



The 2nd Webinar on Introduction of Japanese Environmental Technologies in India

-08 Feb. 2022-

How should JITMAP be strengthened to promote the application of Japanese environmental technologies in India?

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Eye on Technology End-Users/Recipients

- ✓ **63 million** MSMEs (Nov.2021)*
- ✓ Ongoing policy focus and years of mandated lending have not produced enough progress*.

MSME Credit Demand	Formal Sources' Supply	Overall Credit Gap
Rs. 37 trillion	Rs. 14.5 trillion.	Rs. 20 – 25 trillion.

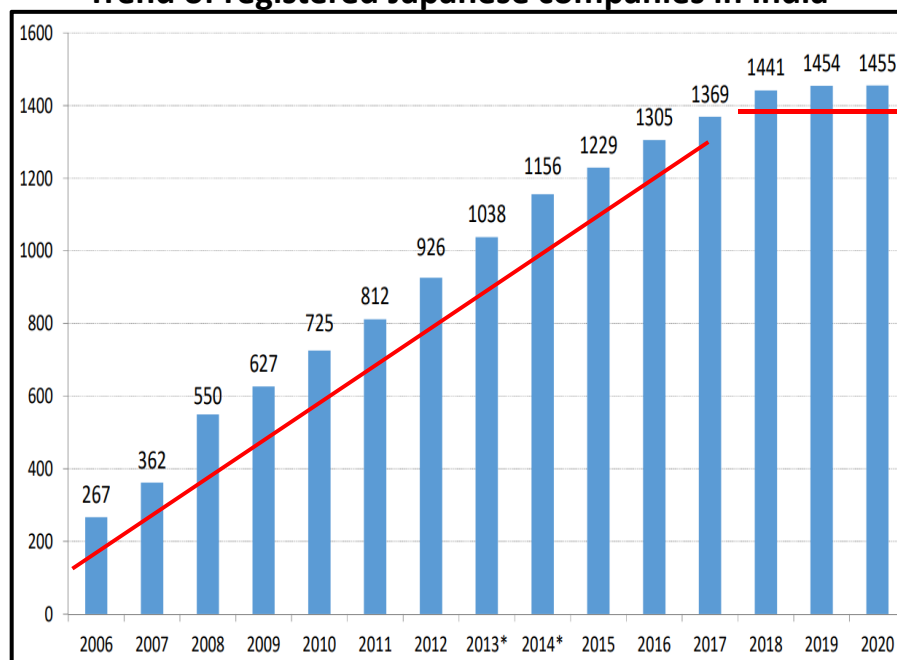
- ✓ **5%** of MSMEs have access to formal finance*.
- ✓ **94%** of MSMEs have credit requirement below Rs.10, 00,000* (JPY1,500,000).
- ✓ **Banks** are hesitant to lend to enterprises below the **Rs.10, 00,000** threshold*.
- ✓ **31%** of MSMEs name access to finance as top challenges*.

* source: https://www.devalt.org/newsletter/jan20/of_1.htm

Eye on Technology Suppliers

- ✓ **100 vs 4** is the average increase of Japanese registered companies in India between 2006 – 2017 and 2018-2020 periods respectively. **Is this an opportunity or a threat for JITMAP?**
- ✓ Manufacturing sector accounts for half of the total Japanese companies in India.
- ✓ **60% of Japanese companies** in India are thinking of setting up a new factory in **Gujarat** (METI 2018)*

