A

GLOBAL / COUNTRY STUDY AND REPORT

ON
"**JAPAN**"

Submitted to
Gujarat Technological University

IN PARTIAL FULFILLMENT OF THE
REQUIREMENT OF THE AWARD FOR THE DEGREE OF
MASTER OF BUSINESS ASMINISTRATION

UNDER THE GUIDANCE OF

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PREFACE

In today's hyper turbulent world the planning for the next few year is very difficult for any particular country. In this era the prediction may go wrong but the human being is always rigorous to develop the strategic plans for future.

So for that the environmental scanning is necessary. This is an endeavor to scan the environment of Japan from that we have try to explore single minute details of Japan from political environment to every major industries of Japan.

In this project report we have started to scan the economical environment trend we have gathered each and every details of constitutional framework of Japan because though so many ideas are there. For any development without any support from government the entrepreneur can not do anything. So we have analyzed the constitutional frame work.

The successful business can't sustain without understanding the environment and culture in their business relationships. So we have compared the values, beliefs, and other influential factors to the business for getting the clear idea for that.

The auto mobile industry is the back bone of Japan. Why Japan is so much developed in this sector is noticeable. But what India can learn from these automobile industrialists is another aspect of this study report. Now we have information on automobile industry of Japan and India. We can do business with Japan. to do this we must get aware about exported import policies and the documentation for the same. For that we have covered LMVs to analyze the procedure.

When we talk about Japan and understanding Japan as whole how can we forget the leading companies of electronics like SONY, Panasonic and Toshiba etc.. we have tried to explore current trends regarding this industry and comparing the situations in India and Japan for the same. This analysis is useful to grow electronics industries in India at global level.

In last part of report we have done the feasibility studies on Food & Beverages industry for introducing a new product in Japanese market. this part is constituted by concerning the Japanese tastes and preferences for food products and tried to give Indian flavors to Japanese food.

Thus this study has focused on each and every aspect for understanding a country to establish, develop and sustain business relationships.

ACKNOWLEDGEMENT

We have taken efforts to make this project. However it would not be possible without the kind support and help of many individuals and organization. We would like to extend our sincere thanks to all of them who have supported directly or indirectly.

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EXECUTIVE SUMMARY

By sum up this GCR it has been arrived that the relation between India (World's fastest growing GDP growing country) and Japan (World's second largest in Manufacturing products country) is likely to be strong and if the exchanges of goods and services will take place between these countries then there will be new milestones can be touched by two these nations.

The business relation of Japan and India are likely to help the to achieve the GDP target of India. In India Japan are having immense opportunities to create new business such as electronics, automobiles and food beverages. These are some examples which are having tremendous opportunities and growth for next decades.

This all analysis if get implemented then India will be having proper atmosphere for new employment generation, and technological Infrastructure which will position India as electronic as well as automobile hub due to its large number of population.

CHAPTER-1
ECONOMIC OVERVIEW OF THE JAPAN

Geographic profile of Japan

Location

Japan is situated at Eastern Asia on island chain between the North Pacific Ocean and the Sea of Japan, east of the Korean Peninsula

Geographic coordinates: 36 00 N, 138 00 E

Area

Total: 377,915 sq km

Country comparison to the world: 62

Land: 364,485 sq km

Water: 13,430 sq km

Official Name: Japan

Local Name: Nihon (Nippon)

Local Formal Name: Nihon Koku

Climate

Due to the large North South extension of the country, the climate varies strongly in different regions. The climate in most of the major cities, including Tokyo, is temperate to subtropics and consists of four seasons. The winter is mild and the summer is hot and humid. There is a rainy season in early summer, and typhoons hit parts of the country every year during late summer. The climate of the northern island of Hokkaido and the Sea of Japan coast is colder, and snow falls in large amounts. In Okinawa, on the other hand, the mean temperature of January is a warm 17 degrees Celsius.

Natural resources

Negligible mineral resources

Note: with virtually no energy natural resources, Japan is the world's largest importer of coal and liquefied natural gas, as well as the second largest importer of oil

Natural hazards

Because Japan is located in a region, where several continental plates meet, the country experiences frequent earthquakes. For the same reason, there are many volcanoes in Japan. Japan's most famous volcano and highest mountain is Mt.Fuji. The magnitude-9.0 earthquake and tsunami that rocked Japan’s northeast coast on March 11 killed 15,844 people and left 3,451 missing, according to Dec. 30, 2011.

Environment - current issues

air pollution from power plant emissions results in acid rain; acidification of lakes and reservoirs degrading water quality and threatening aquatic life; Japan is one of the

largest consumers of fish and tropical timber, contributing to the depletion of these resources in Asia and elsewhere.

Environment - international agreements

party to: Antarctic-Environmental Protocol, Antarctic-Marine Living Resources, Antarctic Seals, Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Environmental Modification, Hazardous Wastes, Law of the Sea, Marine Dumping, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94, Wetlands, Whaling

Demographic Overview of Japan

Nationality: Japanese

Population: 126,475,664 (July 2011 EST.)

Country comparison to the world: 10

Population growth rate: -0.278% (2011 EST.)

Country comparison to the world: 214

Life expectancy at birth:

Total population: 82.25 years

Country comparison to the world: 5

Male: 78.96 years

Female: 85.72 years (2011 EST.)

Age structure:

0-14 years: 13.1% (male 8,521,571/female 8,076,173)

15-64 years: 64% (male 40,815,840/female 40,128,235)

65 years and over: 22.9% (male 12,275,829/female 16,658,016)

Ethnic groups:

Japanese 98.5%

Koreans 0.5%

Chinese 0.4%

Other 0.6%

Languages: Japanese

Religions

Shintoism 83.9%, Buddhism 71.4%, Christianity 2%, other 7.8%

Note: Total adherents exceeds 100% because many people belong to both Shintoism and Buddhism

Urbanization

Urban population: 67% of total population (2010)

Rate of urbanization: 0.2% annual rate of change (2010-15 EST.)

Major cities - population

TOKYO (capital) 36.507 million; Osaka-Kobe 11.325 million; Nagoya 3.257 million; Fukuoka-Kitakyushu 2.809 million; Sapporo 2.673 million (2009)

Economic Overview of Japan

Economy: Capitalist

In the years following World War II, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (1% of GDP) helped Japan develop a technologically advanced economy. Two notable characteristics of the post-war economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force.

The strength of Japan's economy and its people is evident in many ways. Here some facts and figures that shows the strength of Japan's economy.

• Japan's average life expectancy at birth grew by 4.2 years — to 83 years from 78.8 years — between 1989 and 2009. The progress, moreover, was achieved in spite of, rather than because of, diet. The Japanese people are eating more Western food than ever. The key driver has been better health care.

• Japan has made remarkable strides in Internet infrastructure. Although as late as the mid-1990s it was ridiculed as lagging, it has now turned the tables. In a recent survey by Akamai Technologies, of the 50 cities in the world with the fastest Internet service, 38 were in Japan, compared to only 3 in the United States.

• Measured from the end of 1989, the yen has risen 87 percent against the U.S. dollar and 94 percent against the British pound. It has even risen against that traditional icon of monetary rectitude, the Swiss franc.

• The unemployment rate is 4.2 percent, about half of that in the United States.

• According to skyscraperpage.com, a Web site that tracks major buildings around the world, 81 high-rise buildings taller than 500 feet have been constructed in Tokyo since the "lost decades" began. That compares with 64 in New York, 48 in Chicago, and 7 in Los Angeles.

• Japan's current account surplus — the widest measure of its trade — totaled $196 billion in 2010, up more than threefold since 1989. By comparison, America's current account deficit ballooned to $471 billion from $99 billion in that time. Although in the

1990s the conventional wisdom was that as a result of China's rise Japan would be a major loser and the United States a major winner, it has not turned out that way. Japan has increased its exports to China more than 14-fold since 1989 and Chinese-Japanese bilateral trade remains in broad balance.

Japan before the Earth Quake

Japan is in the unenviable position of being one of the few nations in recent history to have seen a striking reversal of economic fortune. The original Asian success story, Japan rode one of the great speculative stock and property bubbles of all time in the 1980s to become the first Asian country to challenge the long dominance of the West.

Japan has had the world's second-largest economy for much of the last four decades, according to the World Bank. And during the 1980s, there was even talk about Japan's economy someday overtaking that of the United States.

But the bubbles popped in the late 1980s and early 1990s, and Japan fell into a slow but relentless decline that neither enormous budget deficits nor a flood of easy money has reversed. For nearly a generation, the nation has been trapped in low growth and a corrosive downward spiral of prices, known as deflation, in the process shriveling from an economic Godzilla to little more than an afterthought in the global economy.

In the second quarter of 2010, China passed Japan to become the world's second-largest economy behind the United States. For Japan, the statistic reflected a decline in economic and political power. In January 2011, Standard & Poor's, the credit ratings agency, downgraded the country's long-term sovereign debt, a sharp reminder of the heavy burden plaguing the Japanese economy at levels that stand out even in an increasingly debt-ridden world.

Economic Recovery after the Disaster

By November 2011, Japan's economy grew at a 6 percent annualized rate in the third quarter, signaling a strong recovery after the devastating tsunami in March. Still, a slowing global economy and a stubbornly strong yen cloud the outlook for Japan, the world's third-largest economy.

Helped by a rebound in exports and consumption, the gross domestic product expanded 1.5 percent in the three months through September, compared with the previous quarter, numbers released by the Cabinet Office showed. The widely

expected uptick, equivalent to an annualized rate of 6 percent, was the first expansion in the Japanese economy in four quarters.

The rebound underscores the speed at which Japanese industry has been able to get back on its feet after the earthquake and tsunami, rebuilding factories and re-establishing supply chains severed by the destruction.

Exports jumped 6.2 percent as manufacturers got production back on track. Private consumption, which accounts for almost two-thirds of Japan's economy, grew 1 percent, helped by a rebound in consumer sentiment and replacement demand in the tsunami zone.

GDP (purchasing power parity)

$ 4.31 trillion

GDP - composition by sector

Agriculture: 1.4%

Industry: 24.9%

Services: 73.8%

Labor force: 62.97 million

Labor force - by occupation

Agriculture: 3.9%

Industry: 26.2%

Services: 69.8%

Unemployment rate: 4.2 %

International organization participation:

ADB, AfDB (Non-regional member), APEC, ARF, ASEAN (dialogue partner), Australia Group, BIS, CD, CE (observer), CERN (observer), CICA (observer), CP, EAS, EBRD, FAO, FATF, G-20, G-5, G-7, G-8, G-10, IADB, IAEA, IBRD, ICAO, ICC, ICRM, IDA, IEA, IFAD, IFC, IFRCS, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC, LAIA (observer), MIGA, NEA, NSG, OAS (observer), OECD, OPCW, OSCE (partner), Paris Club, PCA, PIF (partner), SAARC (observer), SECI (observer), SICA (observer), UN, UNCTAD, UNDOF, UNESCO, UNHCR, UNIDO, UNMIT, UNRWA, UNWTO, UPU, WCO, WFTU, WHO, WIPO, WMO, WTO, ZC

Overview of Different Economic Sectors of Japan

1. Japan's Agricultural sector

Agriculture's contribution to Japan's economy is fairly small when compared to Industry and Services. In 2010, Agriculture made up only 1.4 % of the nation's GDP. 3.9% of the total workforce is in agriculture. Although its contribution appears minute, agriculture is still a highly important component of Japan's economy and society.

Japan's agricultural economy is highly subsidized and protected. Only 15 percent of Japanese land is suitable for agriculture, though any available land is highly cultivated. As such, Japan has one of the highest per hectare crops yields in the world.

List of countries by agricultural output of 2010

Rank	Country	Output in GDP(In Millions of US $)
1	China	599,582
2	India	284,524
3	United States	161,236
4	Brazil	142,141
5	Indonesia	108,130
6	**Japan**	**76,424**

2. Japan's Industry Sector

Despite an overall stagnation on the economy for nearly two decades, Japan's industries are still among the most highly advanced and innovative in the world. Japanese manufacturing products, particularly in electronics and automobiles, are the world leaders in both production and technological advancements in their respective fields. **In 2010, Industry was responsible for 26.2 % of Japan's GDP**. Major industries in Japan include motor vehicles; electronic equipment, machine tools, steel and nonferrous metals, ships, chemicals, textiles, and processed foods. **Japan is home to six of the top twenty largest vehicle manufacturers in the world** – Toyota (1^{st}), Renault-Nissan (4^{th}), Honda (8^{th}), Suzuki (10^{th}), Mazda (14^{th}), and Mitsubishi (16^{th}). The automobile industry also managed to register a massive 10.5 percent growth in 2009, in spite of the global financial crisis.

List of countries by Industrial output of 2010

Rank	Country	Output in GDP (In Millions of US $)

1	United States	3,239,374
2	China	2,756,903
3	**Japan**	**1,359,259**
4	Germany	921,749

3. Japan's Service Sector

Japan's service sector accounts for 69.8% of its total GDP. Banking, insurance, real estate, retailing, transportation, and telecommunications are all major industries such as Mitsubishi UFJ, Mizuho, NTT, TEPCO, Nomura, Mitsubishi Estate, Tokio Marine, Mitsui Sumitomo, JR East, Seven & I, and Japan Airlines counting as one of the largest companies in the world. Service providers face obstacles selling services that goods-sellers rarely face. Services are not tangible, making it difficult for potential customers to understand what they will receive and what value it will hold for them. Indeed some, such as consultants and providers of investment services, offer no guarantees of the value for price paid.

