

# DMIC

## Delhi Mumbai Industrial Corridor

**Creates New Investment  
Opportunities in India**

Aug. 6, 2009

**Ryuta Suzuki**



**JAPAN BANK FOR  
INTERNATIONAL COOPERATION**

The International Wing of



**JAPAN FINANCE CORPORATION**

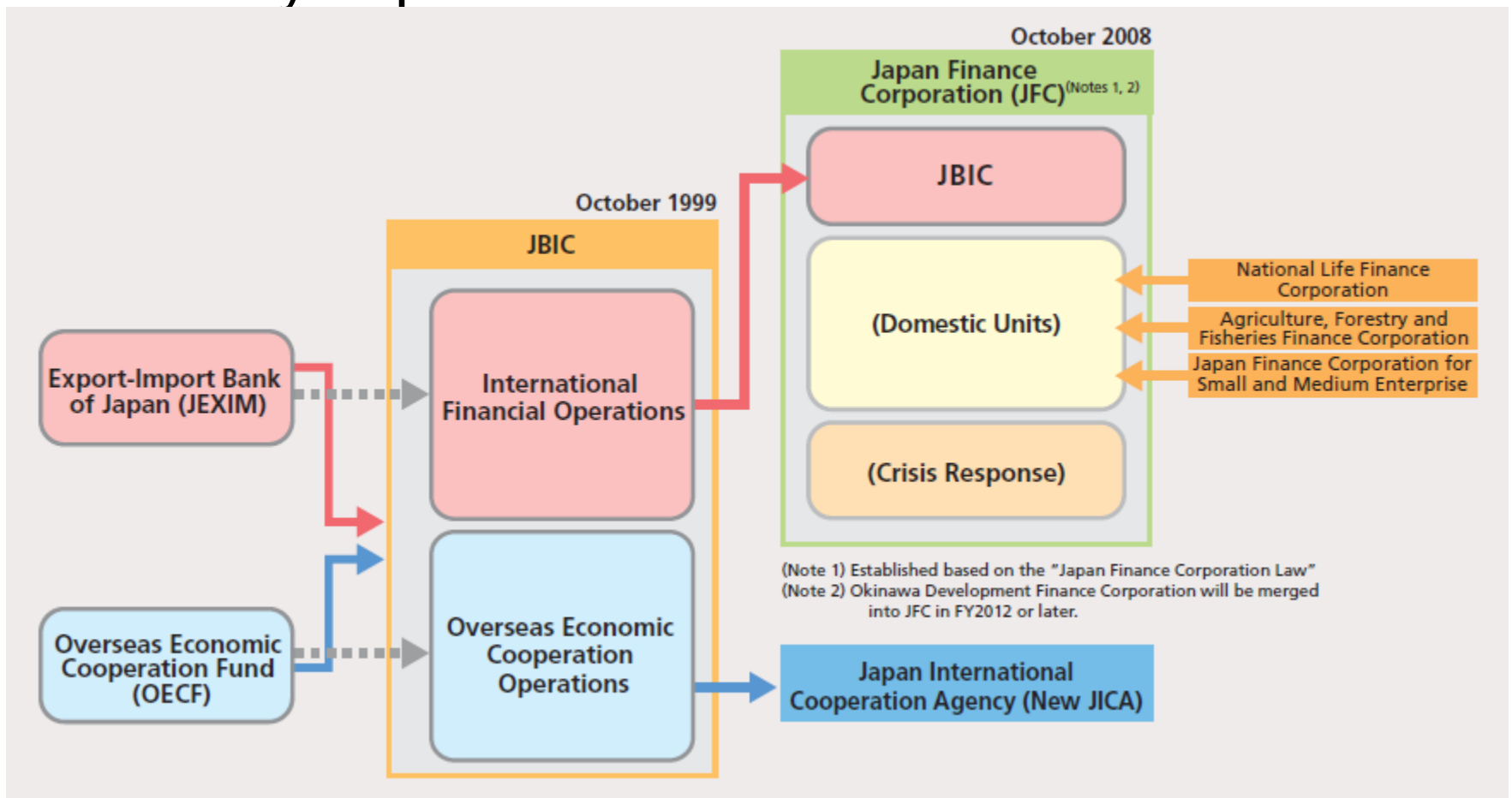
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1. Introduction of **JBIC**
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# 1. Introduction of JBIC (1)

International wing of Japan Finance Corporation (JFC), a policy-based financing institution fully owned by Japanese Government