Trend of registered Japanese companies in India**



Registered Japanese companies in India, by State**

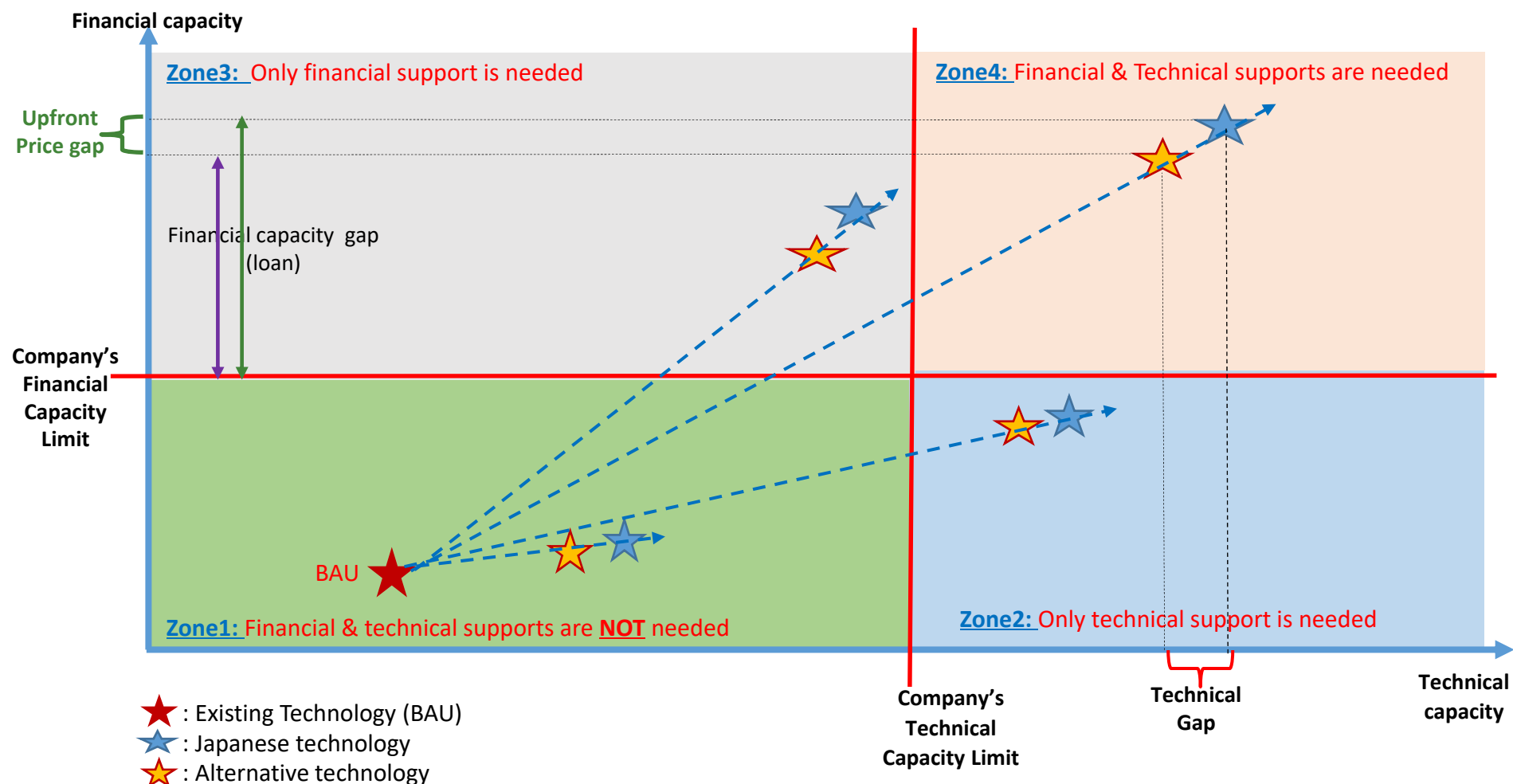
State	Number of Companies
Delhi	145
Haryana	412
Uttar Pradesh	46
Rajasthan	49
Punjab	3
Uttarakhand	1
West Bengal	26
Jharkhand	2
Odisha	2
Maharashtra	250
Gujarat	39
Madhya Pradesh	1
Goa	1
Dadra and Nagar Haveli	1
Tamil Nadu	200
Andhra Pradesh	18
Telangana	30
Kerala	9
Karnataka	220
合計	1455

*: <https://timesofindia.indiatimes.com/city/ahmedabad/japanese-cos-in-india-eyeing-gujarat-for-next-expansion/articleshow/73208940.cms>

**.: Source: https://www.in.emb-japan.go.jp/PDF/2020_co_list_en_pr.pdf

Eye on Technology Spectrum

- ✓ **Not** all technologies require financial support.
- ✓ Key barrier: **Higher upfront price** of the proposed technologies (**not life-cycle cost**).

