

## THE ECONOMIC RELATIONSHIP BETWEEN INDIA AND JAPAN SINCE 20<sup>TH</sup> CENTURY

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### ABSTRACT

*there is a great potential for growth of economic the relations between India and japan. the interest of the investment of japan increases due to the growing market and the resources of the India. Economic Partnership Agreement (CEPA) and its establishment from August 2011 moving faster the economic relations of the two nations. Prime Minister Modi's visit to japan in September 2014, resulted that the PM Shinzo Abe pledged \$35 billion investment in India's private and public sectors for the next five years. Both the countries set a target of doubling the Japanese FDI and the number of the firms in India by the year 2019. The agreement between India and Japan and the Indian Bullet Train that will be built will cost Japan £12bn and a 0.1% interest rate loan. With the help from Japan, both countries hope this will strengthen their economic ties and suspend China's influence in Asia.*

*Now doubt the bilateral trade of the two nations doubled in 2006-07 and 2012-13. But the total trade has come down to \$14.51 billion in 2015-16. the slow rate growth of trade with japan is a matter of concern for India.*

**Key- Words:** *Shinkansen, U.S. hegemony, Manmohan Doctrine, official Development Assistance, Malabar 2007,*

The relation of the india and the japan have traditionally been strong because both the nations are engaged in exchanging the culture from the time of Buddhism which spread from india to japan. so india and japan are guided by common cultural traditions, ideas of democracy, tolerance and a common society. india and japan are the latest and the oldest democracies in the Asia. It is the result of the relations of the two nations that india is the big receipt of the Japanese official development assistance (ODA). The bilateral trade between india and japan rises at US\$ 16.31 billion and is expected to reach US\$50 billion by 2019-20. the most eminent companies of japan such as Sony, Toyota, Honda and the Maruti Suzuki the largest car manufacturer in indian market.

Japanese Prime minister visit to india in August 2000 strengthen the relations between the two nations. PM Mori and Atal Bihari Vajpayee decided the establishment of "Global Partnership between japan and india" The annual

summit meetings of the india and japan held in respective captals ,since the Prime Minister Junichiro Koizumi's visit to india in 2005.

Indian PM Manmohan Singh visited japan in December 2006 and japan has helped india in finance for many projects and the noticed one was Delhi Metro System.In 2007 india navy force and Japanese self defence took part in joint naval exercise in indian ocean which was known as Malabar 2007, and the year was declared as "india-Friendship year"

### **LECONOMIC RELATIONS**

The Prime Minister Modi's visit to japan in September 2014 where he met with his counterpart Prime Minister Shinzo Abe and agreed to set a common goal of doubling japan's direct investment and the number of Japanese company in india by 2019,to build a win-win relationship through combined between Modinomics and abenomics.In this result Japanese PM Abe make an effort to realise taking effort to realize 3.5 trillion yen of public and private investment and financing to india over the coming years.

India open an office on "japa plus" in the Ministry of commerce and industry in October 2014 as a "one-stop" for solving the problems which are faced by Japanese companies.in December 2015 india decided to introduce the Shinkansen when Japanese PM visited india.It is a High-Speed Railway system around the world in terms of safety and accuracy.Both the countries agreed that itsconsultant work would start in December 2016,the construction work would begin in 2018, and the railways operation would function in 2023.

And in terms of human resource development of india in manufacturing sector.japan announced that it would train over 30,000 indians in next 10 years in the Japan india instute for manufacturing (JIM) to contribute to "Make in India" and "Skill India" initiatives.JIM and the Japanese Endowed Course (JEC) in engineeringcolleges will be specified by Japanese companies in india.in 2017 the first four JIMs started in the states of Gudrat,Rajasthan,Karnataka,and Tamil Nadu,and the first JEC was established in the states of Andhra Pradesh.These instates are also expected that it will givw an initiative to indian students to study japanese language .In the following Tble 1.1 and 1.2 is showing the japanand india's trade and the direct investment of the of japan in india.

Table 1.1

<b>Japan-India Trade (Yen: billion)</b>												
<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Trade from India to Japan</b>	352	472	491	544	348	499	543	559	690	739	589	509
<b>Trade from Japan to India</b>	388	518	723	819	591	792	882	845	839	861	981	889

(source: Japanese government documents)

Japanese private-sector's interest in India is rising, and, currently, about 1,305 Japanese companies have branches in India.