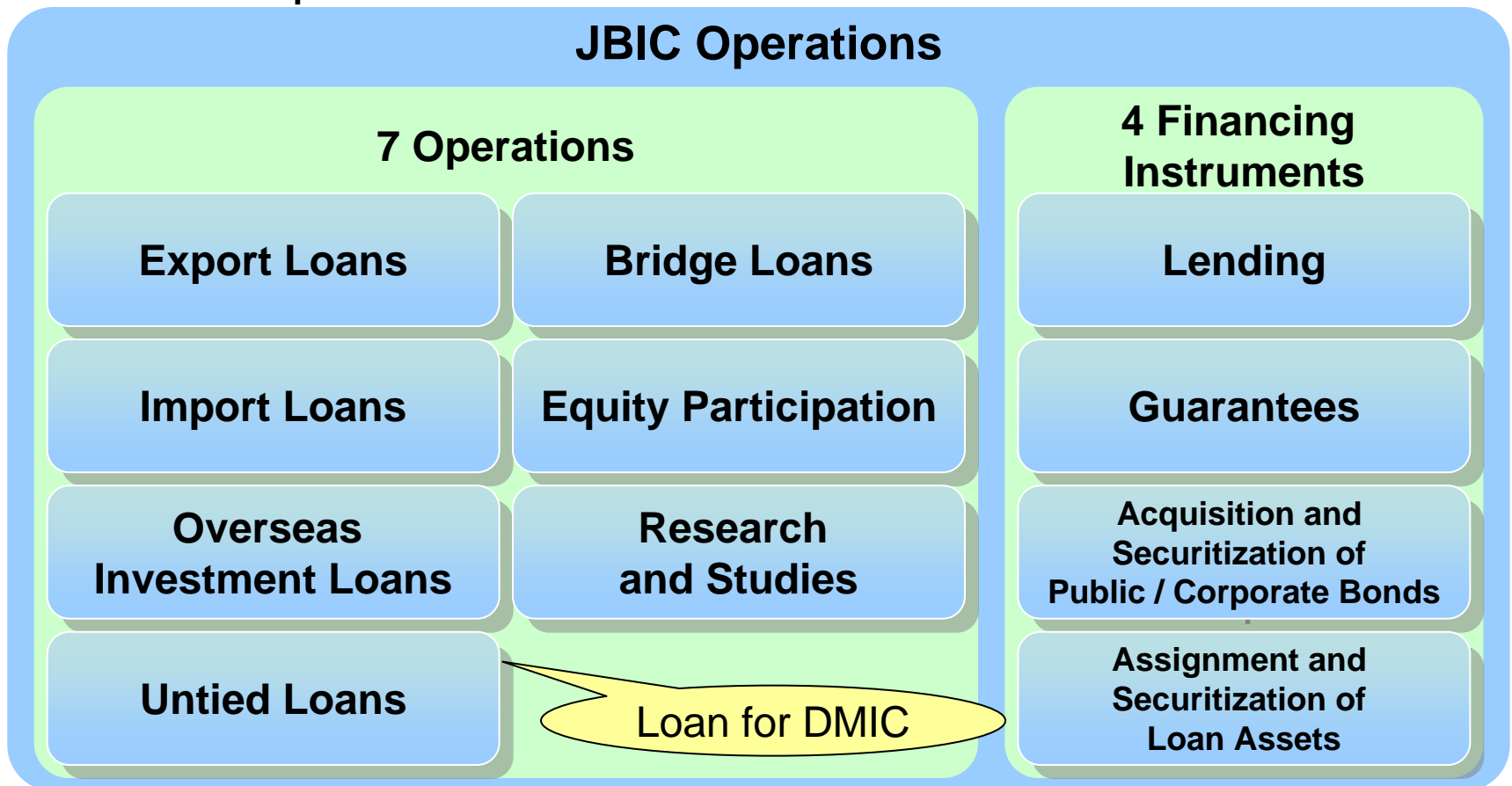


# 1. Introduction of **JBIC** (2)

- Conducting operations to fulfill the following 3 functions in order to contribute to the sound development of the international as well as Japanese economy.
  - ✓ Promoting overseas development of natural resources which are strategically important
  - ✓ Supporting efforts of Japanese industries to develop international business operations; and
  - ✓ Responding to financial disorder in the international economy.

# 1. Introduction of **JBIC** (3)

JBIC provides multi-faceted support for the development of developing countries and Japan to meet their increasingly diverse financing needs through and integral combination of its financial products and other services.



## 2. Japanese Investors' View (1)

### Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

Since 1989, JBIC has conducted a survey of Japanese manufacturers every year on their overseas business operations and reported its results. The objective of the survey is to understand the current trends, agenda and future outlook of the overseas business operations of internationally active Japanese manufacturing companies.

Result of JBIC FY2008 Survey – Outlook for Japanese Foreign Direct Investment (20th Annual Survey) – shows that...

## 2. Japanese Investors' View (2)

**Figure 1: Promising Countries/Regions for Overseas Business Operations over the Medium-term**  
(next 3 yrs. or so) (multiple response)

Ranking	Country /Region	No. of Companies		Percentage Share (%)	
		471	(503)		
1 (1)	- China	297	(342)	63 (68)	↓
<b>2 (2)</b>	<b>- India</b>	<b>271</b>	<b>(254)</b>	<b>58 (50)</b>	↑
3 (3)	- Vietnam	152	(178)	32 (35)	↓
4 (5)	↑ Russia	130	(114)	28 (23)	↑
5 (4)	↓ Thailand	125	(132)	27 (26)	↑
6 (7)	↑ Brazil	91	(47)	19 (9)	↑
7 (6)	↓ U.S.A.	78	(93)	17 (18)	↓
8 (8)	- Indonesia	41	(46)	9 (9)	-
9 (9)	- South Korea	27	(32)	6 (6)	-
10 (10)	- Taiwan	22	(24)	5 (5)	-

### **China and India vying for top**

China occupies the top position overall, but decreased its share of responses from last year. India, on the other hand, continues to make gains, leaving it almost on par with China in terms of percentage shares.

