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Getting the Basics Right: Japan-India Relations Seen From a Journalist in India

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Long but thin relations

Before I entered journalism, I worked in a Japanese branch company based in India, briefly. I remember sitting at a desk just like an average Japanese office, at the corner of the room, whereas my boss was sitting at the far end. I, the most junior, would be seated at one end and the most important chair would be put at the other end, that's the "Kamiza and Shimoza" distinction in terms of the Japanese seating.

Another thing that struck me was when giving a presentation in that office, the Japanese bosses were sitting in the front and the Indian bosses were behind them. While I was giving this presentation, all the Indians were trying to nod with smiles to encourage me, because they knew I was nervous. The Japanese were very serious, there were absolutely no expressions, no eye contacts but only staring at the slides, which was very unnerving and confused me. As I finished, the greatest boss started clapping and then all the Japanese followed, but still, they weren't smiling. So this was another initiation that I got, "Honne and Tatemae" or "truth and pretense", against the Indian culture where everyone would express themselves more freely.

My first arrival to Japan was around ten years ago. I soon noticed the difference between silence and cacophony on the streets and on trains, made by people at peace and respecting each other. Face masks, wasabi chocolates and shower toilets were surprising, too. But there were also some similarities with India, for instance, to show respect to nature, or the use of honorifics to show respect to people. Historically our empires never overlapped with each other to cause territorial disputes. The oldest recorded contact between India and Japan was in 752 AD by an Indian monk, and ever since we have never been in adversary relations for these 1,400 years. Many Indians love Japanese culture as well. What an average Indian would think is that even serving a cup of green tea is like an art.

However, our economic relations are not so encouraging compared to that long history. According to the official statistics from our governments, trade between our countries has not grown in a decade. You have about 1,305 firms in India but in China you have 32,000. Direct investments have rather shrunk in these ten years.

A quick review on India

Just a quick guide to Indian business culture. There are vast differences in culture among regions, so the business strategy must be based on a particular location. Punctuality is not a strong point, which should not be taken as a mark of respect like the Japanese. Indians are straightforward, but sometimes in the initial phase of business negotiations, progress might be slow and they might just say “let’s see, let’s try”, and that could mean “no”. It’s important to know where to call it quits. Indians make decisions a lot based on trust. It depends on the type of business, but middle management do not have the right to make decisions. Even a large corporate group in India can flip decisions on a huge deal at the last minute. Especially in the tenders by the Indian government, finding the lowest possible cost could also mean to compromise on quality. That is where the Chinese and Koreans are doing well and it seems that the Japanese have not tuned well.

The Indian economy is a paradox, despite being one of the fastest growing in the world. Around one third of the population still live under the poverty line. But what is really interesting is that in less than 20 years, the Indian economy grew 6 times larger into 2.7 billion dollars. It’s a major exporter of IT and software but 58% of rural households still depend their source of income on agriculture. But it’s projected that by 2021, India will have over 6 hundred million people connected, which is larger than the total population of G5 countries. It will also be the second largest telecom, smartphone market in the world, third for retail and fourth for automobiles. The Indian economy carries such big opportunities.

India still pays a lot of respect and trust to Japan, but Japanese companies should do more

In general, Japan is the electronic, hardware and auto superpower. There is also this feeling that Japan set the stage for Asia to develop. The difference from Africa was that they didn’t have Japan. Japanese companies also have high and good ethics compared to other countries. So, we love, respect and trust Japan, its people, and products a lot.

Nowadays a wider variation of collaboration with Japanese new startups, traders, advertising agencies, food manufacturers, etc. are seen in India. But there are two big issues in India regarding Japanese investments. One is that Japanese companies tend not to be doing well in finding good partners to work with. One famous case shows that the philosophy or business ethics between the Japanese company and the partner they chose were obviously too different, due to a lack of market research by the Japanese side. In this case, I am also aware that one of the consultants helping this company advised not to work with that partner, but the company resisted because they had already given words to go ahead with that partner. That’s a very Japanese thing to do, but it’s obvious that it won’t work in the long run.

The very first decision to be made should be, either to choose to go on its own, or to collaborate with a local partner. Generally the Chinese and Koreans tend to go alone, or acquire the local team very quickly, but Japanese tend to hold partnerships for a very long time. So, it becomes extremely crucial to choose who to work with.

Another big issue is on handling labor issues. One Japanese manufacturer is facing a lockout at this moment, another had same problem a few years back. There is a sense that labor issues including crisis management should be handled with more respect, because Japanese companies tend to be silent throughout the incident. Silence makes a problem much bigger in a country like India.

It is generally noticed that problems in a Japanese factory rise from contracted labor and then it spreads. Inevitably there is a lockout, then some violence. During this whole phase there is almost complete silence from the Japanese corporate side, while the workers are protesting through media and talking to the government, too. When a similar situation occurred in a plant of a European brand, the company was continuously engaged with the media throughout the crisis. After all, claims were drawn back and the plant resumed making products to be sold in the same Indian market. This is very different from the Japanese way, which is very serious.

Almost 80% of Japanese companies operating in India claim that they are not making money. But that's also a result of poor market research on various costs including our tax system, laws and business cultures. A lot of problems can be predicted if your market research is enough and the strategy is right.

This is an example I took from Prime Minister Modi's website which shows that Japanese engagement is not forceful compared to the other countries. A Korean factory had an expansion recently, actually not that huge, but they held a gorgeous ceremony inviting the top leaders from both countries to make it look greater. The company mobilized their bureaucrats and diplomats to get the Indian Prime Minister's office involved in this. On the other hand, Japanese companies have been lobbying very continuously and meeting people in the Prime Minister's office to get their issues resolved, but things are not moving forward.

There are also some problems raised from the Japanese side to the Indian government, that procedures on Goods and Services Tax is too hard, or tax rates are high for Japanese products, for instance, hybrid cars are charged 23% but EVs are only charged 12%. Digital cameras are higher than smartphones, too. Or, claims on royalty, payment formalities and withholding taxes are also heard. So, although it's happening very slowly, facilitating interstate transactions related to GST is now under way. 44 labor laws will be integrated into 4. Other problems I mentioned should also be taken as double taxation but actions from the Japanese government is also required based on the treaty. But India might not go ahead on the Regional Comprehensive Economic Partnership as I don't see resolve in the Indian government to push it through.

Getting the Basics Right

There are no substitutes for people to people contacts. Interestingly, the Japanese food industry is showing the way, introducing genuine restaurants or bringing existing Japanese chain shops into India, which is very exciting. Lastly, I wanted to include how important it is to get each basic thing done well. Japanese zippers are practically seen on every clothing that every Indian wears. And this Japanese maker has developed this product into an art where there are no substitutes in the world. Our relations should also be inspired to get the

basics right, to avoid saying “mottainai (how wasteful)” when we meet again in the near future.

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The Indian Express is a nation-wide, English-written daily newspapers in India.

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