List of countries by service output of 2010

Rank	Country	Output in GDP(In Millions of US $)
1	United States	11,156.390
2	**Japan**	**4,028.648**
3	China	2,527.651
4	Germany	2,364.053

Overviews of Business and Trade at International Level

International business relations play a large role in today's world due to some important reasons. One reason is the rapid development of communication technology. Electronic mail, the Internet, cellular phones: all these give the world instant access to up-to-date information on any topic. This means that a company or organization needs to be sure they have a respectable image across all the nations in which they operate. Also, the realignment of the world economy has caused an increasing need for the proper communication between corporations.

What Is International Trade and Business?

International trade is the exchange of goods and services between countries. This type of trade gives rise to a world economy, in which prices, or supply and demand, affect and are affected by global events. Trading globally gives consumers and countries the opportunity to be exposed to goods and services not available in their own countries. Almost every kind of product can be found on the international market: food, clothes, spare parts, oil, jewellery, wine, stocks, currencies and water. Services are also traded: tourism, banking, consulting and transportation. A product that is sold to the global market is an export, and a product that is bought from the global market is an import. Imports and exports are accounted for in a country's current account in the balance of payments.

Increased Efficiency of Trading Globally

Global trade allows wealthy countries to use their resources - whether labour, technology or capital - more efficiently. Because countries are endowed with different assets and natural resources (land, labour, capital and technology), some countries may produce the same good more efficiently and therefore sell it more cheaply than other countries. If a country cannot efficiently produce an item, it can obtain the item by trading with another country that can. This is known as specialization in international trade.

Risk in international trade

Companies doing business across international borders face many of the same risks as would normally be evident in strictly domestic transactions.

Buyer insolvency

Non-acceptance

Credit risk

Regulatory risk

Intervention

Political risk, War, piracy and civil unrest

Largest countries by total international trade

Rank	Country	Total international Trade (in Billion)	Year of information
1	United States	3,225.0	2010
2	China	2,908.0	2010
3	Germany	2,402.0	2010
4	**Japan**	**1,404.3**	**2010**
5	France	1,107.8	2010

Trade policy of Japan

Export policies

For many years, export promotion was a large issue in Japanese government policy. Government officials recognized that Japan needed to import to grow and develop, and it needed to generate exports to pay for those imports. After 1945, Japan had difficulty exporting enough to pay for its imports until the mid-1960s, and resulting deficits were the justification for export promotion programs and import restrictions.

The belief in the need to promote exports is strong and part of Japan's self-image as a "processing nation." A processing nation must import raw materials but is able to pay for the imports by adding value to them and exporting some of the output. Nations grow stronger economically by moving up the industrial ladder to produce products with greater value added to the basic inputs. Rather than letting markets accomplish this movement on their own, the Japanese government felt the economy should be guided in this direction through industrial policy.

Japan's methods of promoting exports have taken two paths.

1. Develop world-class industries that can initially substitute for imports and then compete in international markets
2. Provide incentives for firms to export.

Import policies

Japan began the postwar period with heavy import barriers. Virtually all products were subject to government quotas, many faced high tariffs, and MITI had authority over the allocation of the foreign exchange that companies needed to pay for any import. These policies were justified at the time by the weakened position of Japanese industry and the country's chronic trade deficits.

By the late 1950s, Japan's international trade had regained its prewar level, and its balance of payments displayed sufficient strength for its rigid protectionism to be increasingly difficult to justify. The IMF and GATT strongly pressured Japan to free its commerce and international payments system. Beginning in the 1960s, the government adopted a policy of gradual trade liberalization, easing import quotas, reducing tariff rates, freeing transactions in foreign exchange, and admitting foreign capital into Japanese industries, which continued through the 1980s.

The main impetus for change throughout has been international obligation that is, response to foreign, rather than domestic, and pressure. The result has been a prolonged, reluctant process of reducing barriers, which has frustrated many of Japan's trading partners.

Trading System of Japan

The Japanese city of Tokyo is like a country in its own right in terms of its energy consumption and GDP. Tokyo consumes as much energy as "entire countries in Northern Europe, and its production matches the GNP of the world's 16th largest country". Originally, Japan had its own cap and trade system that had been in place for some years, but was not effective. Japan has its own emission reduction policy but not a nationwide cap and trade program. This climate strategy is enforced and overseen by the Tokyo Metropolitan Government (TMG). The first phase, which is alike to Japan's scheme, runs up to 2014, these organizations will have to cut their carbon emissions by 6%; those who fail to operate within their emission caps will from 2011 on be required to purchase emission allowances to cover any excess emissions, or alternatively, invest in renewable energy certificates or offset credits issued by smaller businesses or branch offices. Firms whom fail to comply will face fines. According to local reports, organizations that do not operate within their caps will also be ordered to cut emissions by 1.3 times the amount they failed to reduce during the first phase of the scheme. The long term aim is to cut the metropolis' carbon emissions by 25% from 2000 levels by 2020.

Investment Rules

Japan has strongly called for the establishment of multilateral investment rules under the WTO. India and many developing nations, however, are opposed to backing such a proposal, concerned that investment regulations would embroil them in WTO dispute settlement cases that could force them to adopt drastic legal reforms. A

declaration issued at the end of the Doha meeting in November 2001 stopped short of launching talks on investment rules; however, the WTO ministers are scheduled to decide by explicit consensus on 'modalities' of negotiations for international investment rules next fall at the fifth WTO ministerial meeting in Cancun.

JETRO

The Japan External Trade Organization (JETRO) is a government-related organization promoting mutual trade and investment between Japan and the rest of the world. JETRO's Activities in Promoting Foreign Direct Investment JETRO is a governmental organization with more than 70 overseas offices in over 50 countries across the world. JETRO has succeeded in attracting 790 over foreign companies 1000 to Japan over a nine-year period. Investment projects from Asia have been increasing. Accounting for 40% of all attracted companies in FY2009.

Present Trade Relation and Business Volume of Different Products with India

India Japan Trade Relations is as old as post world war II era. The trade relations between India and Japan flourished after the establishment of diplomatic ties, especially after the World War II. Japan resurrected form the debacle of the World War II loss with the help of India's iron ore export. Japan reciprocated India by providing yen loans to India in 1958, first of its type, by Japanese government. And as a matter of fact since then, Japan is India's largest aid donor.

The present robust economic growth of India got caught on Japanese investment radar. As a result of good India Japan Trade Relations, Japan has now turned up as the third-largest FDI facilitator in to India. Further, India Japan Trade Relations have

helped India to bring in US$ 2,153 million into its domestic market. Although, Japans contribution to India's FDI inflow is 6% but the quantum is rising steadily, especially in the Indian Financial Market. Japanese Equity investments are on the rise and the quantum of investment is around US$ 4.9 billion. During the financial year 2005-2006 the India and Japan trade was to the tune of US$ 6 billion. India Japan Trade Relations ranks fifth amongst all trading partners that India have. The positive part of the India Japan Trade Relations has facilitated growth in presence of Japanese companies in India.

To complement such growth a good number of Indian companies have also opened their shops in Japan and the numbers are rising steadily.

A few notable agreements and convention signed between India and Japan to further cement the cordial relations between India and Japan are -

- Air Service
- Culture and heritage
- Economic ties
- Commerce
- Avoidance of Double Taxation
- Cooperation in the field of Science and Technology
- Students exchange programme

Japan and India is natural ally and as such the year 2007 has been marked as the Indo Japan friendship year.

Indian Exports to Japan includes items like –

Agricultural products	Vegetables	Edible nuts	Wheat
Fresh Fruits and dried fruits	Oilseeds	Sugar and honey	Tea
Fruit juices and concentrates	Vegetable oils and fats	Grains and Pulses	Coffee
Spices and herbs	Carpets	Animal feed	Fisheries products
Tobacco	Cashew	Handicrafts	Cotton
Leather garments and goods			

Japanese Exports to India have increased to 26.8% due to the huge increase in the export volume of each of the major commodities, like

Heavy machines	Electronic spares	Gaming systems	Biotechnological products
Electronic gadgets	Toys	Pharmaceutical products	Transport equipments

Political relations between the two nations have remained warm since India's independence. Japanese companies, such as Sony, Toyota, and Honda, have manufacturing facilities in India, and with the growth of the Indian economy, India is a big market for Japanese firms. Japanese firms were, in fact, some of the first firms to invest in India. The most prominent Japanese company to have an investment in India is automobiles giant Suzuki, which was in partnership with Indian automobiles company Maruti Suzuki, the largest car manufacturer in India.

In August 2000, Japanese Prime Minister Mori visited India. At this meeting, Japan and India agreed to establish "Japan-India Global Partnership in the 21st Century." Indian Prime Minister Vajpayee visited Japan in December, 2001, where both Prime Ministers issued "Japan-India Joint Declaration", consisting of high-level dialogue, economic cooperation, and military and anti-terrorism cooperation. In April, 2005, Japanese Prime Minister Koizumi visited India and signed Joint Statement "Japan-India Partnership in the New Asian Era: Strategic Orientation of Japan-India Global Partnership" with Indian Prime Minister Manmohan Singh. Japan is currently India’s third largest source of foreign direct investment; Japanese companies have made cumulative investments of around $2.6 billion in India since 1991.

The 2007 annual survey conducted by the Japan Bank for International Cooperation ranked India as the most promising overseas investment destination for Japanese companies over the long term. In recent years, Japan has assisted India in infrastructure development projects such as the Delhi Metro Rail Project. Both sides are also discussing the Delhi-Mumbai Industrial Corridor Project and Dedicated Freight Corridor Projects on the Mumbai-Delhi and the Delhi-Howrah routes. In October 2008, Japan signed an agreement with India under which it would provide the latter a low-interest loan worth US$4.5 billion to construct a railway project between Delhi and Mumbai. This is the single largest overseas project being financed by Japan and reflected growing economic partnership between the two.

India is also one of the only three countries in the world with whom Japan has security pact, the other two being Australia and the United States. As of March 2006, Japan was the **third largest investor** in India with an estimated total investment of US$2.12 billion.

Trade between the two nations has also steadily been growing

Year	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Trade from India to Japan	2.2	2.1	2.2	2.6	3.2	4.1	4.1
Trade from Japan to India	1.9	1.9	2.4	3.0	3.5	4.5	6.1

(Figures in Billions of USD)

CHAPTER-2
Japan's Food and Beverages Industry: Lessons For India Through A PESTLE Study

PESTEL ANALYSIS OF JAPAN

1.Political analysis

1.Political System
Unlike the American political and British which have exist from their current form four centuries. The present Japanese political system is built from japans' overwhelm in the Second World War and it is following profession by United States. The post war creation is an anti-militarist document which includes the rejection of right to wage war and prohibits the upholding armed forces although behind a limited self-protection force was allowed.

The creation of structure was tired associate with the occupation. It is a strict document and, it is acceptance and there has been no adjustment made for it.

We say the Japan is a democratic country and it is quite different from other Europe country democracy like France and Germany. The vital reason for becoming this is leading position of one party i.e.-The tolerant Democratic Party which have detained power almost for more than 50 years.

2. THE JAPAN 'S GOVERNMENTAL BRANCH (DIET)

The Japan's governmental branch is called as diet in Japan and it is a bicameral legislative structure which contain two branches. Generally important decision is made on the bases of mass votes, but there is a two-third majority requires in special case.

Japan is a parliamentary kingdom which is governed and regulate by prime minister and his cabinet. The Japan's parliament is called as diet and it is a collection of upper house of Councillor's and also lower house representatives. The prime minister has the power to dissolve the House of Representatives at anytime. The lower house of the parliament which is holds most of the decision power. In Japan the party which have a majority in the lower house can become the prime minister (usually the party president).

3. Political parties

In the last 4 decade the only stable party is the liberal Democratic Party (LDP). Since the foundation in 1958 The Liberal Democratic Party (LDP) has the power in Japan and the LDP has keeping undisrupted majority in the parliament.

At the later, the second most powerful party is democratic party of Japan (DPJ).The democratic party of Japan beaten the LDP by single seat at the last Upper House election in the year 2004.

The third major party of Japan is Komeito or Clean government party (CGP) but the CGP has held the 5 to 10 % seats in the parliament. The CGP is the political branch of the controversial post-war Buddhists.

In the parliament the other party is Japanese communist party which held constantly 3 to 5 % seats. The Japanese socialist party has disintegrated after the internal dissensions; the liberal party and social democratic party.

2. Economic Analysis

In the decades following world war ll, Japan implemented the rules, tariffs and policies very strictly to encourage the whole population to solve their incomes. To build their economic condition Japan invests more money in banks, provide loans and credit to market. Japan started trading and earn as much as surpluses. By implementing these ideas Japan convinced the local companies to invest their money in capital resources very easily than their competitors. By taking this action companies reduce the prices of their goods and increase the trade surplus and with this the yen appreciating financial assets became very profitable.

Latest Japan economic analysis has shown that there are certain critical issues regarding various financial stimuli being promulgated by Japan to reinvigorate its national economy. This is an important issue as Japan is presently going through a very tough economic phase as a result of global economic crisis.

Japan stands at 3rd the position for economic in the whole world. To become popular in the world Japan come with novel gaming's in the field of entertainment. However, due the earthquake the expenditure on entertainment decreased and on the other hand increased in the area of food supplier.

Tokyo's economy is the largest metropolitan economy in the world.

List of countries by Industrial output of 2010.