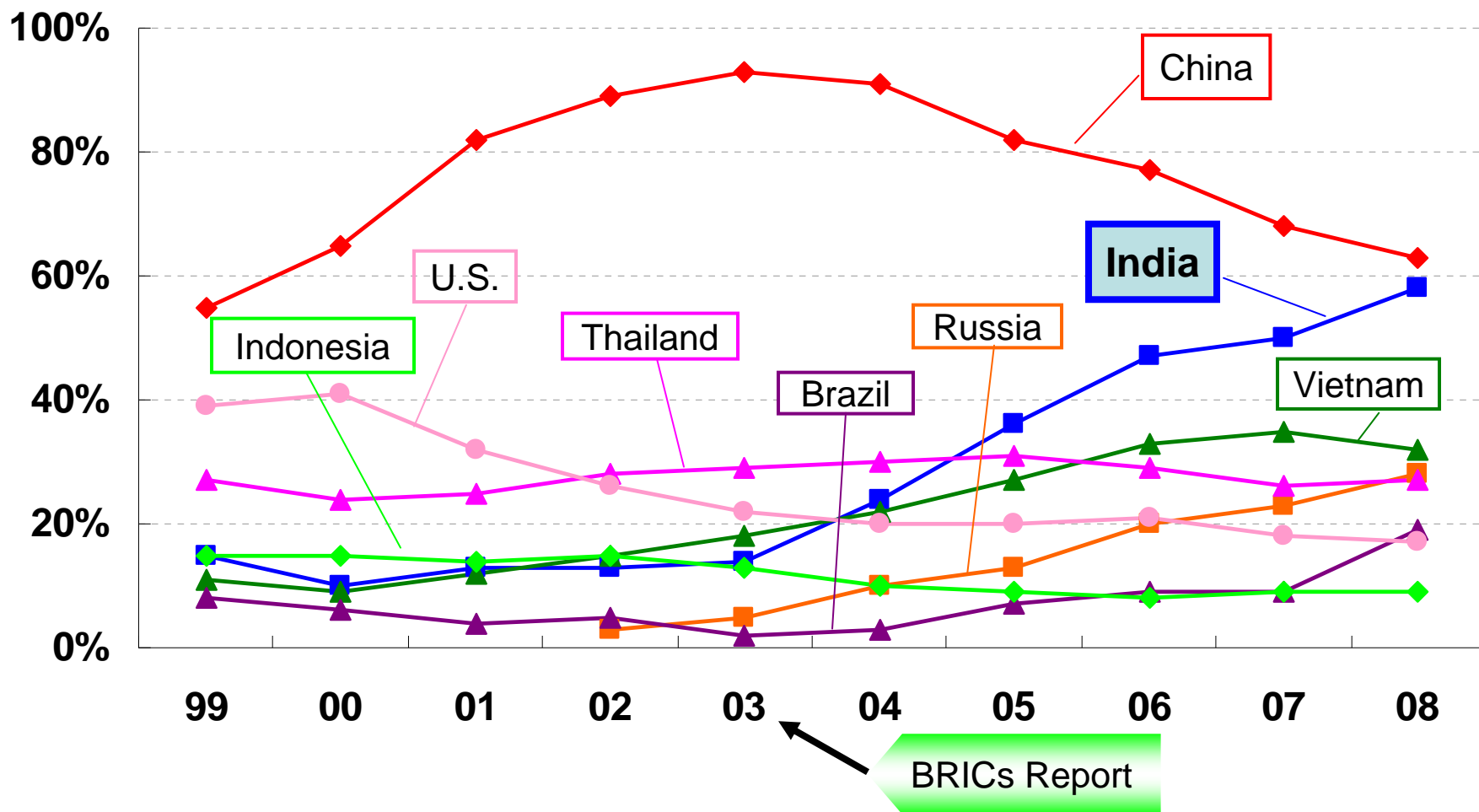
(Numbers in parentheses represent last year's figures)

The respondents were each asked to name the top five countries that they consider to have promising prospects for business operations over the medium term (the next three years or so). The table above shows the number of quotation of the countries or regions (no. of responses) and ratio (percentage share), consisting of that number divided by the number of responding companies.