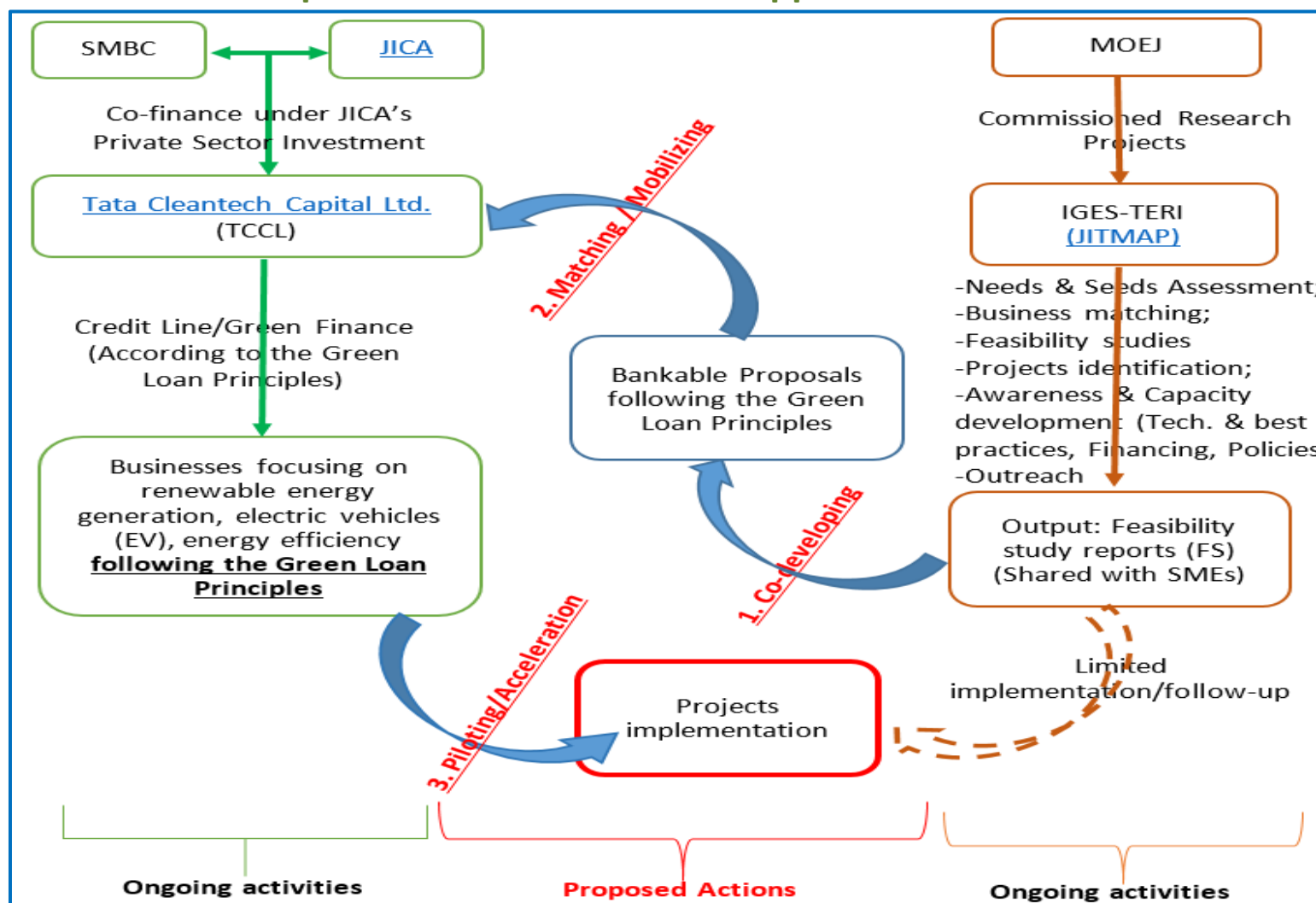


Eye on Supporting Financial Schemes/Stakeholders

	Scheme	Year	Purpose
Public-Private Financing	JICA-SMBC-Tata Cleantech Capital Limited (TCCL)	2020	Renewable energy generation, electric vehicles (EV), energy efficiency (proposals following the Green Loan Principles (GLPs)).
	JBIC-SBI	2020	Untied Loan to support production and sales of Japanese Automobile Manufacturers
Non Banking Financing Companies (NBFC)	Credit Season-Capital Float	2020	MSMEs in tier-2 and tier-3 cities
Japanese Bank in India	MUFG Bank Ltd. (5) Mizuho Bank Ltd. (5) SMBC (3)	-	All the three banks are members of NetZero Banking Alliance (NZBA); so they provides Green Loans and Sustainability Linked Loans (proposals following the GLPs and SLLPs)
Indian Banks	SIDBI (Dev. Bank)	2020	- 4E financing scheme (bilateral credit line) - Cluster development fund (bilateral credit line) - Sustainable Finance Scheme (Energy efficiency and cleaner production projects not covered under bilateral lines of credit.)
India State Government	Gujarat Industrial Policy 2020	2020	Interest Subsidy, capital subsidy and other incentives for clean and green manufacturing in MSMEs
Global finance coaching and investment facilitation	Private Financing Advisory Network (PFAN) (hosted by UNIDO and REEEP)	2006	Free business coaching and investment facilitation to develop climate and clean energy projects in emerging markets, including India.

Eye on Potential Synergetic Approach

An example of how I see financial support can be mobilized



Conclusion and Recommendations

- ✓ JITMAP has the potential to be **an important tool to promote Japanese technologies in India**;
- ✓ **Financial support is not always needed**, and if needed, it will depend on whether:
 - To fill the **price gap** (of Japanese technologies vs. peers/alternatives)?; and/or
 - To fill the **financial capacity gap** (of end-user vs. price of the desired technologies)?
- ✓ **Depending on the capacity/resources of JITMAP**, the focus can be on promoting best matches that do not require financial support and/or to those that require financial support as well.

Key recommendations

R1_Narrow the end-users target (e.g., medium size enterprises, in a specific state/sector/cluster);

R2_Expand the proposed environmental technology basket (e.g., niche technologies);

R3_Tailor a marketing/sale strategy on technology by technology basis.

For those that require financial support explore:

- i) **Blending with technical support** and/or **selling at a discounted price** (e.g., initiating “JITMAP Coupon”).
- ii) **Proactively engaging** with the adequate stakeholders/schemes that are increasingly focus on the **Environmental, Social, Governance (ESG) and SDGs aspects** to make **the overall financing** of Japanese technologies competitive to financing alternative technologies, even though their initial cost is higher (e.g., turning the feasibility study reports, under JITMAP, into **bankable proposals** for **Green or Sustainability-Linked loans**, coupled with providing **technical assistance and/or several preferential treatments** (lower interest rates, lower transaction cost, etc. (where borrowers and lenders are considered as JITMAP partners).



Thank you for your kind attention