Rank	Country	Output in GDP (In Millions of US $)
1	United States	3,239,374
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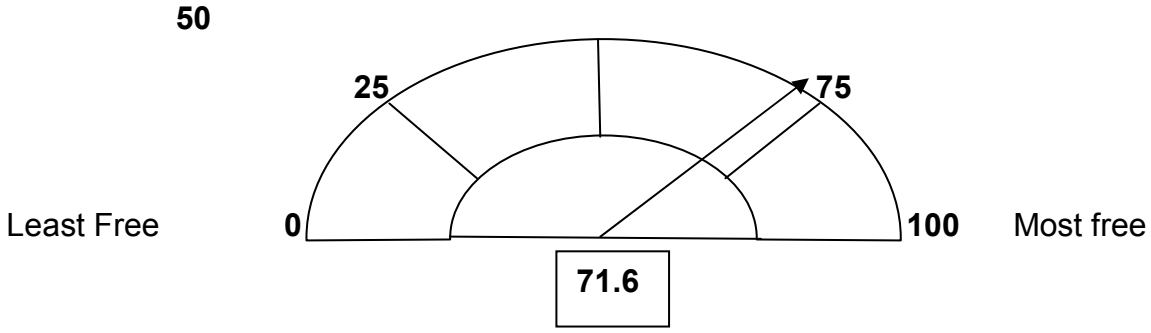
4	Germany	921,749

Japan has the good freedom of economy in all area. Their foundations have the solid freedom and very low level of inflation and almost absence of corruption. These things lead this country Japan with good economic condition compare to other countries.

Japan's service sector accounts for about three-quarters of its total economic output. Retailing, Banking, Real estate, Telecommunication, Transportation, Insurance telecommunications are all major industries. Today the sector of finance is crossing

each stage to prevent dynamic growth; the debt from public has been taken a high jump to private sector activities. With the interferences of politics, the postal saving system is getting delayed to reorganize.The export-oriented economy has long benefited from global trade; non-tariff barriers continue to hurt overall trade freedom.

Economic Freedom score of Japan



Japan's economic freedom score is 71.6, in the index of 2012 making its economy the 22nd freest. Compare to last year its score is 1.2 points lower, with a particularly significant decline in the control of government spending. in the Asia–Pacific region Japan is ranked at 7th outof 41 countries.

Now let's put the eyes on the some quick facts.

Element	Results
Population	127.5 million
GDP	$4.3 trillion
	3.9 growth in 2012
Unemployment	5.1%
Inflation	-0.7%
FDI Inflow	-$1.2 billion
Public Debt	220.0%of GDP

3. Social Analysis:

In Japan the Sociological structure depends upon the following aspects which includes the Cultural aspects, health consciousness, population growth rate, age distribution, Organizational culture, attitudes to work, management style, staff attitudes Education, occupations, earning capacity, living standards
Ethical issues, diversity, immigration/emigration, ethnic/religious factors
Media views, law changes affecting social factors, trends, advertisements, publicity.

Social structure of Japan:

- People and Society

  In Japan's society, there does not exhibit the deep ethnic, religious, and class divisions.There is no gap between rich and poor compare to other countries. And in Japan more than 90 % people belong to middle class.

In japan, some significant social differences do exist i.e the discrimination in employment, education, and marriage. Japanies people are group oriented rather than other societies in the west. Japanese people learn groupism from childhood. And in japan the groups are structured heretically. And in groups Individual members have a designated by rank and responsibilities based on their position. And in groups Seniority has traditionally been the main qualification for higher rank.

- Language:

The Japanese people speak mainly in Japan language but also in some Japanese emigrant communities around the world. Japanese is written with a combination of three scripts: hiragana, derived from the Chinese cursive script, katakana, derived as shorthand from Chinese characters, and kanji, imported from China. The Latin alphabet, Romaji, is also often used in modern Japanese, especially for company names and logos, advertising, and when inputting Japanese into a computer. The Hindu-Arabic numerals are generally used for numbers, but traditional Sino-Japanese numerals are also common.

- Painting:

In Japan from a very long time Painting has been an art, the brush is a traditional writing tool, and the extension of that to its use as an artist's tool was probably natural.

- Dresses:

Japanese traditional clothing differ from all other countries around the world. The Japanese people wear the traditional garments is called **kimono** (it means something one wears). In kimonos are typically worn in several layers, with number of layers, visibility of layers, sleeve length, and choice of pattern dictated by social status, season, and the occasion for which the kimono is worn. In everyday life mostly people wear western style clothing. And in festivals and in special events they wear kimonos. There is another type of traditional clothing available is called **Happi** but it is not famous worldwide like the kimono. A Happi (or happy coat) is a straight sleeved coat that is typically imprinted with the family crest, and was a common coat for firefighters to wear.They also wear different footwear in which includes Tabi,ankle high sock worn with the kimono.

- Sports :

In Japan Baseball, football, and other popular western Sports were imported. These sports aregenerally played in schools along with traditional martial arts. In Japan Baseball is the most popular sport. In 1999 Football is becoming more popular after LeagueJapan professional soccer league themotorsport of drifting was also inventedin Japan.

4. Technological Analysis

The Japanese food product technologies considered best in the world. It has included the Japanese food product manufacturing and processing technologies.

The technology began to increase due to Japan's commitment to export-oriented, that the world would offer high-quality of goods. This progress began with the production of textiles, and notes worthy at this point Japanese goods have low value and views a poor quality. This perception disappeared after the war when Japanese companies that have a reputation for low incidence of defects, ease of use, installation of advanced technology and reasonable prices won, "an incredible variety of consumer and industrial products churned.

In the development of research and advance technologies from Japan one of the leading manufacturers of Hi-tech products and consumer products including all kinds of electronic devices and electronic machinery such as semiconductors. In the globalization market the pioneer of the digital product production country is Japan. Today Japan is the best sellers of Flat-panel TVs, Mobile phones digital cameras and DVDs.

Japanese products which are based on advanced technologies to the nation. It include high added value in their products and sell this product in different market. In spite of high labor cost become another reason why Japan is one of the leading companies in the industrialized world was high saving rate in their nation.

According to data of bank of Japan internationally comparative statistics, 1989, the Japanese savings rate of 15.1% compared to the U.S. by only 6.6%. Private savings creates a flow of funds to finance start-ups; the Japanese capitalists were able to transform business projects. Most analysts would agree with "private savings, the banks and other financial institutions to lend again expanding companies, are extremely important for economic growth."

5.LegalAnalysis

The Germen model is base for civil laws system, and this reflects Anglo-American and Japanese traditional influences' too. Supreme courts are being acted by judicial review of legislations.

The Supreme Court is the highest court in the Japan. Cabinet selects chief justice which has already been appointed by Emperor and other fourteen judges are appointed and selected by the Cabinet itself only. The justice's tenure is of 10 years that has to be confirmed by referendum and generally they are always reselected and are allowed to serve till the age of 70. However 20 years is a legal age for voting, and the minimum age is 25 to stand for an election for the lower house and age of 30 for the upper house. The tenure for elected councillors is of 6 years for 252 councillors and 480 Representatives elected for 4 years.

In Japan politicians have to shouting in loudspeakers in little vans while driving around their electoral constituencies because Japanese laws prohibits it's candidates to make written propaganda during the electoral periods that means Internet campaigns are not allowed too.

6. Environmental analysis

In today's era of globalization and industrialization has emerged great deal of pressures to the environment. To handle this situation many countries had enrolled there pollution acts which help the countries to fight with the hazardous situations. Japan is also one the country who established the laws and regulation in 1967.

The Japan's environmental agency was established four years later. As japan is the develop country the main issue which they face is "Air Pollution" because this country have wider scope of industrial products and the urban areas are the huge center for that. Power plant emissions have led to the appearance of acid rain from toxic pollutants. The carbon credit system applied to global lever emission and in the mid-1990s and japan secured the 4^{th} position in world's highest level of industrial carbon dioxide, which tolled 1.09 billion metric tons per year, a per capita level of 8.79 metric tons per year. The quality of air is regulated under the Air pollution control act of 1968 by 1984 compensation had been provided to 91,118 air-pollution victims suffering from bronchitis, bronchial asthma.

Japanies government's principle was significantly weakened in 1987 for the payment of pollution for the result of the tears of business opposition. On the other side the smog alerts when the level of oxidant density levels reach at 0.12 per million but certainly picked at 328 in 1973 as also declined to 85% in Tokyo.

As we already gone through the Air pollution but there are some other sides which also affect the economic condition of japan. Water pollution is another concern topic

in Japan. This country has the 430 km of renewable water resources. Out of this 64% of resources used in family activity and 17% used for industrial purposes. At the same time the industrial polluted Increase in acid levelswhich affected the lakes, river and the waters surrounding Japan. Many other major pollution include DDT, BMC, and mercury. With Water Pollution Control Law of 1971 Environmental damage by industrial effluents has slowed since the promulgation.

In 1968 the law has been regulated for the factory noise levels. The speed of train has been reduce while traveling through large cities and their suburbs and also the aeroplane may not take off or land after 10 PM.

Lessons for India through PESTLE study

1. **Radiation in food and water:**

   Radiation fallout from the wrecked Fukushima nuclear plant poses a growing threat to Japan's food chain as unsafe levels of cesium found in beef on supermarket shelves were also detected in more vegetables and the ocean. So it has been opportunity for India that we can export variety of foods like frozen vegetables, bite bars, Food substitute products, ice cream, bakery foods, prepared meals, soups, oils and fats.

2. **Insufficient FDI in packed foods**

   The sector is being unable by insufficient FDI in packed goods; its trade is defended ensuing in opposite small competition with worldwide greatest practices. Competition is also little in domestic country because of limited domination of the food processing industry. Although Japan’s food processing industry has prospective to grow by 7% annually. So we can have the opportunities for merger and acquisition with the domestic companies and enter in Japanese market.

3. **Scarcity of agriculture land**

   The scarcity of usable land, a vast population, high production expenses and labour deficiency provide for the want for bringing in foods and food products from the worldwide and because of these import reaches to 60%. So we can say that they don't produce that much that satisfy their own population's food requirement therefore we have prospect in export of agricultural products, canola seeds, soybeans and non-durum wheat, sesame oil, sauces and preparations, green tea.

4. **Innovative and flexible natured people**

   Japanese people are good at developing concepts, such as sweet green tea, which meet the needs of consumers in overseas markets. They have the ability to

quickly develop and renew products that they have honed in order to meet the demands of retailers keen to have new products on their shelves at least twice a year. This would also be opportunity for India to export the new innovative food products.

5. Fastest aging

Japan is the world's fastest aging society. In 2010, the Japanese population which was 65 years old and over was 22.9% and it is desirable to grow by 25%.This is a prospect for India to export packaged food and ready to make food with nutritious values.

6. **The concept of "Invest Japan"**

The lack of FDI in Japan leads them to introduce the concept of invest Japan that helps foreign investors to establish and develop new ventures in Japan. This would be helpful for Indian food and beverages companies to introduce new products in Japanese market.

7. Low priced food shop

Population growth rate shows the country has the highest amount of aged people who are more prices conscious. So they prefer low priced food shop.

8. Supplying raw material

Fast food operators are the potential buyers of definite raw materials. Suppliers must provide a constant supply with low cost and the best quality so they can compete successfully in this area.

9. Food processors provide numerous prospects to the suppliers and they can buy the different types of products from worldwide:

1) Ingredients for production in Japan;
2) Products to be vended under buyers' labels
3) Products to be vended under suppliers' labels
4) Distributed through the buyers' channels.

Advantages to deal with food processors are as follows:

1) They buy in huge amount
2) They have urbane supply systems
3) They appreciate their exporters.

CHAPTER-3
Japan's Political and Legal Environment

INTRODUCTION:

To understand any country's environment for business, we have to identify with the management of that country. Any country's management is done by its government so to explore the country's environment we have to analyze the country's government. Here in this chapter we have explored the facts regarding the Japan's economy management by its government. Our efforts are to understand the role of the government of Japan in its growth. Japan has developed their constitution in 1950s after so many disagreements with nearly zero as USA had destroyed the main two cities of Japan (Hiroshima & Nagasaki) during World War II. Japan has recovered from that destroy and has shown tremendous growth. India has drafted and implemented its constitution in 1951. It is evidently shown that both countries have given a new dimension to their economy during same time period. Today India is a developing country while Japan is developed country i.e. first world country. We want to just explore the reasons of this difference and want to get some lessons from the success story of Japan.