## 2. Japanese Investors' View (3)

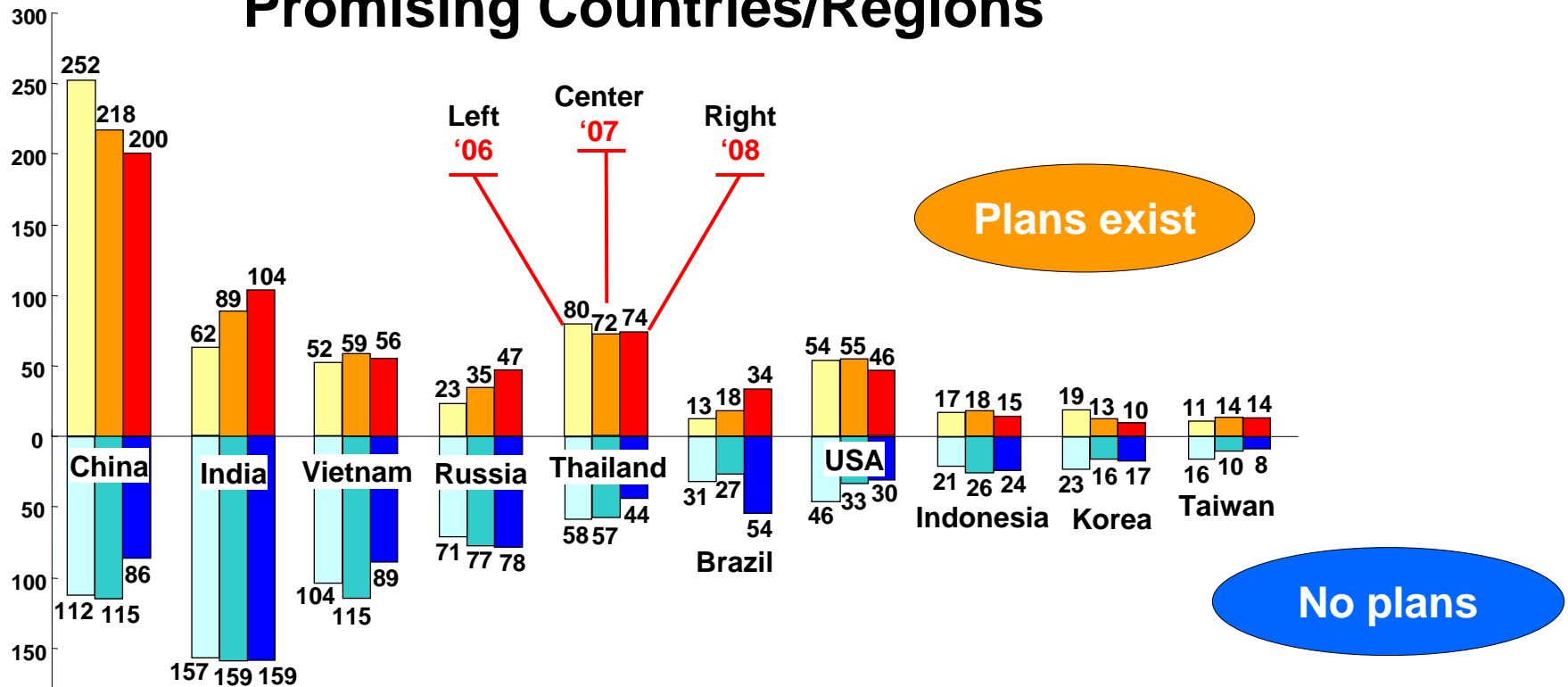
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**Figure 2: Promising Countries/Regions for Overseas Business over the Medium-term (next 3 yrs. or so):**  
Percentage Shares



# 2. Japanese Investors' View (4)

## Figure 3: Existence of Concrete Business Plans for Promising Countries/Regions



■ China far exceeds others in the number of companies with business plans; as for India, while expectations precede action, the number of companies with concrete plans are steadily on the rise

Two hundred companies out of all respondent companies have plans for businesses in China, and while recent years have seen a gradual decline, the level still far exceeds other countries. **More than half of the companies that said India was promising do not actually have concrete business plans**, but the number that do is steadily on the rise. India ranked 2<sup>nd</sup> among companies with actual plans.

## 2. Japanese Investors' View (5)

**Figure 4: Reasons for India Being Viewed as Promising for Overseas Operations and Pending Issues**

Reasons for India Being Viewed as Promising for Overseas Operations	No. of companies	Ratio
1. Future growth potential of local market	227	84.4%
2. Inexpensive source of labour	104	38.7%
3. Qualified human resources	68	25.3%
4. Supplybase for assemblers	61	22.7%
5. Current size of local market	44	16.4%

(Total number of respondent companies: 269)

Pending Issues	No. of companies	Ratio
1. Underdeveloped infrastructure	134	52.1%
2. Execution of legal system unclear	68	26.5%
3. Intense competition with other companies	63	24.5%
3. Lack of information on the country	63	24.5%
5. Rising labour costs	54	21.0%

