
- ✓ **JICA** is the world’s largest bilateral development agency
- ✓ **India** is the largest and the oldest partner of JICA



* Part of grant aid is provided by the Ministry of Foreign Affairs.



India is JICA's Largest Partner in the World

Soft Loan

Accumulated Commitment by FY2015/16:

- JPY 4.6 trillion in total
(≒ over Rs. 2 lakh crore)

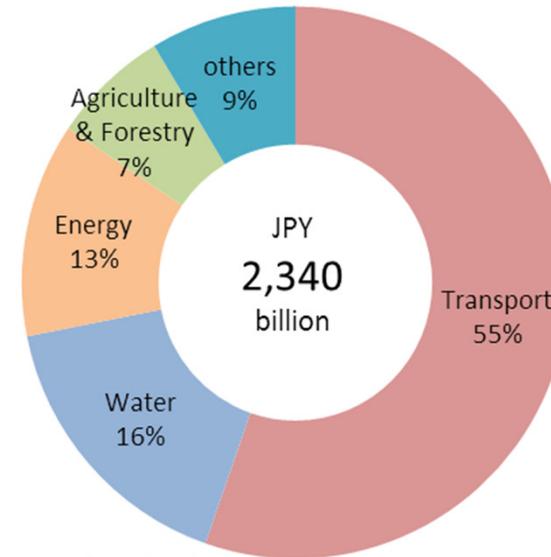
Operational Results in FY2015/16:

- Commitment: JPY 377.3 billion
(≒ Rs. 20,000 crore)
- Disbursement: JPY 185.8 billion
(≒ Rs. 10,000 crore)

Terms and conditions:

- General terms: Interest rate 1.4%, repayment period 30 years (including 10 years grace period)
- STEP: Interest rate 0.1%, repayment period 40 years (including 10 years grace period)

Major Sector (FY2006/07-2015/16)



Grant Aid

One on-going project
in health sector in
Chennai

Technical Cooperation

- Results in FY 2014/15
JPY 3.8 billion (about Rs. 200 crore)
- About 800 Japanese experts to India
- About 300 Trainee from India to Japan

Citizen Partnership / Public-Private Partnership

- Japanese Volunteers
- Japanese NGO activities
- Partnerships with
Private-Sector Activities

2. Path to Sustainable Development through Business Environment Improvement

Towards sustainable development

World Bank
"Doing
Business 2017"
130 rank /190
countries



Major Points of Indian Budget 2017-2018

(Reported to the Parliament on Feb. 1st, 2017)

Growth and Inflation

- GDP outlook by Economic Survey, GoI
FY2017; 6.75~7.5% (FY2016; 6.5~6.75%)
- Inflation outlook: Below 5%
(RBI's Target: band between 2%-6%)

○Economic Growth Outlook

		FY2016	FY2017	FY2018
GoI	Feb. 2017	6.5~6.75%	6.75~7.5%	
RBI	Feb. 2017	6.9%	7.4%	
IMF	Jan. 2017	6.6%	7.2%	7.7%
WB	Jan. 2017	7.0%	7.6%	7.8%
ADB	Dec. 2016	7.0%	7.8%	

Fiscal Policy

- Budget Deficit (GDP Ratio) : **3.5%(FY2016), 3.2% (FY2017), 3.0% (FY2018), 3.0% (FY2019)**
- Focusing on **Rural Development (11.8% ↑)** and **Infrastructure (10.5% ↑)**
- Introduction of GST (GST Law is expected to be enacted in July 2017)
- Corporate Tax Reduction: For SMEs, tax rate reduction by 5 percent point to 25%

Agenda for FY2017 -Transform, Energize, and Clean India (TEC India)

- Transform the quality of governance and quality of life of our people;
- Energize society (e.g. enable youth and vulnerable to unleash their true potential;
- Clean the country from the evils of corruption, black money and non-transparent political funding

Infrastructure

- ◆ **Budget for Infrastructure : Rs. 3.9 lakh Cr (10.5% ↑)**
(c.f. Former 12th five year plan envisaged over Rs. 10 lakh Cr/year averagely.)



More fund mobilization for Growth/Infrastructure !
(But budget has restriction...)

【Reference】 Public – Private Partnership in India

PPP model expanded rapidly in infrastructure sectors, such as road, port and power projects, especially in 2000s

- Significant rates/portions in several sectors, such as road and power, were implemented by PPP.
- Several schemes such as BOT-Toll and BOT-Annuity models have been developed.