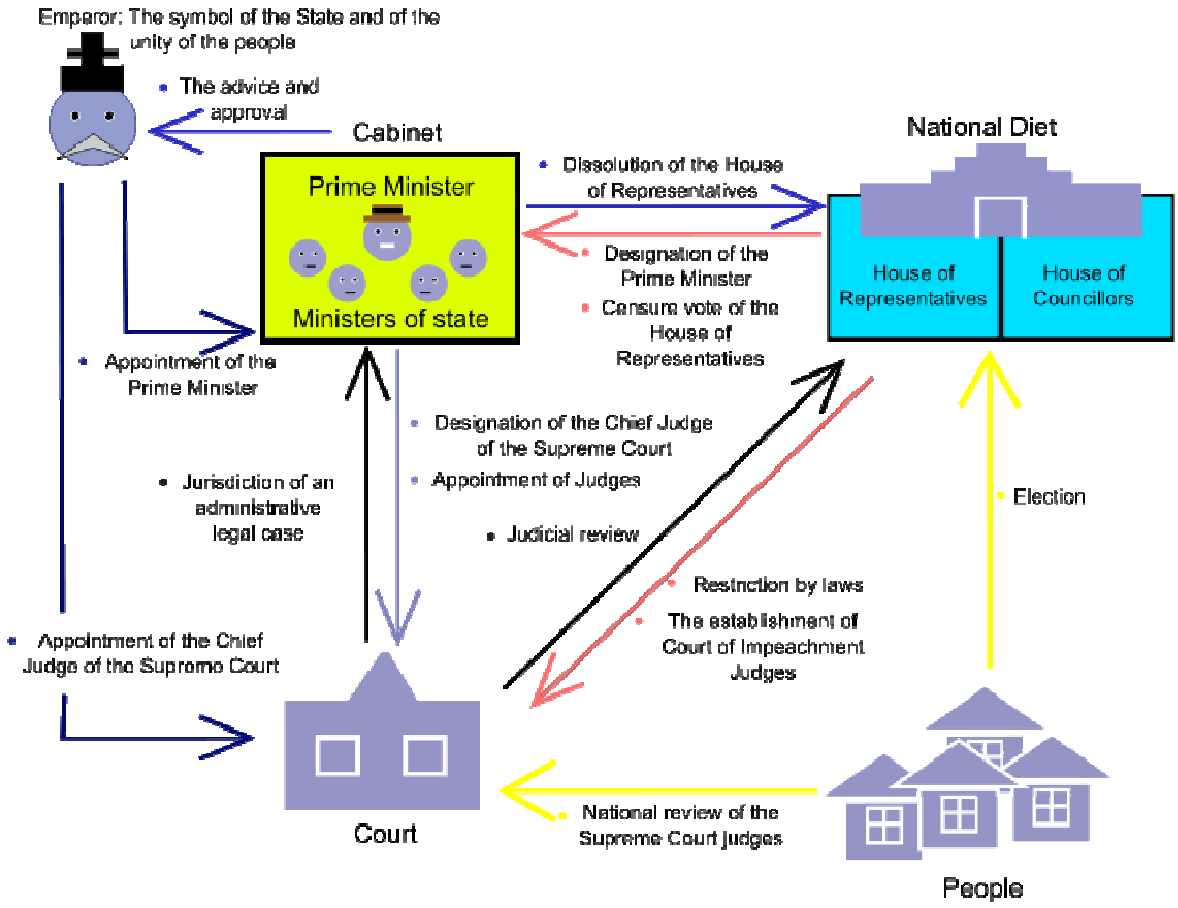
THE POSTWAR CONSTITUTION OF JAPAN

Japan has drafted the constitution from the beginning after World War II. So the constitution is called as the 'postwar constitution' or 'peace constitution'. On 26th July, 1945 after World War II the USA leaders Winston Churchill, Harry Truman, and Joseph Stalin published a declaration that was demanding Japan's absolute surrender. The article was stating that the engaged forces of the Allies will be withdrawn from Japan as soon as the objectives of Allied Forces have been accomplished. The Allies wanted to do fundamental changes in the nature of Japan's political system.

MacArthur who was the Supreme Commander for the Allied Powers (SCAP) suggested that neither he nor his superiors in Washington were planned for imposing a new political system on Japan unilaterally. Instead of that they were wishing to encourage Japan's fresh leaders to begin democratic improvement. By early 1946 Japanese officials and MacArthur's staff could not reached at a common conclusion even on the fundamental rights' issue during the drafting of constitution. The drafted

constitution of MacArthur was unicameral legislature. That was changed by Japanese into bicameral. Finally on 6th March, 1986 the government adopted the draft proposal to form constitute. Some significant features were there in Japanese constitution from other countries constitution. They were the symbolic role of emperor, the importance of civil and human rights and rejection of wars. This new draft had been approved by the three major organs of government i.e. Privy Council, the House of Peers, and the House of Representatives. The Japanese constitution was not inspired by the US style of model, but it was greatly inspired by British model of Parliamentary government and Japanese Liberals.

After 1952 conformists and autonomists tried to amend the constitution to create it more "Japanese," but those efforts were failed because of a number of reasons. First and foremost reason was that amendments needed approval by 2/3rd of the members of both upper house and lower house of national diet before it is presented to people in referendum. Another reason was the opposite parties had occupied more than 1/3rd of the Diet seats. Those parties were firm supporters of constitutional status quo. So they didn't support the new amendments.



1. EXECUTIVES:

The executive branch of Japan gives an account of information to the Diet. The leader of the executive branch is called 'The Prime Minister'. The Prime Minister is appointed by the emperor as per the direction of Diet. As we have noted that in constitution the emperor has the symbolic role in parliament, emperor must be the member of either house of the Diet and a civilian. The cabinet which is formed by The Prime Minister must also of civilians. According to the constitution of Japan the majority of the cabinet members must be the elected members of either house of the Diet.

2. LEGISLATIVE BRANCH:

The Diet of Japan is the legislative branch. It is formed of two houses:

1) The House of Representatives (Lower House)
2) The House of Councillors (Upper House)

The members of both the houses of the Diet are directly elected under a parallel voting system. The Diet has the lawmaking function of proposing and passing of different Bills. It has some powers not specified to but is voted down by the House of Councillors. The House of Representatives can supersede the decision of the other house of councillors. But in several cases the House of councilors can only delay the decision. The House of the Councillors can not block the decisions or legislation. These exceptions are as follows:

1) In the Case of Treaties
2) Passing the Budget for the country
3) Selecting the Prime Minister of the Country

3. JUDICIAL BRANCH:

The judicial system is unitary in Japan which is independent of other two i.e. Executives and Legislature. The judges are appointed by the emperor of Japan with the direction of the cabinet. There are several levels in judicial system in which these courts are under the Supreme Court. These levels are as follows:

1) 8 High Courts
2) 50 District Courts
    a. 4 in Hokkaido
    b. 46 in rural, urban prefectures and Metropolitan District
3) 50 Family Courts
    a. 4 in Hokkaido
    b. 46 in rural, urban prefectures and Metropolitan District

Rights of Supreme Court in Japan:

1) Bill of Rights
2) Right of Judicial Review

Japan is not having any administrative courts or claims courts. The Jury System has come into use recently in Japan. Because of the judicial system's basis, court decisions are the final judicial authority.

Local government

As Japan has a unitary system of the government, the local jurisdiction is largely dependent on the national government for the finance. The Ministry of internal Affairs and communication intervene in local governments. The local government requires funding so this intervention is largely on financial basis. This dependency and independency relationship is termed as “30- percent Authority”. This kind of power distribution results in standardization of policy in the country and provides uniqueness in different cities or towns.

Local authorities

Japan has been divided into 47 administrative divisions that are as follows:

1) 1 metropolitan district (Tokyo)
2) 2 urban prefectures (Kyoto and Osaka)
3) 43 rural prefectures
4) 1 district Hokkaido

In Japan, for the administrative purpose large cities are divided into wards. Wards are divided into towns or precincts or sub prefecture and counties.

In Japan the cities are autonomous units administered separately of the larger jurisdictions within which they are located. To get the status of the city a jurisdiction must have at least 30,000 residents from which 60% must be engaged in urban occupations. There are independent towns outside the cities as well as grounds of urban wards. Like the cities, each town has its own nominated mayor and legislative body. Villages are the smallest autonomous entities in rural areas. They often consist of a number of villages containing several thousand people associated with each other through formally imposed structure of administration. The mayors and councils are nominated for the period 4 years.

CONTEMPORARY POLITICAL VALUES OF JAPAN

Japanese politics are generally explained as pragmatic, limited by particularistic loyalties, and based on human relations rather than on ideology or principles. The typical Japanese leader is a network builder rather than the realization of personality or ideals. Contemporary politics of Japan is more like the crafty and ingenious initiator of the Tokugawa *bakufu*, Tokugawa Ieyasu, than the ruthless

but brave Oda Nobunaga. These adjectives are not in vacuum but having the evidence i.e. LDP remained the strongest party in Japan for decades (since 1955) despite the loss of majority in early 1990s.

The modern theory of politics can not explain the Japan's militaristic past, the crisis on politics in 1960s, the emperor regarding controversies, unwillingness of socialist parties of Japan, huge political cost to abandon the antiwar commitment in early 1990s. Japanese politics have some distinctive features which are identified to support the economic growth of country. These features are as follows.

1) Community and Leadership

The roots of community and leadership are in the history of Japan and these features reflect the values of the Japanese people possess. In both the feudal and the contemporary eras, a major problem of Japanese political leaders has been the integration of the goals of society endurance, the protection of the interests of society and self-respect of individuals in an environment of extreme insufficiency. In current centuries, Japan has faced the lack of the natural resources and space (land) to accommodate its population at ease. The exception of such problems Japan has Hokkaido and other colonial territories in Asia between 1895 and 1945; there was no "frontier" to absorb excess people. There were two options to deal with this problem. One was to ignore the people who are not getting the space for their homes and when they ask for that use coercive power. Another way was non coercive way to settle these people. The Japanese are having a strong sense of self sacrifice and dedication for the community.

2) Consensus Building

The community is frequently demanding, but it is also easily broken. Since social ties are continued not only throughout legal norms and common self-interest but also through the emotional patron-client relationship. Open disagreement creates a danger to the endurance of this sort of society, and thus policy making requires detailed consultation and consensus building. According to political scientist Lewis Austin, "everyone must be consulted informally, everyone must be heard, but not in such a way that the hearing of different opinions develops into opposition." After an opening agreement among all has been reached, an official meeting is held in

which the agreed-upon policy will be proposed and adopted. This process is called *nemawashi* (root trimming or binding). Even though consensus building is a time-consuming and emotionally fatiguing process for leaders, it is essential not only to encourage group goals but also to respect and look after individual sovereignty. Political leaders have to maintain solidarity and harmony within a single group and also secure the cooperation of different groups who are often in bitter conflict.

POLITICAL PARTIES IN JAPAN

MINORITY PARTIES

1. Social Democratic Party of Japan

The Social Democratic Party of Japan (SDPJ called the Japan Socialist Party until 1991) is the largest opposition party of Japan. It attained seventy seats in July 1993 in House of Representatives election and joined the Hosokawa coalition. Same as the LDP, the Japan Socialist Party resulted from the union of two smaller groups in 1955. The new opposition party had its own party, although organized according to left-right ideological commitments rather than what it called the "feudal personalism" of the traditional parties. In the House of Representatives election of 1958, the Japan Socialist Party gained 32.9 percent of the popular vote and 166 out of 467 seats. After 1958, SDPJ's percentage of the popular ballot and number of seats slowly declined. In the double election of July 1986 for both Diet houses, the party suffered a disturbance by the LDP under Nakasone: its seats in the lower house fell from 112 to an all-time low of 85 and i.e. the share of vote from 19.5% to 17.2%. Its popular chairwoman, Doi Takako, led it to a remarkable showing in February 1990 general election: 136 seats and 24.4%of the vote. Some electoral districts had more than one successful socialist candidate.

Doi was a university professor of constitutional law before entering politics. She had a tough, straight-talking manner which pleased the voters who were exhausted of the ambiguousness of other leaders. Many women found her a refreshing alternative to obedient female stereotypes, and in the late 1980s the public at large, in opinion polls, voted her their favorite politician. Doi's popularity was limited help to the party. The influential Shakaishugi Kyokai (Japan Socialist Association) that was supported by a hard-core contingent of the party's 76,000-

strong membership remained committed to rigid Marxism, hinder Doi's efforts to promote what she called perestroika and a more sensible program with greater voter plea.

In 1983 Doi's predecessor as chairman, Ishibashi Masashi, began the delicate process of moving the party away from its strong opposition to the Self-Defense Forces. While maintaining that these forces were unconstitutional in light of Article 9, he claimed that, because they had been established through legal procedures, they had a "legitimate" status (this phrasing was changed a year later to say that the Self-Defense Forces "exist legally"). Ishibashi also broke past precedent by visiting Washington to talk with United States political leaders.

By the end of the decade, the party had accepted the SelfDefense Forces and the 1960 Japan-United States Treaty of Mutual Cooperation and Security. It advocated strict limitations on military spending (no more than 1 percent of GNP annually), a suspension of joint military exercises with United States forces, and a reaffirmation of the "three nonnuclear principles" (no production, possession, or introduction of nuclear weapons into Japanese territory). Doi expressed support for "balanced ties" with the Democratic People's Republic of Korea (North Korea) and the Republic of Korea (South Korea). In the past, the Japan Socialist Party had favored the Kim Il Sung regime in P'yongyang, and in the early 1990s it still refused to recognize the 1965 normalization of relations between Tokyo and Seoul. In domestic policy, the party demanded the continued protection of agriculture and small business in the face of foreign pressure, abolition of the consumer tax, and an end to the construction and use of nuclear power reactors. As a symbolic gesture to reflect its new moderation, at its April 1990 convention the party dropped its commitment to "socialist revolution" and described its goal as "social democracy": creation of a society in which "all people fairly enjoy the fruits of technological advancement and modern civilization and receive the benefits of social welfare." Delegates also voted Doi a third term as party chairwoman.

Because of the party's self-definition as a class-based party and its symbiotic relationship with Sohyo, the public-sector union confederation, few efforts were made to attract nonunion constituencies. Although some Sohyo unions supported

the Japan Communist Party, the Japan Socialist Party remained the representative of Sohyo's political interests until the merger with private-sector unions and the Rengo in 1989. Because of declining union financial support during the 1980s, some Japan Socialist Party Diet members turned to dubious fund-raising methods. One was involved in the Recruit affair. The Japan Socialist Party, like others, sold large blocks of fund-raising party tickets, and the LDP even gave individual Japan Socialist Party Diet members funds from time to time to persuade them to cooperate in passing difficult legislation.

2. Komeito

Following the July 1993 House of Representatives election, the Komeito (the euphemistic English translation of the Japanese name is Clean Government Party) held fifty-one seats in the House of Representatives and joined the Hosokawa coalition. The Komeito was an offshoot of the Soka Gakkai, which had been founded in 1930 as an independent lay organization of the Nichiren Shoshu sect of Buddhism, whose numbers were estimated at 750,000 in 1958 and more than 35 million in the late 1980s. In 1962 the Soka Gakkai, established the League for Clean Government, which became a regular political party, the Komeito, two years later. Ties between the Komeito and the Soka Gakkai were formally dissolved in 1970, and the image of an "open party" was promoted. But the resignation in 1989 of a Komeito Diet member, Ohashi Toshio, following his criticism of the religious leader Ikeda Daisaku, suggested that the Soka Gakkai's influence over the party remained substantial.