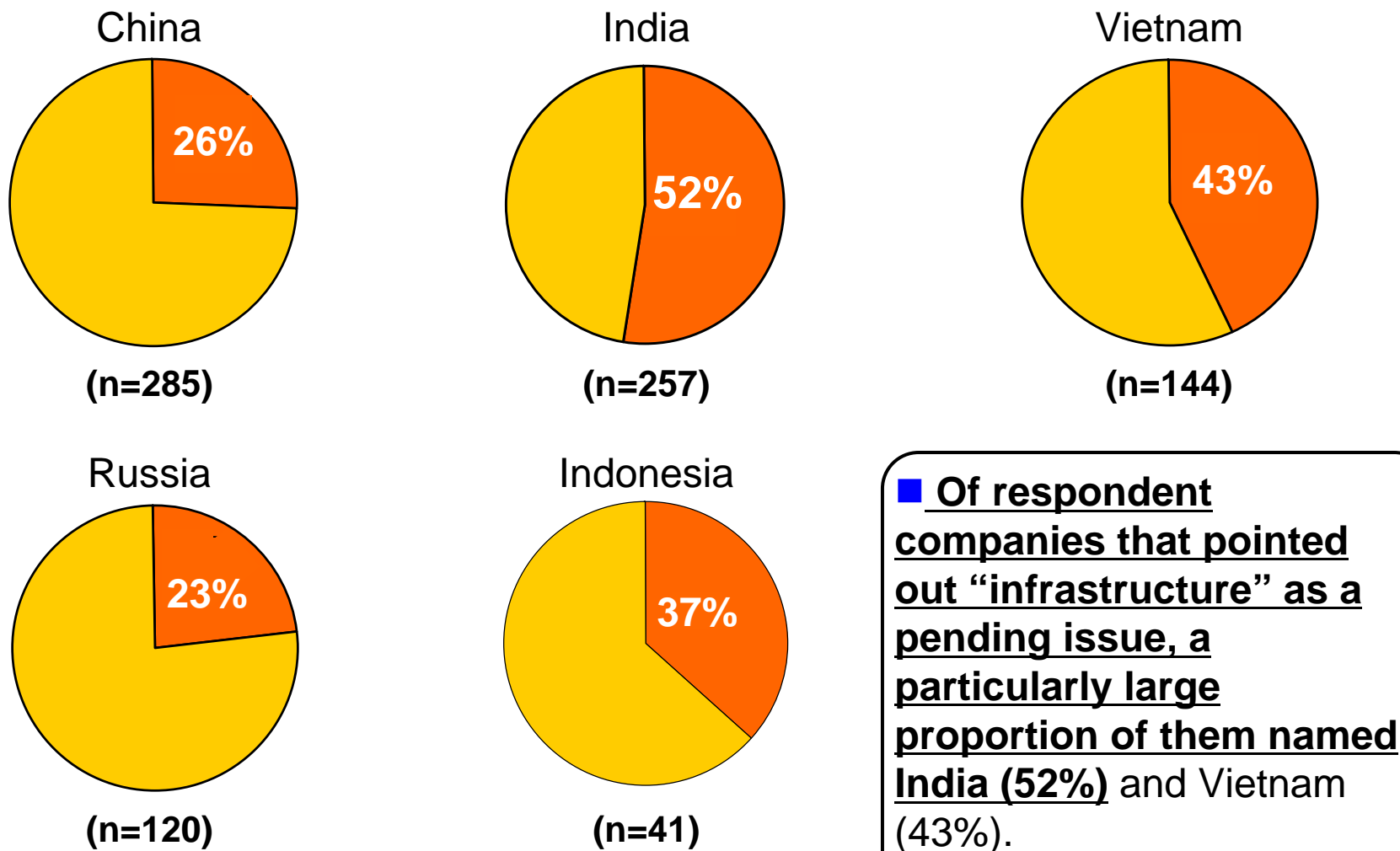
(Total number of respondent companies: 257)

■ The “growth potential of the local market” was listed top as the reason for India being a promising destination, a response revealing the hopes placed on the future growth of the Indian market. Listed third is the presence of “qualified human resources”, for which India got relatively higher marks than other countries.

■ **The biggest issue for India has continued to be an “underdeveloped infrastructure”.** Infrastructural improvements are believed to be making progress, but the demands of companies seeking to make forays into India also appear to be on the rise.