PPP seems to have been facing difficult situations in 2010s

- *Shortage of “bankable projects”.*
- Challenges for designing proper Public-Private risk / burden sharing.



Ease of Demand/Supply gap is the biggest challenge

- Infrastructure development needs are still gigantic. (Rs. 55.7 lakh crores during 2012–2017)
- Gol envisaged a large amount of private sector infrastructure investment, i.e. Rs. 5 lakh crores yearly (= 48% of Rs. 55.7 lakh crores during 2012–2017), to be realized.
- Role of Public to attract private sector’s investment is significantly important and growing.

ex. *Investment related infrastructure development by Public,*

Proper P-P risk sharing, through VGF, EBF, off-taker risk standby finance, proper HAM, etc...

3. Key Messages

- a) *India, as a Special & Promising Country*
- b) *Business Risks to Be Mitigated*
(for Private Sector Attractiveness)
- c) *JICA's Functions Worthy of Use*



JICA can facilitate Private sector participation for Sustainable Development

Fastest growing large economy in the world

"In this cloudy global horizon, India is a bright spot."
(IMF 2015.3)

Largest population in the world (in 2022)

More than 60% of population is at working-age (15-59 years) and more than 50% are less than 25 years old

Growing Indian market

"Tokyo Declaration for Japan-India

Special Strategic and Global

Partnership" (2014.9)

Over Rs. 2 lakh crore of public and private investment and financing to India from Japan in five years.

Special Bilateral relationship

Japanese companies are now targeting India as the promising business destination

>No.1 promising business destination of Japan's overseas business (JBIC 2014, 2015, 2016)
>70% of the Japanese companies in India planning business expansion (JETRO 2016)

Positive Attitude of Private Sector

JICA's functions for business environment improvement

>Infrastructure development,
>Support for legal system development and internationally standardized contract management
>Human Resource Development
>Support to develop PPP (Public Private Partnership) Projects, etc.

Various Schemes of JICA

Business Risks still exist to be reduced

infrastructure, laws & regulations, etc

Risks still exist

4. Case Examples for reference (onward)

4-1. Investment Promotion Program

TNIPP (Tamil Nadu Investment Promotion Program)

Stick & Carrot

◆ Program Description:

- To further improve the investment climate through strengthening the policy framework and developing urban infrastructure such as roads, power, water and sanitation, thereby **attempting to increase foreign direct investments** in the state for sustainable growth.
- Government of Tamil Nadu and JICA jointly monitor progress of action plans in the agreed policy matrix. Based on achievement, JICA disburses the loan amount by dividing into three tranches (corresponding to each fiscal year action plan).

◆ Loan Amount and Disbursement:

- JPY 13 billion (≐ Rs. 650 crore)
(7 billion for 1st tranche and 3 billion for 2nd & 3rd tranche)

◆ Program Duration:

- 3 years (FY2012/13 - 2014/15)

◆ Achievement:

- A comprehensive action plan for ease of doing business has been elaborated.
- Global Investors Meet was held in September 2015.
- Development of industry related infrastructure (e.g. sub-station, road, water supply) has been accelerated.

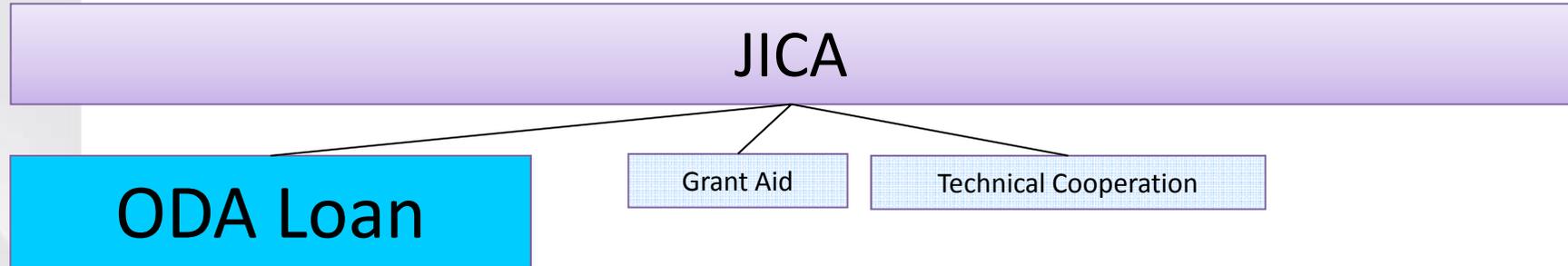


110kV Substation at One Hub Chennai Industrial Park



Access Road to Kamarajar Port (Ennore Port) Japan International Cooperation Agency