The party's supporters tended to be people who were largely outside the privileged labor union and "salarymen" circles of lifetime employment in large enterprises. The Komeito's programs were rather vague. They emphasized welfare and quality of life issues. In foreign policy, they had dropped their previous opposition to the Japan-United States security treaty and the SelfDefense Forces. Komeito made up a substantial portion of Hosokawa's coalition government in 1993.

3. Communist Party

The Japan Communist Party was first organized in 1922, in the wake of the Bolshevik Revolution, and remained part of the international, Moscow-controlled

communist movement until the early 1960s. Although the party won a large percentage of the popular vote in Diet elections in 1949, it became extremely unpopular after 1950, when Moscow ordered it to cease being a "lovable party" and to engage in armed struggle. It was forced to go underground, and in the election it lost all its seats in the Diet. A self-reliant party line, stressing independence from both Moscow and Beijing, evolved during the 1960s. The party's chairman, Miyamoto Kenji, a tough veteran of prewar struggles and wartime prisons, promoted the "parliamentary road" of nonviolent, electoral politics. Thereafter, the fortunes of the Japan Communist Party gradually revived. Representation in the lower house reached a high point of thirtynine in the 1979 election but declined to between twenty-six and twenty-nine seats in the 1980s and to fifteen in the July 1993 election. The party's program promoted unarmed neutrality, the severing of security ties with the United States, defense of the postwar constitution, and socialism. It also voiced concern for welfare and quality of life issues.

Both organizationally and financially, the party was stronger than its opposition rivals and even the LDP. Revenues from its publishing enterprises, especially the popular newspaper Akahata (Red Flag), which had the eighth largest circulation in the country, provided adequate support for its activities. As a result, the Japan Communist Party was the party least mired in money politics. This fact earned it the reluctant respect of voters. But suspicions about its ultimate intentions remains strong. It is excluded from opposition party negotiations on coalitions.

4. Democratic Socialist Party

The Democratic Socialist Party was established in January 1960 when right-wing members of the Japan Socialist Party broke away to form their own group. In the past, the Democratic Socialist Party derived much of its financial and organizational support from the Domei private=sector labor confederation. Like the LDP and the Komeito, it supported the security treaty with the United States and the Self-Defense Forces. The party's chairman, Tsukamoto Saburo, was forced to resign in 1988 after it was revealed that he received 5,000 shares of stock from Recruit. The Democratic Socialist Party won fifteen seats in the July 1993 lower

house elections and joined the Hosokawa coalition government.

How Government is related with Business in Japan

The relationship between the government and business are done in numerous ways through various channels. The most important and influential channels are:

1) The Ministry of Finance
2) The Ministry of Economy, Trade and Industry
3) The Ministry of Land, Infrastructure and Transport
4) The Ministry of Health, Labour and welfare

1. **The Ministry of Finance:** It is responsible for preparing the budget for the nation. It is the source of Fiscal policy which indirectly controls the central banks of Japan. The central bank is responsible for the Monetary Policy. So the finance Ministry is responsible for controlling the money demand and supply in the country. It allocates the public investment, prepares tax policies, accumulates taxes, and regulates foreign exchange.
2. **The Ministry of Economy, Trade and Industry:** It is responsible to regulate and distribute the goods and services. It is concerned for developing the plans to strengthen the structure of Japanese industry.
3. **The Ministry of Land, Infrastructure and Transport:** It is accountable for observing of all land, sea, and air transport of Japan. It is also responsible for the land acquisition for the public use as well as the environment protection if it is related to the construction.
4. **The Ministry of Health, Labour and Welfare:** It is responsible for overseeing and organizing all health and welfare related services in hospitals and manufacturing industry of Japan.

THE GROWTH OF JAPAN AND GOVERNMENT'S ROLE

The Japan has recorded tremendous growth after World War II. According to some articles this growth is due to the private entrepreneurship i.e. Capitalism. No country can develop in this way without the cooperation of the higher authorities. In case of Japan that higher authority is the Government. The government of Japan has

contributed a lot for this growth. In a Nutshell the Japanese Government has contributed to the nation's prosperity.

What Government has done?

1. Helped the entrepreneurs to initiate new industries
2. Mitigate effects of economic despair
3. Craft a firm economic infrastructure
4. Protect living standards of the community

This all efforts are done by Japanese government to develop the economy. Many researchers have observed this growth and term this government and corporate alliances as "Japan Inc". This alliance of government and public interests are motivating some other small countries to make their status in the world map.

JAPANESE ATTITUDES TOWARD GOVERNMENT

Japanese attitudes towards its government have been shaped by Confucianism. Japan has been defined as a Confucian country in the world. It is the country in which loyalty is more important than generosity. Leadership is the branch of the government and business seems to government for guidance. These attitudes form a view that the whole nation is a family. This family like attitude influences the businesses and the business people not only work for their own profits but also for the nation's well being. There was a national agreement that Japan must be an economic power and for that all Japanese have to work together. This philosophy makes aware the Japanese to work for a national goal. If we conclude the relationships of business and government in Japan we can say that it is collaboration rather than suspicious adversaries.

Corporate organizations

Relations between the corporate world and government in Japan to be sustained through three national organizations:

1. The Federation of Economic Organizations
2. The Japan Committee for Economic Development
3. The Japan Federation of Employers Association

Small business

Japan's streets are lined with small shops, grocery stores, restaurants, and coffeehouses. Although supermarkets and large discount department stores are more common than in the 1980s, the political muscle of small business associations was reflected in the success with which they blocked the nationalization of the country's distribution system. The Large-Scale Retail Store Law of 1973, amended in 1978, made it very difficult in the late 1980s for either Japanese or foreign retailers to establish large, economically efficient outlets in local communities.

Many light industrial goods, such as toys, footwear, pencils, and kitchen utensils, were still manufactured by small local companies rather than imported from the Republic of Korea, Taiwan, or Hong Kong. Traditional handicrafts, such as pottery, silk weaving, and lacquer ware, produced using centuries-old methods in small workshops, flourished in every part of the country. Apart from protectionism of the "non-tariff barrier" variety, the government ensured the economic viability of small enterprises through lenient tax policies and access to credit on especially favorable terms.

Major associations represent small and medium-sized enterprises are as follows:

1. Japan Chamber of Commerce and Industry
2. The National Central Association of Medium and Small Enterprise Associations,
3. The Japan League of Medium and Small Enterprise Organizations
4. The Japanese Communist Party-sponsored Democratic Merchants and Manufacturers Association.

Although small enterprises in services and manufacturing preserved cultural traditions and enlivened urban areas, a major motivation for government nurturing of small business was social welfare. In Calder's words, "Much of small business, particularly in the distribution sector, serves as a labor reservoir. Its inefficiencies help absorb surplus workers who would be unemployed if distribution, services, and traditional manufacturing were uniformly as efficient as the highly competitive and modernized export sectors.

Lately, however, government relations agencies such as GR Japan and ShinNihon Public Affairs have started to appear also in Japan, run by former diplomats, members of parliament, and civil servants.

They completely privatized the Japanese economy and supported the merger of Japanese businesses to form huge business conglomerates. The government also got private Japanese companies to invest in public infrastructure such as roads, railways, airports and factories. Holding capital assets generated wealth for the private sector and this surplus of wealth meant that Japanese banks invested in areas such as property which spurned the Japanese asset price bubble.

The government also pursued a policy of developing technology and the manufacturing sector as opposed to importing foreign technology and products. Funding was given to Japanese industry-university partnerships for research purposes, particularly in areas such as IT, electronics, robotics, cars, transport and mechatronics engineering. Japanese corporations also pursued efficient and successful business models and strategies such as quality assurance. These techniques made Japanese products better value-for-money than their American and European rivals on the global market.

The Japanese economy and the US economy are similar, particularly in their problems. Both are in huge debt, and when the financial crises occurred both nations desperately tried to address it by cutting interest rates and pumping billions of dollars into the economy. The major difference is the mentality. The US government tries to fix up problems that cannot be fixed whereas the Japanese government tries to patch up problems that cannot be fixed. While for years since the 1990s, the Japanese approach has been criticized (interest rates are practically zero), the US economy has since been downgraded in its credit rating, and like the Japanese, US interest rates are also practically zero. Both economies are essentially in a spiralling trap of economic catastrophe.

Another thing to note is that the Japanese government's mentality is conservative. As an export-orientated nation, the Japanese mentality is to produce and sell more products to foreign countries than what they are buying from foreigners, thus saving up the extra money earned for themselves (a trade surplus). This has allowed the Japanese to at least address their economic problems by utilizing their own cash reserves (foreign countries own very little Japanese government debt). The US on the other hand is a chronic import-orientated nation with a trade deficit (buying more

from others than what you're selling to others). This has meant foreign countries (particularly China) have bought US debt to have its own slice of the US economy, and as a result, the US economy is completely exposed and vulnerable to the world, whereas Japan has managed to steer clear of letting its economy be controlled by countries such as China.

conventional outlook of how free enterprise developed is that within feudal society a class emerges made up of merchants, bankers, early industrialists and that for this class to be able to develop its full potential a bourgeois revolution is required to break the limits imposed by the landed feudal aristocracy. That is how things developed, more or less, in countries like France and England, but not in Japan.

Bill Keaggy Simply because that is how capitalism came into being in a few advanced capitalist countries does not at all mean that the selfsame process has to be repeated again and again in all countries of the world. In fact, if one looks at most countries today , that was not the way things developed.

There is a good reason for this. Once a few advanced industrialised capitalist nations had emerged on the scene of history, these tended to dominate the rest of the world. Hence, the phenomenon of imperialism. The existence of powerful industrial countries, with a high level of productivity and advanced technological methods, meant that the path of gradual emergence of a local bourgeoisie was blocked off in the lesser developed countries.

This is a key idea that Trotsky developed in his theory of the Permanent Revolution. The events in Russia in 1917 confirmed the correctness of this theory. The Russian bourgeoisie was incapable of leading its own revolution. Unlike the French bourgeoisie in the 18th century or the British in the 17th, the Russian bourgeois was tied hand and foot to the interests of the powerful imperialist nations. That is why the task of carrying out the bourgeois revolution fell to the young Russian proletariat, the only truly revolutionary class in Russia at that time. Of course, the fact that there was already a modern proletariat in Russia meant that in beginning the task of carrying out the bourgeois revolution, the workers would pass over to the socialist tasks in one “permanent” process, but that is not the subject of this article.

What we are interested in here is a phenomenon whereby, precisely because of the weakness of a class that is supposed to be the leader of a process, i.e. the development of capitalism in this case, another class takes that task upon itself. When the class to whom the leadership of the bourgeois revolution should rightly belong is too weak, or too dependent on mightier bourgeois powers, another class can step in. Japan is a clear example of such a phenomenon.

Role of the state in the economy

E. Sydney Crawcour of the Australian National University, in his work, "Industrialization and technological change, 1885-1920 (Chapter Two of the book, The Economic Emergence of Modern Japan', edited by Kozo Yamamura, 1997), points out that, "No explanation of industrialization and technological change in Japan between 1885 and 1920 would be complete or satisfying without considering the role of the state." And almost as if to answer latter-day "neo-liberal" thinking, i.e. that the market is the answer to everything, he points out the following:

"Some economists oppose state intervention on the grounds that it cannot raise total output above the level that would be produced by the operation of competitive markets. Free competitive markets are not, however, necessarily the best strategy for long-run dynamic growth. Specifically, market forces do not maximize long-run growth when the returns from an investment depend on other developments outside the investor's control. We have already seen that in the 1890s neither an ironworks nor a steel mill in isolation were profitable. A coal mine might not be profitable without a railway to carry its product to the market, but a railway might not be economical without the development of both the coal mine and other industries along its route. Yet all of these might be highly productive investments as parts of a state-supported development program."

Here we see how state intervention can be an essential part of developing an economy even on a capitalist basis. The author even refers to the advantages of such methods in what he calls a "late-developing economy".

In all this economic development what was the driving force? Was it the emerging bourgeoisie as in the England of Cromwell's days or of the French Revolution of 1789? No, it was not. The driving force came from outside. It was the pressure of the

advanced capitalist countries, which threatened the position of the Japanese feudal aristocracy, that led to sections of this same aristocracy to push for modernisation, i.e. industrialisation, which meant capitalism. As the bourgeoisie was too weak to play its historical role, the task fell to another class, in this case the samurai class through its control of the state.

Henshall explains:

“The young samurai who led the coup [of 1868] in his name [the boy-emperor] were able to consolidate their control of the government and bring a certain stability to the country beneath all the changes.

“Their aim was to build up a strong nation that could match and even perhaps eventually outdo the west.”

And who abolished the feudal system? Not the bourgeoisie, which was too weak to do so, but elements from within the feudal aristocracy itself. As Henshall explains again, “The restrictive feudal class system was abolished, including the samurai class from which the government leaders themselves came.” [our emphasis].