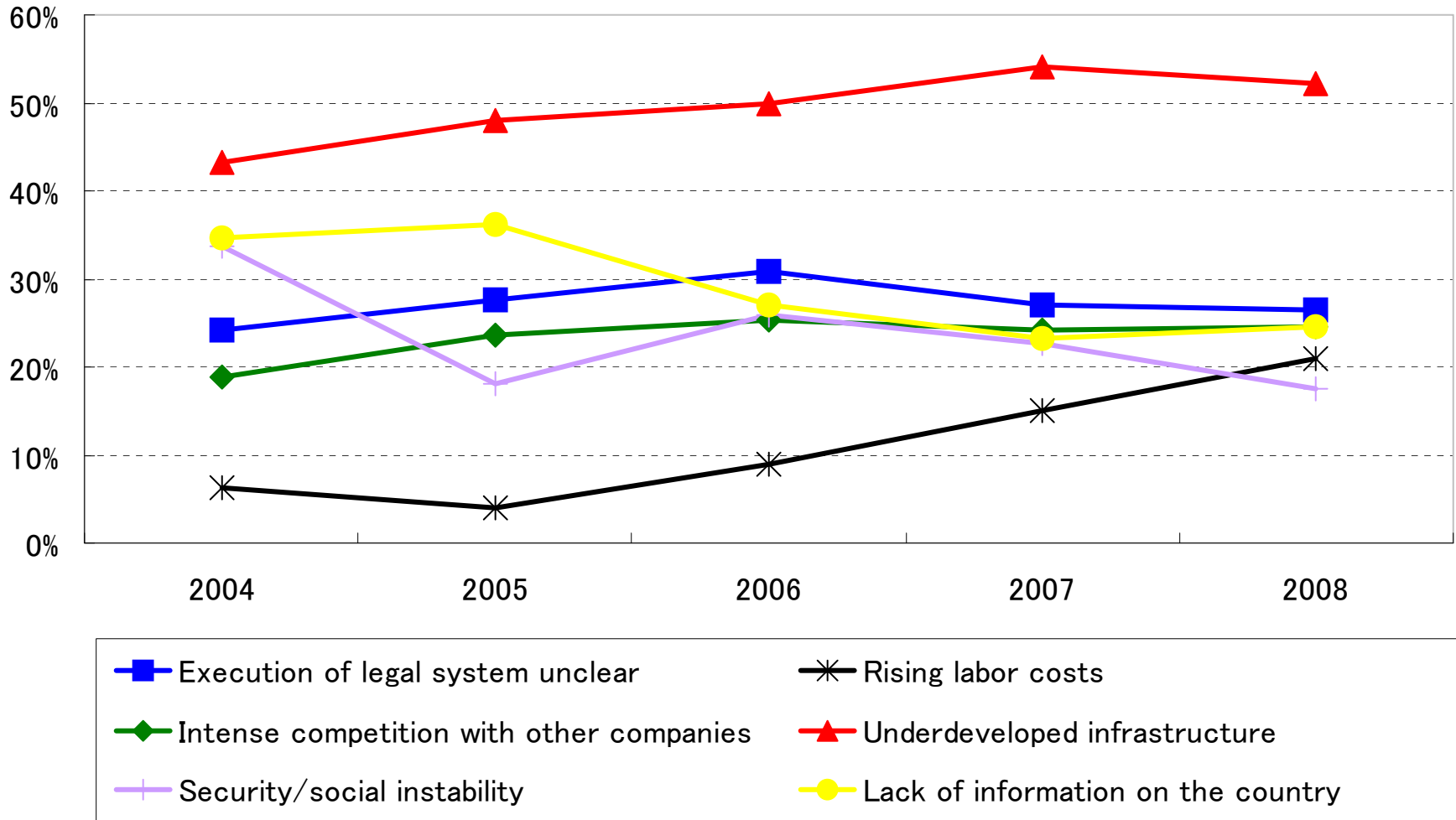
## 2. Japanese Investors' View (6)

Figure 5: Infrastructures desired to be improved (multiple response)



# 2. Japanese Investors' View (7)

## Figure 6: Changes in Main Issues faced in India



# 3. JBIC's Challenge

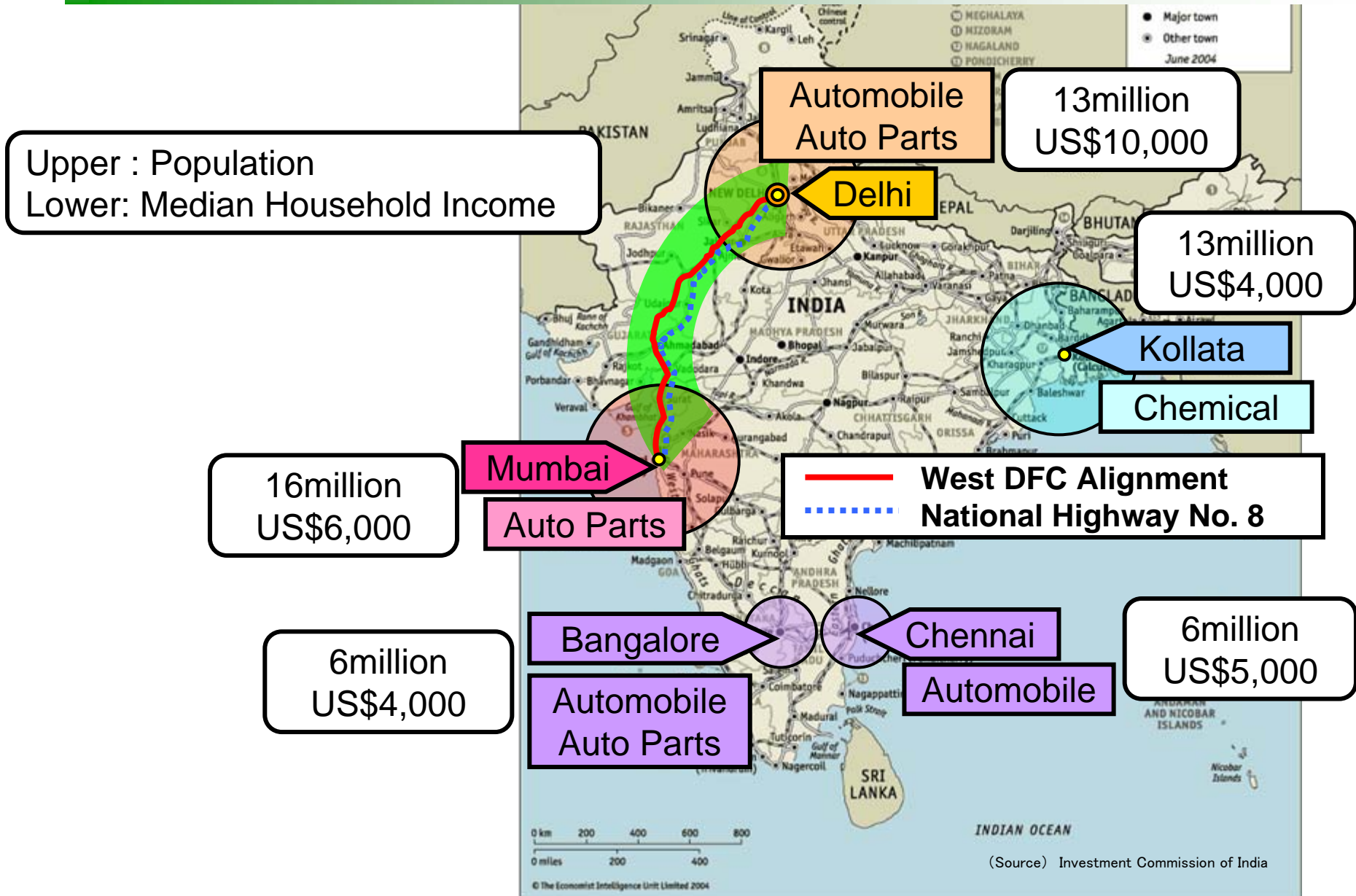
- Extends loans and guarantees for foreign direct investment by Japanese companies.
- Improves investment climates in India through support for
  - ✓ Development of infrastructure projects (e.g. power plants)
  - ✓ Enhancement of supply chain for Japanese companies