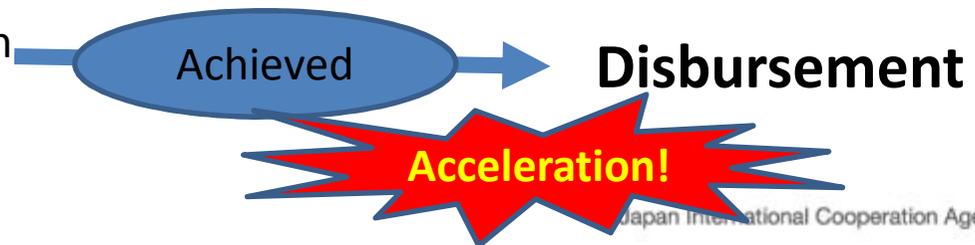
JICA's Cooperation Framework for TNIPP



Concept of Investment Promotion Program Loan

Policy Area	1st Fiscal Year	2nd Fiscal Year	3rd Fiscal Year
Policy A (Ex. Business procedure)	•Action A	•Action A'	•Action A''
Policy B (Ex. Human resource)	•Action B	•Action B'	•Action B''
Policy C (Ex. Small scale infrastructure)	•Action C	•Action C'	•Action C''

Evaluation of the policy action
in each fiscal year



4-2. DFC (Dedicated Freight Corridor)

Towards sustainable economic development

Western Dedicated Freight Corridor Project

Essential
Fundamental of
the Industrial
Development

Key for the
Quality of Life

Environmentally
Friendly
Transportation

***Backbone of DMIC
Growth Engine***

Overview of the Western DFC project

➤ Backbone of DMIC

JICA has committed JPY 334 billion (≈Rs.20,000Cr.) ODA loans. (as of now)

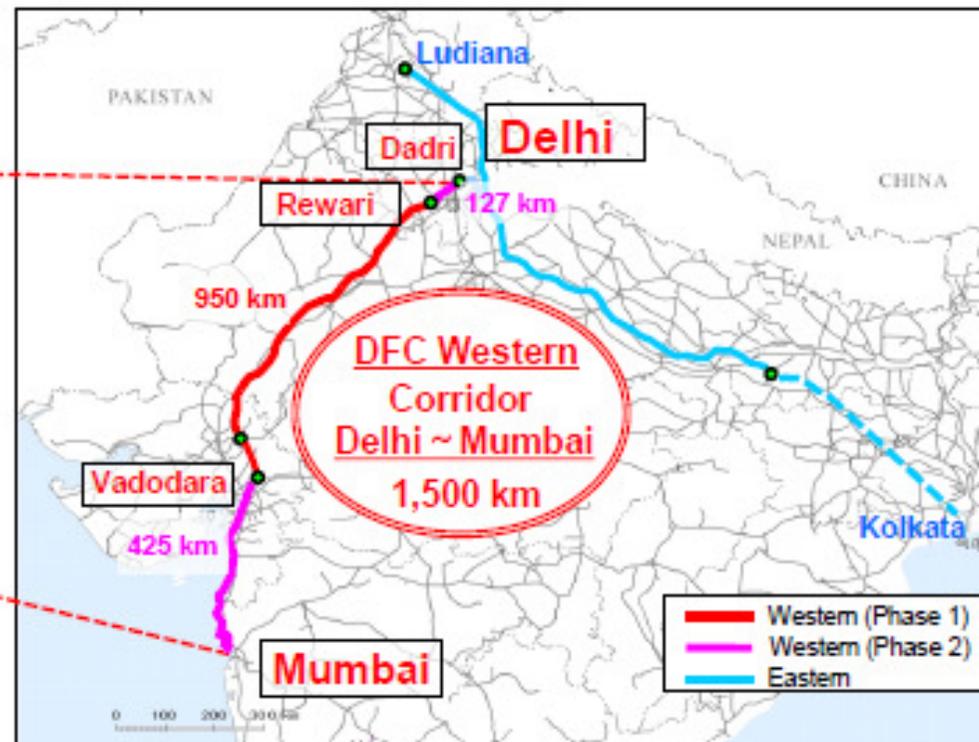
➤ The Western DFC project, **with advanced Japanese technology**, will focus on:

(1) construction of **new dedicated freight lines**,

(2) installation of **Automated Signaling & Telecommunication System**

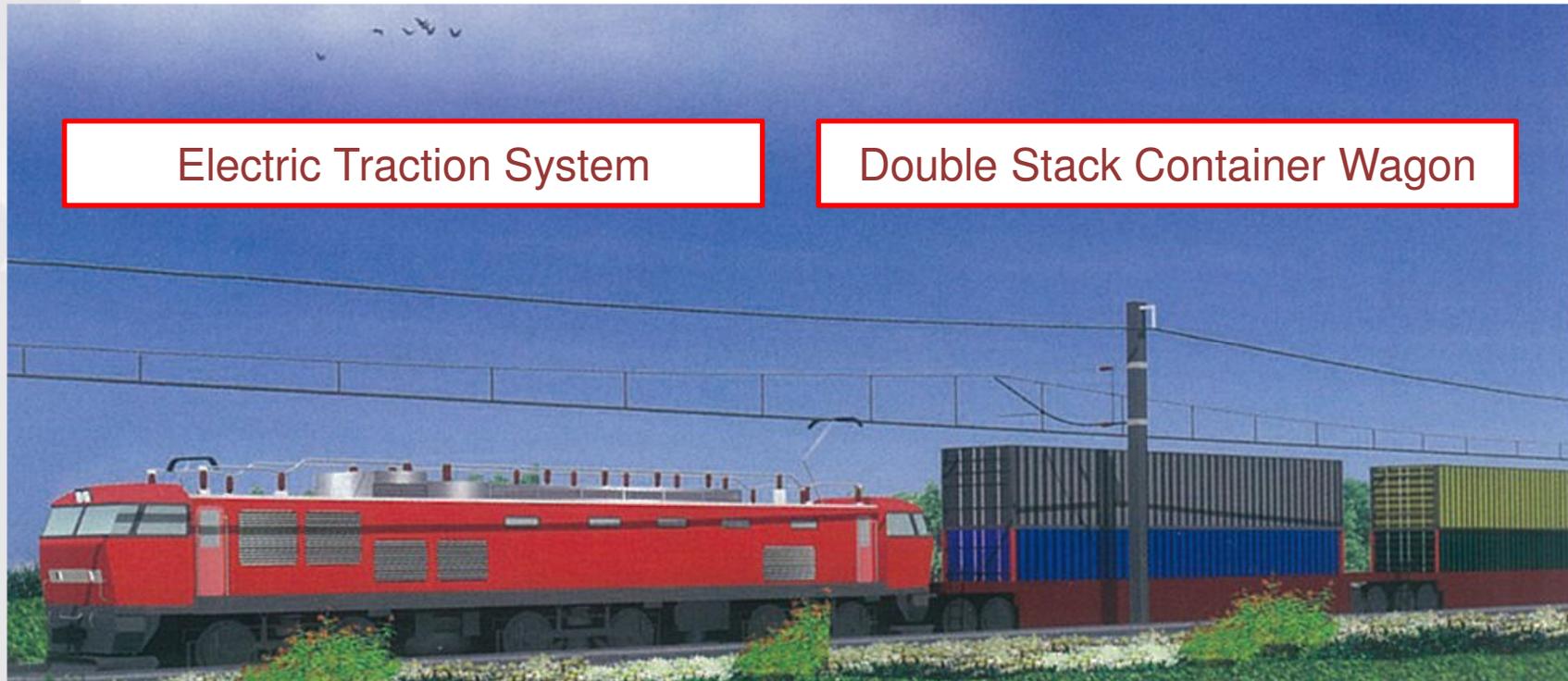
incl. TPWS (Train Protection Warning System)

etc.



Feature of the Western DFC project

<Completion image>



Electric Traction System

Double Stack Container Wagon

	DFC (after)		NOW (before)
Maximum speed	<i>100 km / h</i>	←	30 - 40 km / h (approximately)
Transport time (Delhi – Mumbai)	<u><i>Within 1 day !</i></u>	←	2 ~ 3 days

Safe, Timely, Comfortable Move for Better Life

- **Safe** ~ Considerations for safe operation.
- **Timely** ~ Satisfaction of development needs with high reliability of services
- **Comfortable** ~ Considerations for culture and life style, system management using ICT, vulnerable-users-friendly universal designs.
- "Human-centered investment" ~ Based on stakeholders coordination and public involvement
- Considerations for environmental harmonization, operation and maintenance, managerial/financial sustainability



"Quality Infrastructure"

Good preparation leads good impacts!