Within quite a short period of time Japan emerged as a major economic power and with it went military might, as it expanded beyond its borders building its own empire in the east. In addition, although the Japanese ruling class copied the West in terms of economic reform, it did not take on board the political institutions of the West. As Henshall explains, “The cabinet of oligarchs remained ‘transcendental’ – a law unto itself – and freedoms were very much within limits…”

Here we have some useful analogies with present-day China. Who had the power in Japan at the end of the 19th century and the early part of the 20th? The bourgeoisie was still too weak to exert direct control over the state. However, the state was building a modern capitalist Japan. Was the Japanese state bourgeois, in 1870? One would have to answer both yes and no. If one were to judge it purely from the men who led that state, the same feudal aristocrats of the past, one could be led to making the mistake that it was “feudal”. The point here is that those elements who came from within the old feudal aristocracy were at the head of a state that was building the foundations of a powerful capitalist economy. Although they were then in the early stages of such development, the direction was clear: towards capitalism. In

that sense it was a bourgeois state. If one ask the correct question, i.e. in which direction was that state going, the answer would be unequivocally towards capitalism, and that is what would finally define the fundamental nature of that state.

An extremely relevant and interesting point precisely on this question is to be found in one of the writings of Trotsky, “Not a workers’ and not a bourgeois state?” (November 25, 1937): “The assertion that the bureaucracy of a workers’ state has a bourgeois character must appear not only unintelligible but completely senseless to people stamped with a formal cast of mind. However, chemically pure types of state never existed, and do not exist in general. The semi-feudal Prussian monarchy executed the most important tasks of the bourgeoisie, but executed them in its own manner, i.e., in a feudal, not a Jacobin style. In Japan we observe even today an analogous correlation between the bourgeois character of the state and the semi-feudal character of the ruling caste. But all this does not hinder us from clearly differentiating between a feudal and a bourgeois society.”

CONCLUSION:

The Japanese political system is very different from those of the western democracies, although the institutions may initially look similar.

The Kokkai or Diet has little real authority; traditionally the factions within the Liberal Democratic Party have been more important than the other political parties; Cabinet meetings are brief and largely ceremonial; and the Prime Minister is weaker than his counterpart in other democracies and usually has a relatively brief tenure in office. Power in Japanese society is wielded less by politicians and more by civil servants and industrialists. This triumvirate of politicians, bureaucrats and big business is known in Japan as "the Iron Triangle".

However, the general election of August 2009 has changed things. Now that the Liberal Democratic Party is in opposition with only a quarter of the seats in the lower house and the Democratic Party of Japan is the government with a substantial majority, one can expect profound differences in the conduct of Japanese politics. Having said that, many observers feel that the power of the established civil service bureacracy and the deep economic problems facing the nation mean that in practice

the changes in policy will not be as major as the election result might have suggested.

Meanwhile there are some moves in Japan for the constitution to be revised so that it becomes “a normal country” able to maintain and deploy military forces. Many in Japan are keen for its economic power to be reflected now in the political structures of the United Nations with the country admitted to permanent membership of the Security Council.

CHAPTER-4
A comparative study of Business Environment between India and Japan

Introduction

The image of the Japan business environment that is base on a lifetime-employment model used by big companies also the reputation of long work-hours and strong devotion in aspect of one's company. In the Japan business environment companies recruit and retain the favorable workers by offering lifetime job security with better benefits. Also employees are think to work hard & loyalty to the firm through in exchange of job security and benefits, like housing subsidies, insurance, use of recreation facilities, and bonuses and pensions. It doesn't mean the wages begin low, but the seniority is rewarded with promotions for the based on combining security and ability.

Same thing the Indian business environment it's not confidential proof in lifetime-employment but companies also not fixed create in work-hours. It's totally based on the company faced the situation. Also in Indian business environment companies recruit & train the best workers by offering lifetime job security with favorable benefits. In Indian business environment employees are not think hard work because of not getting basic facilities at the time of work-hours but some big & reputed companies to provide the facilities in different benefits like pension, wages, safety insurance, bonuses, remuneration, & seniority on the basis of promotions.

Definition of comparison of business environment

Business environment means the encompasses of all those factors that affect in companies operation, & including suppliers, customers, stakeholders, competitors, regulations, industry trends, social and economical factors and technological developments, or other government activities.

Benefits of India doing business in Japan

Japan rapidly embraced western technological influences to become a development & creativity. Also Japan gets tremendous experienced in economic expansion or growth & most successful exporter in the world.

So if Indian companies doing businesses in Japan so that in future Indian companies to develop product and services create R&D projects and creates innovative technologies. & also Japan remain one of the world's best leading industrial powers

making doing business in Japan an excellent location for international companies. Also Indian companies doing business in Japan so that get a highly educated and affluent population results in discerning consumers. Main benefits to Indian companies in the aspect of Japanese customers are high educated, so they understand the difference between products like that is high performance & low-cost, rather than the opposite.

When Indian companies doing business in Japan it is important to remember to address and consider the group rather than the individual. & also Indian companies take benefits for getting strong work ethics.In Japan business environment the loyalty & co-operation are valued over competitiveness & aggressiveness. Benefits for doing business in Japan because of Japanese tend to take pride in their long hours work & jobs to demonstrate their dedication in hopes increasing their in the company. More things of reliable employees, willing to work long shifts over unusual hours, are more benefit for Indian companies for doing business in Japan.

Benefits of India when Japan doing business in India

When Japanese companies doing business in India so that time the India gets benefit in through increases in FDI. In the time of Japanese companies established business in India so that time India to make restrictions in Japanese companies in supply (Land, human resources). That's why the wages also increases & also increases the land prices. So that time middle class purchasing power expanded. Second things in India there are some of the people who purchase the foreign countries product because of in India more people comes in middle class level & lower class level so that time Japanese companies not getting favorable business in India. That's why Japanese companies to make the products for all the upper – middle – lower class level aspect & to create general products with product variety, lower price & high quality. Also Japan gets tremendous experienced in economic expansion or growth & most successful exporter in the world so that basis India get new Japanese technologies so using this technologies India create favorable growth in the economy & business expansion. Japanese companies doing business in India so that time the India get more Japan currency through importing because of Japanese companies required some own country resources for aspect of establishing business in India.

Internal environment

Indian value system

Irrespective of cultural diversity, a common value system is identity of Indian culture and society. Indian culture follows mainly peace full co-existence, spirituality, deference to elders. In addition to that recourse to nature, artistic ex-pression, seeking prosperity, strong family ties, and hospitality.

As far as business is concern Indian society follows following values.

- **Co-operation:** Indians are believed in co-operation even though there is cut thought competition in the market.
- **Family oriented:** Indians are highly family oriented peoples. Even person is mature; he/she consult to elders for decision taking.
- **Humility:** Indian are respecting others despite of their status and wealth.
- **Self management:** Indian believe that before managing others one should manage its self.

Japan value system

Japanese are more oriented towards dedicated to work, macro vision, business ethics, and self management. Japanese are look at things from macro perspective. Japanese are sensitive by nature. They love their country and are honest and dedicated towards Japan. In business Japanese follow good values. Major of these are mention below.

- **Dedicated to service:** Japanese are hardworking people. They are totally dedicated to their work and thus providing best qualities to their customers.
- **Emphasizes spiritualism:** Japanese are more oriented towards spiritualism. Even in the business too.
- **Professional life kept away from personal life:** Japanese believe in keep personal and professional life different.
- **Team spirit:** One of the major factor for success is team spirit. Japanese are believing is team spirit.

Power distance Index (PDI)

The distance between employee and employer is measure by power distance index. The more distance between employee and employer the PDI is likely to more on higher side. And if it is less then PDI is much likely to be in lower side. High PDI means the organization is more centralized in decision making. And low PDI refers to decentralized decision making in organization.

India on PDI

India follows the hierarchical level. India is on higher side of PDI. It means Indian organizations are more centralized in decision making. And there is distance between employee and employer at work place. There is inequality for employee and employer in organization; Subordinates expect to be told what to do. Superiors are entitled to have more privileges.

Japan on PDI

Japan also follows the hierarchy level in organization. Organizations centralize power as much as possible in a few hands. Employees are more afraid of their bosses prefer autocratic bosses. Employees have to wait for their bosses decisions on most of the issues.

Individualism and Collectivism

Individualism and Collectivism are two different approaches prevailing in society.

Individualism: Individualism means people are more self centric and relation between two people are not so strong. Everyone is looking for his or her self. They are least concern about other.

Collectivism: At opposite collectivism means people are more loyal toward each others throughout the lifetime. The concerning about each other and integrated strongly.

Indians are individualistic:

In India people are recruited as “economic package”. People are work for their own interest, not for the organizational goal. Employee and employer have no relationship out of their workplace. In Indian society family relationship in workplace is discouraged. Poor performance by employee or better offer by other firm can be acceptable reason to terminate the work relationship.

Japanese are collectivistic:

In Japan people are not hired as individual but family members. People are generally judged by their easiness to mix with others like extrovert personality. People work for common goal rather than individual goals. Generally while recruiting, preference is given to family members of existing employees to reduce the risk.

Masculinity and Femininity

Since origination man and women have their different roles in society, men tend to be more strong, protective, outgoing and challenging we call it masculine behavior. And women tend to be more relationship oriented, caring and emotionally stronger. We call it feminity.

Masculinity and Femininity in Indian the workplace:

An India lie on moderate countries seems more at masculine side of scale. Organization in masculine countries stress on results and reward people on their performance and equity. In India there are almost equal chances for men and women for growth. Indian people are not differentiate people by gender. It is good for the country.

Masculinity and Femininity in Japan the workplace:

In Japan we will see very few or none Japanese women manager, power sharing is uneven between men and women, there is strong guidelines for both sexes for their behaviour and conducts. Men in Masculine societies are more assertive, ambitious, and competitive which in turn reflect the behaviour of managers of masculine society. Based on cultural characteristics of society excel in different kind of industries. Japanese are leaders in manufacturing quality products which needs high amount of assertiveness, doing things fast which are characteristics of masculine countries.

Uncertainty Avoidance Index

We know that nothing is certain. Nobody knows what is going to happen tomorrow, nothing is sure about anything which is called uncertainty. But society has develop different kind of ways to avoid uncertainty. Uncertainty avoidance can therefore be defined as the extent to which the members of a culture feel threatened by ambiguous situations.

Uncertainty Avoidance in Indian workplace

India lies on neutral on risk avoiding and risk seeking graph. India which is still developing is on the process of developing their own processes. Indian are trying to identified risk factors and also trying to eliminate those risk. Indian government making laws to avoid uncertainty on all aspects like human behaviour, corporate culture.

Uncertainty Avoidance in Japan workplace:

Japan are more into high side of scale because it have mature processes and standardization to avoid any kind of uncertainty which gradually become part of their. All laws and rules are made to follow and people do so. Japan is more stndardize then India in terms of risk avoidance

Long and short term orientation

Long term orientation means people think about future rewards. People from LTO society are persistence and thrift.

Short term orientation means people think about Reciprocation of Greetings, and gifts. People from STO society believe in respect for tradition.

India

India lies on the long term orientation. In long term orientation, family and work is not separated. LTO society has lots of family enterprises; LTO structure supports entrepreneurial activity which is good for the nation.

Japan

Japan also lies on long term orientation. People give respect other in order of their society status, a structure of stable hierarchical order is maintained which gives support to entrepreneurial activity.

Indian is a land of differences, on one side it is one of the fastest growing countries willing to play a leading role in global platform. On the other side, in spite of reforms in 1990 India is still closed economy in terms of labour, capital, and knowledge. The domination of family, highly bureaucratic government systems, a labour laws and human resource practices are some of the areas where managerial gaps needs to be addressed.

Indian management style

Socio-cultural influences on the Indian mindset

Over the centuries, cultural and spiritual forces have left very strong influence on Indian mindset and management style. Another important element which contributes Indian mindset and management behaviour is caste system.

India's growth and Potential

India's global image in economic success is highly boosted recently, in recent years India's GDP grew with the rate of 8 percent average. Demographically 70 percent of India's population is less than 35 year of age which is good for the nation. Instead of huge population of 1.1 billion effect of growth can be seen everywhere in India. Indian product quality is reaching world standards. India emerged as leading supplier of IT and IT enabled services.

Understanding Indian management model

Emergence of India as outsourcing hub leads researchers all around the world to study about Indian style management. Many trends appear to be emerging, some of cultural influences contributed to Indian managerial mindset.

Changing dynamics of management in India:

Market, Strategy and purpose: Around fifty year bureaucratic mindset is dominant over Indian managerial minds but soon after 1990s economical reformation people started changing their orientation from opportunistic to strategic. People like to innovate rather than simply follow the tradition.

Global threat and opportunity: With the entry of global MNCs in Indian market forced Indian companies to change their internal work process, union-management relations, and Human resource practices which affect positively to Indian companies.

Japan management style

Tremendous success of Japan after the devastation of world war II, created curiosity in intellectuals and managers all around the world to understand the magic *mantra* of their glory of success; many studies are done and many theories and models were created, evaluated, classified and clarified to find those theories which are assumed to be responsible for success of Japanese management.

Distinctive feature of Japanese management style

Management in Japan is influenced by culture, by industrial organization, e.g. keiretsu, government, especially the ministry of trade and industry (Most important values, Ideology, Traditions): a number of cultural influences serve as the foundation for current Japanese management practices.

There are three pillar of Japanese industrial relations system: lifetime employment; the seniority wage and promotion system; and enterprise based unions

Life time employment: Employee are expected to stay in the company for life time.
Seniority promotion: In Japan the base of promotion is seniority. People is getting promotion on the basis of seniority.
The enterprise trade unions: In Japan there are trade unions in every company. Both white and blue collar employees are member of them.

Micro environment

Elements or Factor are in the organization's intermediate area of operations that affect its performance and decision-making freedom. Those factors are Supplier, Marketing, Intermediaries and Customer

Supplier

Suppliers are those who supply the input like raw materials and components to the company. Uncertainties regarding the supply or other constraints often compel companies to maintain high inventories causing cost increase. Factories in India maintain indigenous stocks of 3-4 months and imported stocks of 9 months whereas it is an average off few hours to two weeks in Japan

Customer

The major task of a business is o create and sustain customers. Monitoring the customer sensitivity is a prerequisite for business success. The choice of the customers segments should be made by considering a num of factors including the relative profitability, dependability, and stability of demand ,growth prospectus and the extends of completion.