News Release as of Jul. 28, 2009  
<http://www.jbic.go.jp/en/about/press/2009/0728-01/index.html>

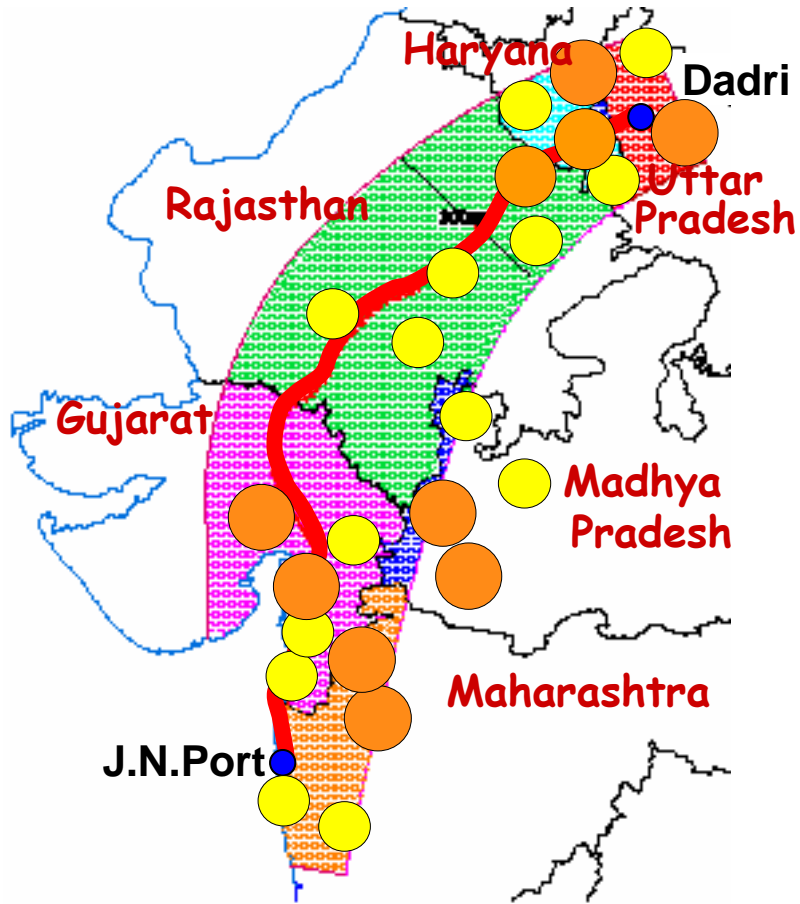
- Organises “Investment Seminar on India” with Ministry of Finance (India) in order to address the lack of information for FDI into India.

→ Oct 22, 2009 @ JBIC Head Office

# 5 Big Markets and Major Japanese Investors in India



# Delhi Mumbai Industrial Corridor (DMIC)



- Initiated by METI (Japan) and Ministry of Commerce & Industry (India).
- The 1,483 km long DFC Project is to be commissioned by 2012.
- With focus to ensure High Impact Developments within a band of 150 km on either side of alignment of DFC.
- A total of 24 nodes (11 Investment Regions & 13 Industrial Areas) identified in consultation with 6 state governments.
- More than 100 infrastructure projects (total US\$ 90 billion) are expected from 2008 to 2016.

- Dedicated Freight Corridor
- Investment Region (minimum 200 km<sup>2</sup>)
- Industrial Area (minimum 100 km<sup>2</sup>)

Vision : To develop DMIC as “global manufacturing and trading hub” supported by world class infrastructure and enabling policy framework.