Table 1.2

<b>Direct Investment from Japan (Yen: billion)</b>												
<b>Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Direct Investment</b>	29.8	59.7	178	543	344	241	181	223	210	282	352	465

(source: Japanese government documents)

## II. INDIA AND JAPAN COME TOGETHER

Most observers of the geopolitical transformation of the Indo-Pacific in the 21<sup>st</sup> century is Chinese power, regionally and globally. At the same time, Asia's two largest democracies Japan and India get closer and This behavior is consistent with the expectations of every major theory of international relations, India's largest economic potential in the early-2000s promised gains for Japanese firms and interests. By 2008, the two referred to each other as "Strategic Global Partners" as per their 2006 Strategic Global Partnership, and have concluded a Joint Declaration on Security Cooperation. Bilateral trade volumes were negligible in the 20<sup>th</sup> century whereas today the two states enjoy a Comprehensive Economic Partnership Agreement that liberalizes bilateral economic activity, and eases Japanese activities in a country often perceived by OECD countries as highly regulated and hostile to foreign investment. Since 2006, India and Japan have held annual Prime Ministerial level talks—a privilege afforded by each to no other state.

The security aspects of the India-Japan relationship have not been at the expense of each state's economic relationship with China. Despite the growing economic ties between India and Japan, China is the most important economic partner for each state, and will remain so for the foreseeable future. The consequences of security cooperation between Japan and India may carry economic consequences between these two nations and China. Going forward, overt security collaboration between India and Japan will irritate Chinese observers, and strengthen the power-balancing narrative in Beijing. In June, India and Japan conducted their first bilateral exercise off the coast of Tokyo in a move that will certainly add concerned undertones to future interactions with China. Nonetheless, in an acknowledgement of overreliance on China, Japanese firms have moved manufacturing—notably, that of rare-earth metals—to India in a move indicating a hedging strategy. India has reciprocated by attracting Japanese investment on critical infrastructure projects such as the Delhi-Mumbai Industrial Corridor.

More so than their relationships with Beijing, the manner in which India and Japan maneuver There are several independent factors that will affect the Indo-Japanese relationship and its impact on peace and stability in the region. Washington's relationship with Beijing is the most obvious. Continued Chinese militarization and agitation in the South China Sea will aggravate security-dilemma perceptions, and reinforce the United States' commitment to Taiwan and Japan, potentially leading to destabilizing skirmishes. Should the United States decide to mute its naval presence in the region, Indian and Japanese forces will fill the vacuum. Additionally, the domestic situation in China, particularly concerning democratization, will have profound consequences on the extent of India and Japan's bilateral ties. Additionally, positive developments in the U.S.-ASEAN and U.S.-RoK relationships will be of further concern to China.

the factors that are bound to become increasingly important include Japan's remilitarization debate. No longer are calls for a normalized and assertive Japanese "self-defense force" found solely among the nationalist right. Junichiro Koizumi began a trend towards military normalization with the non-combat deployment of the JSDF and JGSDF to Iraq. Although Article 9 of the Japanese constitution may be here to stay, Japan's operational capacity continues to increase every year. Additionally, should Japan's high turnover rate on Prime Ministers ever abate, another Koizumi-esque leader may successfully maneuver the *kantei* to expand the JSDF's role as a mainstay in Japan's hard-power inventory. The DPJ's accession to power after more than fifty years of LDP leadership has certainly ushered a new kind of Japanese diplomacy—including calls for an "equal U.S.-Japan alliance."

India, on the other hand, is to behave predictably in its relationship with Japan. Its foreign policy will continue to be dominated by a focus on economic growth (which is coming under question after a decade of high annual GDP growth rates), border disputes with Pakistan and China, and national security. The "Manmohan Doctrine" and the Congress Party chose to prioritize economic growth at the cost of crafting a grand strategy that was anything but *ad hoc* and reactive to global and regional developments. Should India return to a BJP head of state

after several years of Congress leadership, it may focus on a doctrinal approach to its international affairs that emphasizes long-term power gains over short-term reactive foreign policy.

In the present context of a world where the continuation of U.S. hegemony has come under widespread doubt, and perceptions of an ambitious and assertive China are on the rise, observers of Asian affairs should turn to India and Japan as potential sources of stability in the region. At last, a strategic partnership between Asia's largest and richest democracies aimed at peace and stability creates a formidable defense against destabilizing forces, and preserving propagating liberal-democratic values across the region. India and Japan stand for common values, share common interests, and are both closer to Washington than they are to Beijing. While they continue to engage Beijing, particularly on economic matters, they certainly fear its hegemony. Nevertheless, this bilateral relationship is one to watch in the coming years, and will certainly be a key determinant of international structural stability in the 21<sup>st</sup> century.

### **III.CONCLUSION**

To conclude this research paper it is clear that there had been a great relations between the nations not in the present era but from a long period of 6<sup>th</sup> century so it is not easy to describe the relations in a brief paper so in this paper I try to describe their Economic Relations.As the table 1.1 and table 1.2 shows how the japan is keen interesting in investing in india .There is also ups and downs in the relations of the nations but overall they develop a great Economis relation over the years.India and Japan signed an agreement in December 2015 to build a bullet train line between Mumbai and Ahmedabad using Japan's Shinkansen technology.The agreement between India and Japan and the Indian Bullet Train that will be built will cost Japan £12bn and a 0.1% interest rate loan. With the help from Japan, both countries hope this will strengthen their economic ties and suspend China's influence in Asia.

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