Competitors

A firm's competitors include not only the other firms, which market the same or similar product, but also all those who compete for the discretionary income of consumer.

Marketing Intermediaries & Marketing

Marketing Intermediaries are the firms that aid the company in promoting selling and distributing its goods to final buyers. Marketing intermediaries are vital links between the company and the final consumer.

The marketing intermediaries included middlemen such as agents and merchants who "help the company find customers or close sale with them", physical distribution firms which "assist the company in stocking and moving goods from their origin to their destination" such as ware houses and transportation firms: marketing service agencies which "assist the company in targeting and promoting its product to the right market" such as advertising agencies, marketing research firm, media films and consulting firm; and financial intermediaries which finance marketing activities and insure business risk.

MACRO ENVIRONMENT

Socio cultural environment:-

India

In any country social environment is very comprehensive because it may include the total social factors within which a business enterprise operates.

Social environment includes people's attitude, family background, religion, education, traditions, customs and social attitudes. Whenever changed the attitudes and belief of the persons which have effect on business environment.

Some factors related to the social environment

India as a Pluralistic Society:

Indian society is a pluralistic society with a complex social order characterized by a multitude of ethnic, linguistic, religious and caste divisions. Hindu constitutes the majority community and comprises about 82% of the population. They stand evenly distributed across regions. The Muslims constitute 12% and the Sikhs 2% of the population.

As a Rural Society

About 70% of the Indian people live in villages and Indian villages continue to be under developed even backward. Lack of civic amenities, employment opportunities, roads, transport facilities, electricity, hospitals and schools in rural areas is a hard reality.

Poverty

India continues to be an economically backward country. It still remains world's 15th poorest nation despite maintaining an overall industrial growth rate of 3 to 5 % and an agrarian growth rate of 2 to 3 %. The increase in GNP from 1.3 % in 1947 to 3.6 % in 1980 ha failed to match the growing number.

Illiteracy

Illiterates constitute a major part of Indian social system. A large number of Indians are still illiterate. In India 64 % of the population continues to be illiterate. Despite the spread of the

educational network and adoption of ideal like free and compulsory education for children up to 14 years and the ideal of making 80 million adults literate by 1995.

Caste

Caste has been the pre-dominant feature of India social system. It is an ancient practice, may an ancient evil which continues to influence India's social, economic, cultural and political life

Japan

The Japanese names, *Nihon* and *Nippon,* are alternative readings of written characters that mean "origin of the sun" or "Land of the Rising Sun".

Ethnic Relations

In Japan, Several distinct minority populations together total less than 5 percent of the total population. The minority populations whose identities have regional dimensions include Korean-Japanese, who are spread across the country but are most prominent in Ōsaka and other parts of the Kansai region; Okinawa's, mainly in Okinawa but also with a sizable community in and around Ōsaka: Ainu, most of whom live in Hokkaidō; and the so-called outcaste population, who are found primarily in the Kansai region. There is a small population of Chinese-Japanese, mainly from Taiwan.

Food and Economy

In extremely varied about diet and makes use of **culinary** (concerned with cooking) elements from around the world, including the cuisines of Korea, China, South and Southeast Asia, Europe, and North America. However, notions of "traditional" Japanese cuisine are an important element of cultural identity.

Classes and Castes

Japanese society has been portrayed as being essentially classless or as having a class structure in which very tiny **elite** (power full, rich and talented groups) and underclasses bracket an enormous number of middle-class people. However, there are significant social differences among the rural and urban peoples.

Symbols of Social Stratification

In Japan one of the most important determinants of social stratification is educational attainment. Japanese people refer to a "credential" society, and educational credentials have often been regarded as the most important criteria for employment and marriage, particularly among the urban middle classes.

Social Welfare and Change Programs

In japan there is a long-standing ethos of support for education, public safety, and public health, which have been government priorities since the nineteenth century.

And also includes many aspects of social welfare continue to be the responsibility of families, communities, and other social groups. Traditionally, villages were organized around mutual assistance, and cultural norms still encourage social groups to take care of the needs of their individual members.

Division of Labour by Gender

In japan Because of Shintō beliefs about **ritual** (series of actions which performed in a fixed order) purity and pollution. And women were excluded from many aspects of ritual life. Women were not permitted to enter certain sacred spaces.

Ex. women are still excluded from sumō wrestling rings.

The Relative Status of Women and Men

In Japan the authority and autonomy for women traditionally were confined to domestic matters. Men in the household represented the head of the family and managing outside world and controlled its public affairs. And his wife might exercise great control in managing the day-to-day life of the family.

Religious Beliefs

Shintō is the contemporary term for a system of gods and beliefs about the relationship between people, the natural environment, and the state. Shintō teaches to the people that Japan is uniquely the land of the gods. The religion has no formal **dogma or scripture**(disapproval). In Japanese history, Shintō and Buddhism have

most influenced each other. And Shintō is closely linked to the imperial family and a nationalist ideology.

Buddhism was introduced into Japan from Korea and China during the sixth century It consists of two major branches, known as Teravada and Mahayana Buddhism. Teravada Buddhism, in general, is the branch practiced in South Asia, Central Asia, and Southeast Asia, and Mahayana is the branch that influenced Chinese, Korean, and Japanese civilizations. Basic meaning of , **Teravada** (a Sanskrit term meaning "the lesser or smaller vessel") teaches that salvation is available only to an elect few, those who strive to achieve enlightenment and practice good works that will enhance one's ability to transcend the snares of mortal existence.

Natural environment

India

India is the country in south asia, lies on indian plate in the northern portion of indian australian plate. India is world's seven largest country in the world. It has 3,287,263 square kilometres of land and and coastline of 7,517 km. India has land of 3,214 km from north to south and 2,993 km from east to west. It has a land frontier of 15,200 km.

India has Arabian sea to its south and Himalaya montain range to its nourth. Indian boundaries are connected to china, Nepal, Bhutan, and Pakistan. Kangchenjunga, is the highest point of India lies on the border between Nepal and the Indian state of Sikkim that has the hight of 8,598 m

Water bodies

India has around 14,500 km of navigable waterways. There are twelve rivers which are classified as major rivers, with the total area exceeding 2,528,000 $km^{2.}$ All major rivers of India originate from one of the three main watersheds

1. The Himalaya and the Karakoram ranges
2. Vindhya and Satpura range in central India
3. Sahyadri or Western Ghats in western India

The Himalayan river networks are snow-fed and have a continues supply throughout the year. The other two river systems are dependent on the monsoons they may be dry during summer season.

The Ganges-Brahmaputra-Meghana system has the largest catchment area of about 1,600,000 km^2. The Ganges Basin alone has a catchment of about 1,100,000 km^2.

Japan

Japan is an island nation in East Asia extending along the Pacific coast of Asia. Measured from the geographic coordinate system, Japan stretches from 24° to 46° north latitude and from 123° to 146° east longitude.The country is southeast of the Russian Far East, separated by the Sea of Okhotsk;and slightly east of Korea, separated by the Sea of Japan.It lies on east-northeast of China and Taiwan, separated by the East China Sea. The nearest neighboring country to Japan is the Russia.

The major islands, also called the "Home Islands", are Hokkaido, Honshu (the "mainland"), Shikoku and Kyushu. There are also 2,456 islands, including Okinawa, and islets, some inhabited and others uninhabited. In total, as of 2006, Japan's territory is 377,923.1 km^2 , of which 374,834 km^2 is land and 3,091 km^2 water.

Location

Eastern Asia, island chain between the North Pacific Ocean and the Sea of Japan, east of the Korean Peninsula.

Land use

- ***Arable*** (wheat and fruits growing land) land 11%
- *permanent crops*: 1%
- *permanent* ***pastures*** (grass growing land): 2%
- *forests and woodland*: 17%
- *other*: 19% (1993 est.)

Near About 73% of Japan is mountainous, with a mountain range runs through each of the main islands. Japan's highest mountain is Mt. Fuji, with hight of 3,776 m . Since so very little flat area , many hills and mountainsides are cultivated all the way from the top. As Japan is situated in a volcanic zone along the Pacific deeps, frequent low-intensity earth tremors and occasional volcanic activity are felt throughout the islands. Destructive earthquakes occur several times in Japan.

Rivers

Rivers are generally steep, and few are suitable for navigation despite of in their lower reaches. Most rivers are less than 300 km in length, but their rapid flow from the mountains provides a valuable, renewable resource: hydroelectric power generation. It's hydroelectric power potential has been exploited to its maximum capacity. Seasonal variations in flow provided facility of extensive development of flood control measures The longest river is the Shinano River, which winds through Nagano Prefecture to Niigata Prefecture and flows into the Sea of Japan, is only 367 kilometers long. The largest freshwater lake is Lake Biwa, northeast of Kyoto.Extensive coastal shipping, especially around the Seto Inland Sea (Seto Naikai), equilateral for the lack of navigable rivers.

Japan is generally a rainy country with high humidity. Because of its wide range of climate chande and seasonal winds, Japan has a variety of climates. Climate also varies dramatically with location on the Pacific Ocean or on the Sea of Japan. Northern Japan has warm summers but long, cold winters with heavy snow. Central Japan in its elevated position, has hot, humid summers and moderate to short winters with some areas having very heavy snow, and southwestern Japan has long, hot, humid summers and mild winters. The generally humid, temperate climate exhibits marked seasonal variation such as the blooming of the spring cherry blossoms.

DEMOGRAPHIC ENVIROUNMENT:-

India

Population:India having 2nd lardest population in the world. Approximetly 1,189,172,906 people lives in India currently.

Life Expectancy: Life Expectancy among indian people is 66.8 years.

Capital City: New delhi

Largest city: Mumbai (population: 12,691,800)

GDP per capita : $3,500 US

Unemployment Rate : 10.8%

Religions: Hindu 80.5%, Muslim 13.4%, Christian 2.3%, Sikh 1.9%, other 1.8%, unspecified 0.1%

Languages: Hindi 41%, Bengali 8.1%, Telugu 7.2%, Marathi 7%, Tamil 5.9%, Urdu 5%, Gujarati 4.5%, Kannada 3.7%, Malayalam 3.2%, Oriya 3.2%, Punjabi 2.8%, Assamese 1.3%, Maithili 1.2%, other 5.9%

In Japan:-

Population: 126,475,664

Life Expectancy: Life Expectancy among Japanese people is 82.20 years.

Capital City: Tokyo

Largest city: Tokyo (population: 8,336,600)

GDP per capita : $34,000 US
Unemployment Rate : 99%

Religions: observe both Shinto and Buddhist 84%, other 16% (including Christian 0.7%)

Political environment:-

India

In India the parliamentary consists of a lok sabha's with 545 members. And Rajya sabha has 245 member who serve in staggered six-year terms. Voting rights in India is over 20 years. In India most are elected indirectly by the state and territorial legislatures in numbers proportional to their state's share of the national population.

Japan

In political environment Japan & India are common in legislation activities. In Japan the diet consists of a house of representatives with 480 seats & house of councillors of 242 seats, whose popularly-elected member serve six-year terms. Voting rights in Japan is over 20 years. In Japan Prime Minister is the head of government and is appointed by the Emperor after being designated by the Diet from among its members. The Prime Minister is the head of the Cabinet and appoints and dismisses the Ministers of State.

Technological Environment:-

The technology developing highly importance for the all country. That for government that doing helping for that the new innovation and providing the funds for developing a new technology and for purchasing a new technology to other country. The India is now second most developing country so that need the new technology for the maintaining the growth and GDP. Technology is most important factor for the country to maintaining that developing, growth, and GDP.

The technology can many ways for transferring like person to person, industry to industry and government to government and although the government from country to country. The Japan in the 2006-2007 that 14^{th} rank in survey of the most technical developing country under the Global information technology and in that India is the 44^{th} rank for the huge population for that behind to other countries. The talking of relation of Japan and India in 1985 Agreement on Cooperation in the field of Science and Technology that basic that India and Japan exchange of technology.

"Technological environment means the development in the field of technology which affects business *by new inventions of productions and other improvements in techniques to perform the business* work".

India

India finding that first satellite in 1975 for using to gain experience in building and operating a satellite in space and after that India are lunch many satellites to combine the many countries work. India was finding chandrayaan-1 with combination of many countries technology like USA, UK, Germany, Sweden and Bulgaria. Now the last lunch of satellite was Megha-Tropiques 12 October 2011 with a using of technology of French.

Japan

Japan was finding that first satellite in 1957 helped to identify the density of high atmospheric layers through measurement of its orbital change and provided data on radio-signal distribution. Now the last lunch of satellite was On 12thof December, the day of Monday Japan has successful launched a H-2A rocket booming an intelligence-gathering satellite from the Space Centre in Tanegashima, Kagoshima Prefecture, Southern Japan.

Trade of technology

Japan and India have trade, around 636 billion yen, or about $7.7 billion, for the first six months of the year, just 1 percent of Japan's global trade. An India and Japan is doing nuclear agreement is crucial for international nuclear power companies to do business with India.

Year	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Trade from India to Japan	2.2	2.1	2.2	2.6	3.2	4.1	4.1
Trade from Japan to India	1.9	1.9	2.4	3.0	3.5	4.5	6.1

(Billions of USD)

Japan will improve market access on most products in the industrial sector, as well as several agricultural products such as durian, curry, tea leaves, lumber, shrimp and shrimp products.

India in turn will improve Japan's market access in auto parts, steel panels, DVD players and video cameras as well as miniature "bonsai" trees, as well as Japanese yams, peaches and strawberries.