Goals :

- Double employment potential in 5 years
- Triple industrial output in 5 years
- Quadruple exports from the region in 5 years

Components :

- Industrial clusters / parks / SEZs
- Integrated agro-processing zones
- IT / ITES hubs
- Dovetailed integrated townships
- Road / rail connectivity
- Port infrastructure & airports
- Knowledge cities / skill development centres
- Power generation plants and transmission

## DMIC Steering Authority

- Minister for Finance, Minister for Commerce & Industry, Deputy Chairman of Planning Commission
- Ministers In-charge of Infrastructure (Shipping, Road Transport & Highways, Railways, Civil Aviation, Power, Urban Development)
- Chief Ministers of States (UP, Haryana, Rajasthan, Gujarat, and Maharashtra)

## DMIC Development Corporation (DMICDC)

- Chief Managing Director
- Chairman of HUDCO, IIFCL, IDFC, IL&FS
- 6 Experts from the field of Urban Planning, Railways, Power Development, Skill Development, Agro-processing, and Environment
- Designatory of implementing agency of DFC
- Representatives of State Governments
- Managing Director of JETRO

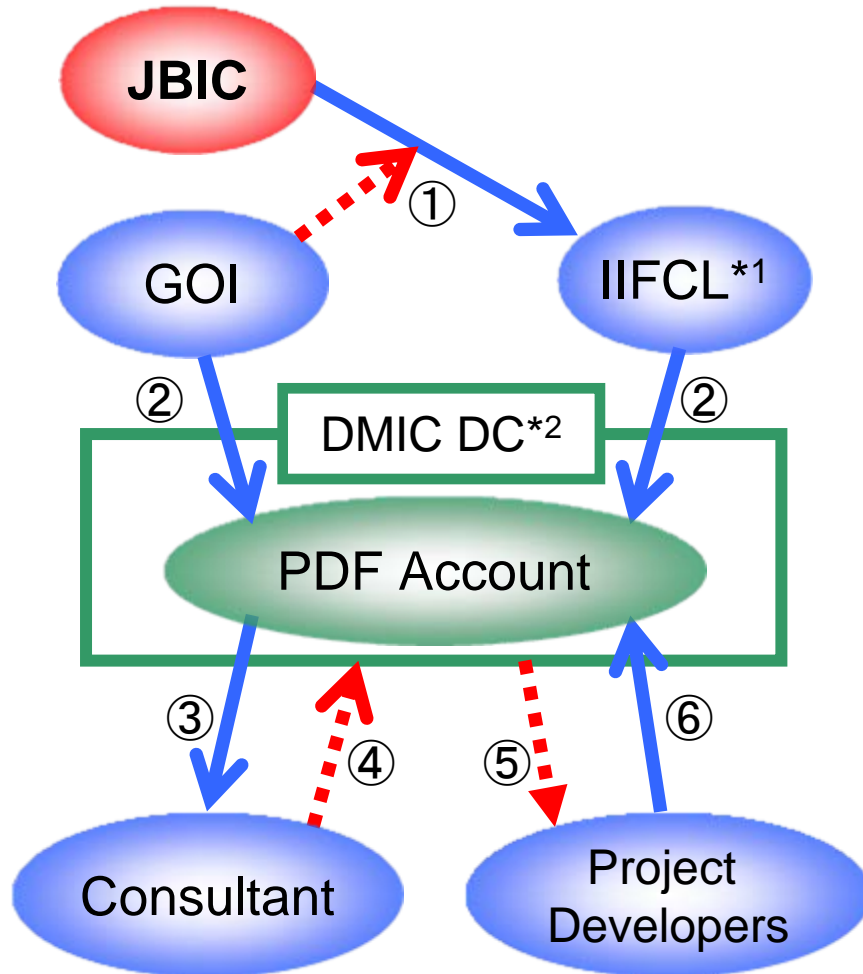
**Project  
Development  
Fund (PDF)  
US\$ 150 million**

## Functions

- Project Approval
- Approval of Financing Pattern
- Setting up of timelines for implementation and monitoring thereof.

- Detailed project preparations
- Obtaining various clearances
- Evolving financing patterns
- Coordination with various Union Ministers and State Governments
- Monitoring the implementation of various components
- Secretariat of the DMIC Steering Authority

# Flow Chart of PDF



- ① JBIC Loan to IIFCL under GOI Guarantee.
- ② Transfer funds to PDF Account.
- ③ Utilize funds in PDF Account to conduct Feasibility Study (F/S) for prospective projects under DMIC.
- ④ Submit F/S reports.
- ⑤ Establish Special Purpose Vehicles (SPVs) which have all necessary clearances and approvals to implement each project. Sell SPVs to Project Developers.
- ⑥ Payment for sales of SPVs.

→ Flow of Funds  
→ Other Flows (Services or Rights)

\*1: India Infrastructure Finance Company Limited

\*2: Delhi Mumbai Industrial Corridor Development Corporation Limited

## Development of Infrastructure in Strategic Locations

- **Speedy implementation through coordination between central and state governments.**
- **Enhanced connectivity to DFC, ports, and other infrastructure projects.**



**Improvement of Investment Climate**

# For Further Information

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