Not only for the tangible asset development, but for **"Safe, Timely, Comfortable" Service Delivery.**

4-3. Energy Sector

Operation result

- **9.5GW** of generation capacity
(3% of Indian total Capacity)
- **1.0GW** of Renewable Energy
- **85 Projects**
- **JPY 1.3 Trillion (≐ Rs. 80,000 crore, US\$ 1.2 bil.)**
(30% of JICA's total cooperation in India)

- ODA Loan

New Power Plant, Transmission & Distribution Lines,
Energy Efficiency & Conservation, New and Renewable
Energy, Grid Stabilization

- Technical Cooperation

Technical Assistance for Energy Efficiency &
Conservation, New and Renewable Energy
Study for Updating Exhausted Coal Thermal Power Plant



Good Practice SIMHADRI THERMAL POWER STATION PROJECT

- 97% of Capacity Factor
- 11.9% of total power supply in Andhra Pradesh in 2009
- 2015 "International Project Management Award"

Good Practice HARYANA TRANSMISSION SYSTEM PROJECT

- Transmission loss : 2.2% (lowest in India) <<< original 2.7%

Global Trend

- Discussion in International Arena (UNFCCC COP21, WEO etc)
 - Improving Energy Efficiency (Including to shut down low efficient TPPs)
 - Further utilization of Renewable Energy (RE)

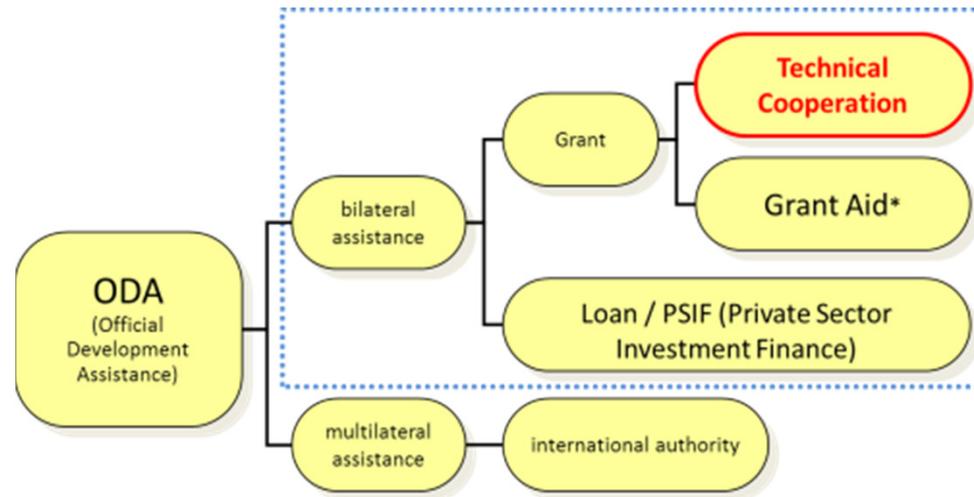
India's Trend

- Electricity demand with rapid economic growth
 - No subcritical TPPs from 2017
 - 175 GW of RE by 2022
 - Pumped Storage for grid stabilization

JICA's Thought

- **High Efficient TPPs with Environmental Facilities** (USC)
- **T&D Loss Reduction** (Low Loss)
- **Renewable Energy** (Through IREDA)
- **Grid Stabilization Technologies** (Pumped Storage, Integrated System)

4-4. Human Resource Development



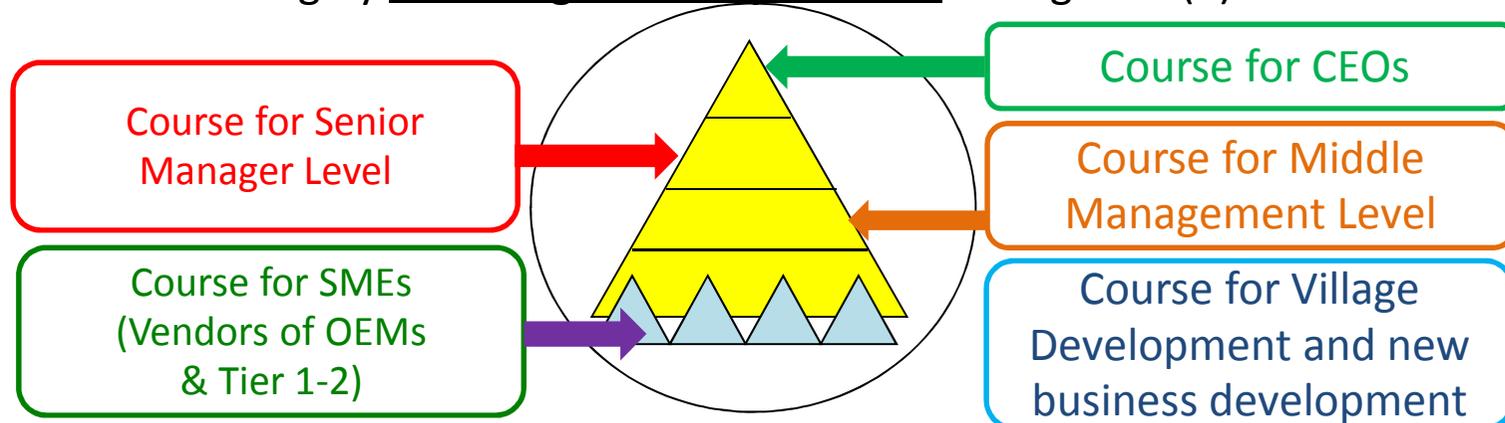
Technical cooperation for **“capacity development”** includes the training of Indian officials and the dispatch of JICA experts.

Total Number of (until FY 2015)	Number
Trainee from India	7,369 persons
Japanese Experts / Survey team	7,110 persons
Japan Oversea Cooperation Volunteer	200 persons

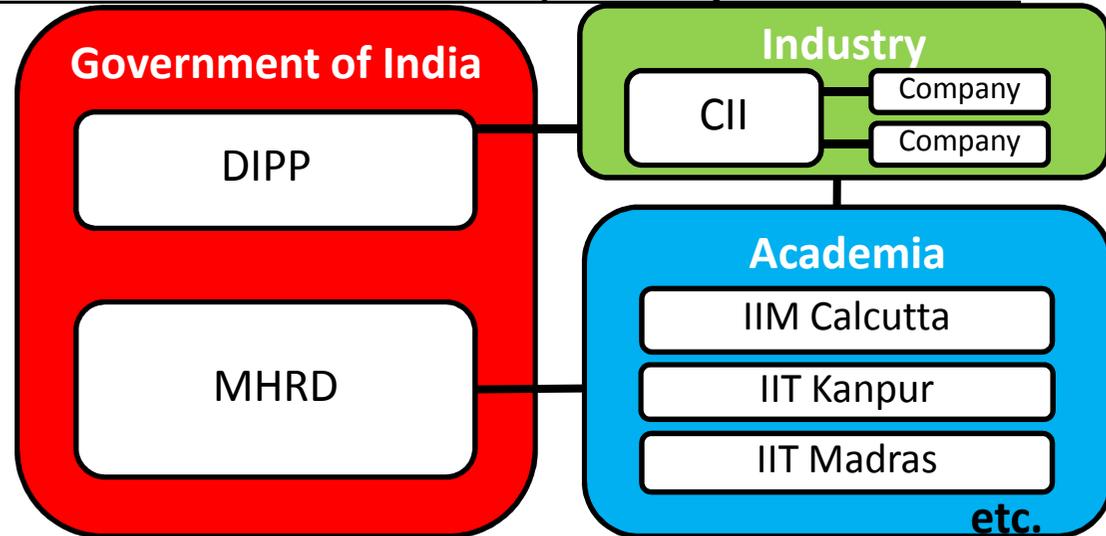
Champions for Societal Manufacturing (CSM) Project

[Technical cooperation/Ongoing]

1. National Integrated Human Resource Development Program in Manufacturing by **Fostering Visionary Leaders** through five(5) courses



2. Implementation **in collaboration with Government, Industry and Academia**



Prof. Shiba, the JICA expert, was conferred decorations both in India and Japan. Over 1800 CEOs and senior/middle-level managers have participated the programme.

Under CSM

“Godrej Edge Digi, Direct Cool Refrigerator Range”
won India Design Mark(2014) and
Japan Good Design Award(2015)

 | APPLIANCES



- localized to the Indian market (Larger Vegetable Space, Larger Shelf Space, Larger Freezer Space, Larger Space for big water bottles)
- the graphic on its exterior shows a strong awareness for the Indian cultural sphere.
- the lowest energy consumption in India
- 24 hour cooling retention despite power cut with StayCool Technology
- the anti-bacterial property of Silver ions

*The members of its design and production team
are the training module director and
demonstrators of JICA CSM Training course.*

Thank you!

धन्यवाद



c.f. <http://www.jica.go.jp/india/english/office/about/message.html>
<http://www.jica.go.jp/india/english/office/others/brochures.html>

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