Japan exchanges the product with India are Energy, Industrial Metals, Rubber, Precious Metals, Oil, Gas, Petrochemicals, and Coffee.

INCOME AND WEALTH

INCOME

JAPAN

The nominal GDP of Japan is $ 5.855 trillion and GDP (PPP) is $ 4.395 trillion. The GDP in Japan contracted by 0.6% in the fourth quarter in 2011. The GDP growth rate of Japan is -0.9% ends the estimated for 2011 is -.05%.

Total revenue of Japan is $ 1.368 trillion and the expense is $ 2.16 trillion. GDP per capita income is $ 42,820 (nominal) and the GDP per capita income (PPP) is $ 33,805 which is expected for 2011 is $ 34,300.

INDIA

Gross domestic product of India is 1729 billion dollars which is 2.79% of t he world economy. The Gross Domestic Product (GDP) in India expanded 6.1 percent in the fourth quarter of 2011 over the same quarter, previous year. The GDP growth rate of India is 6.1%.

Total revenue of India is $ 218.7 billion and the expense is $311.2 billion. GDP per capita income is $ 1,389 (nominal) and the GDP per capita income (PPP) is $ 3,694.

WEALTH

JAPAN

Total wealth of Japan is 25.9 trillion us dollar. There are 3,121 millionaires in Japan. The whole population of Japan is 127 million; among them 104 million are adult populations. Quality of wealth data is good by four stars.

INDIA

Compare to Japan, total wealth of India is less by 4.1 trillion us dollar. There are 204 millionaires in India. The total population of India is 1,231 million. Among the total population 735 million are adult. Quality of wealth data is fair by three stars.

EMPLOYMENT LEVEL

JAPAN

The unemployment rate is too low in Japan by 4.7%. We can say that the employment level of Japan is more than 95% which is very good for the development of the economy.

INDIA

The unemployment rate is high compare to Japan by 9.4%. So we can say that employment level of India is around 90% which is good.

FACTOR AFFECTING ECONOMIC ENVIRONMENT

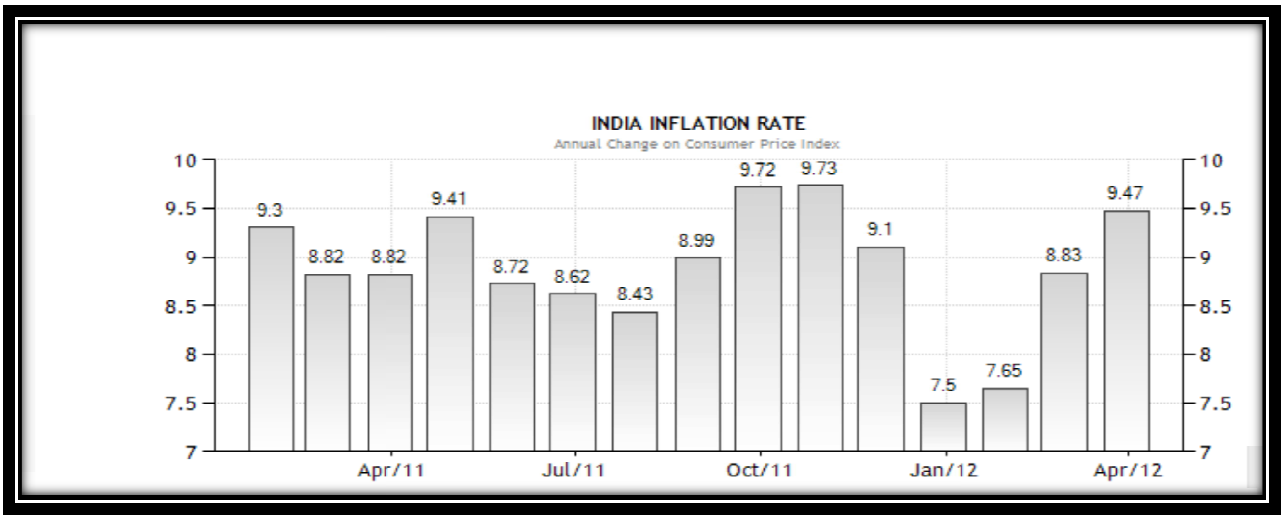
The country's growth and firm's growth mostly depending on the economical factor. In that some time many factor affecting of that. Those factors are inflation & Deflation, Interest rate, Exchange rate, Monitory fiscal policy, economic system.

INFLATION & DEFLATION

INFLATION AND DEFLATION IN INDIA

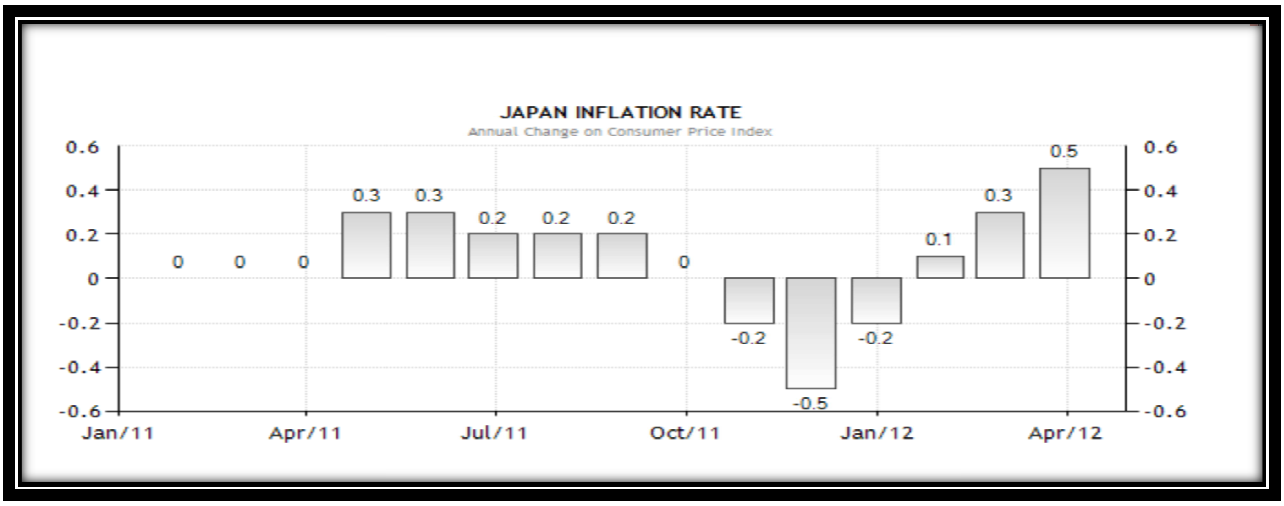
Inflation is an increase in the overall level of prices. India facing the inflation rate current is 9.46 in April 2012. The inflation rate in India was last reported at 9.5 percent in March of 2012. From 1969 until 2010, the average inflation rate in India

was 7.98 percent reaching an historical high of 34.69 percent in September of 1974 and a record low of -11.35 percent in May of 1976.



INFLATION AND DEFLATION IN JAPAN

The general inflation rate in Japan was last reported at 0.51 percent in March of 2012. From 1971 until 2010, the average inflation rate in Japan was 2.98 percent reaching an historical high of 24.91 percent in February of 1974 and a record low of -2.51 percent in October of 2009.



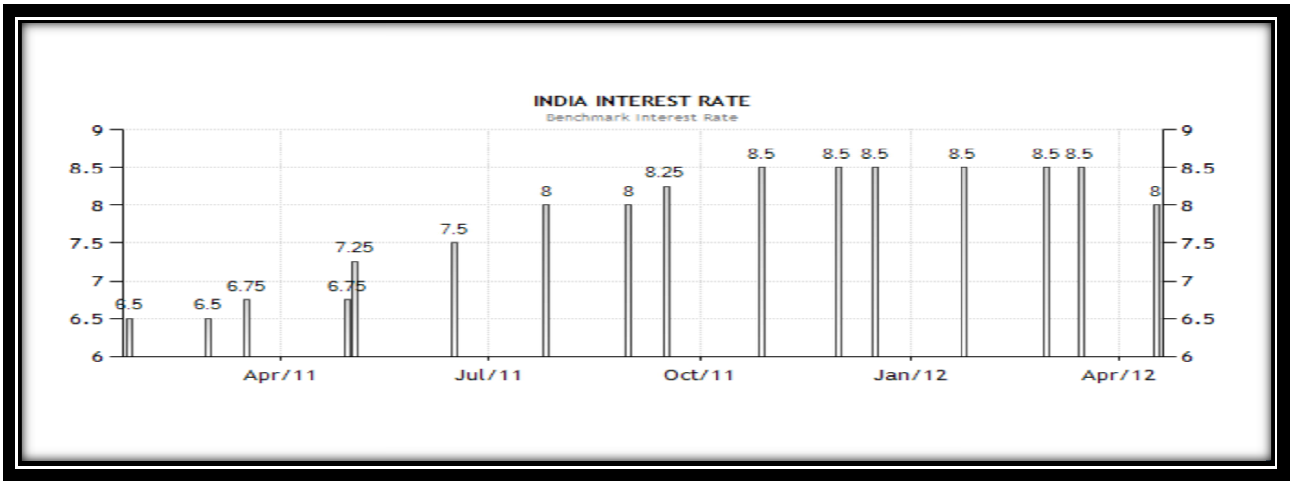
INTEREST RATE

An interest rate is that rates at which interest is paid by a borrow for the use of money that they borrow from a lender. Interest rate that targets also virtual pool of

monetary policy and are taken into account when dealing with variables like investment, inflation, and unemployment.

INDIA INTEREST RATE

The interest rate in India last reported at 8 percent. In India the set of interest rate set by reserve bank's central board director. India's average rate was 5.81 percent reaching an historical high of 14.52 percent in August of 2000 and record of low rate 3.29 percent in April of 2009.



JAPAN INTEREST RATE

The interest rate in Japan was last reported at 0.00 percent. In Japan, decisions on interest rates are made by the Bank of Japan's Policy Board in its Monetary Policy Meetings. The official interest rate is the discount rate. Monetary Policy Meetings produce a guideline for money market operations in inter-meeting periods and this guideline is written in terms of a target for the uncollateralized overnight call rate. From 1972 until 2010, Japan's average interest rate was 3.50 percent reaching an historical high of 9.00 percent in December of 1973 and a record low of 0.00 percent in February of 1999.

EXCHANGE RATE

Exchange report between two currencies is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in terms of another currency. Japan's exchange rate is 80.28 and India's exchange tare is 52.45.

FISCAL POLICY

The Fiscal policy is concerting with raising the government revenue and maintains that expenditure. To generate revenue and to incur expenditure, the government frames a policy called budgetary policy or fiscal policy. So, the fiscal policy is concerned with government expenditure and government revenue.

OBJECTIVE OF INDIA

1. Development by effective Mobilization of Resources.
2. Efficient allocation of Financial Resources.
3. Reduction in inequalities of Income and Wealth.
4. Price Stability and Control of Inflation.
5. Employment Generation.
6. Balanced Regional Development.
7. Reducing the Deficit in the Balance of Payment.
8. Capital Formation.
9. Increasing National Income.
10. Development of Infrastructure.
11. Foreign Exchange Earnings.

OBJECTIVE OF JAPAN

The government's fiscal policy centers on the formulation of the national budget, which is the responsibility of the Ministry of Finance. The ministry's Budget department prepares expenditure budgets for each fiscal year (FY) based on the requests from government ministries and affiliated agencies. The ministry's Tax department is responsible for adjusting the tax schedules and estimating revenues. The ministry also issues government bonds, controls government borrowing, and administers the Fiscal Investment and Loan Program, which is sometimes referred to as the "second budget."

Economic system

An economic system is the combination of the various agencies, entities that provide the economic structure that defines the social community. India following that the mix economy and Japan following that the capitalism.

CHAPTER-5
JAPAN'S AUTOMBILE INDUSTRY: LESSONS FOR INDIA THROUGH A SWOT ANALYSIS

INTRODUCTION

The countries were identified as a developed or developing countries through its GDP. Canada, USA, UK, Germany, France, Japan, Italy, Russia. And this all countries are the part of G-8 (Group-8), Let we say about Japan, as a part of a Healthy country of this world. Japan's major export industries include computers, automobiles, copper, semi conductors, iron & steel and many more. Additional key industries in Japan's economy are

- petrochemicals, pharmaceuticals, bio-industry, shipbuilding, aerospace, textiles, and processed foods.
- Japanese manufacturing industry is heavily dependent on imported raw materials and fuels.

AUTOMOBILE INDUSTRY AND JAPAN

Japanese automotive manufacturers include various well-known companies like Toyota, Honda, Daihatsu, Nissan, Suzuki, Mazda, Mitsubishi, Subaru, Isuzu, Kawasaki, Yamaha, and Mitsuoka. And even are a very well known brands of the world. If we have to look after an automobile industry, then we found the timeline of the Japanese car industry.

HISTORY

Year	Name of the Company	Notes
1907	Hatsudoki Seizo Co., Ltd.	Established
1911	Kwaishinsha Motorcar Works	Established
1917	Mitsubishi Motors'	1st car
1918	Isuzu's	1st car
1920-1925	Gorham/Lila - auto production established	Merged into Datsun
1924-1927	Otomo built at the Hakuyosha Ironworks in Tokyo	
1931	Mazda Mazdago	Later known as Mazda
1934-1957	Ohta begins auto production	Begins auto production
1936	Toyota's 1st car	(Toyota's 1st car)- Toyota AA
1952-1966	Prince Motor Company	Integrated into Nissan
1953-1967	Hino Motors starts auto production	Merged into Toyota
1954	Subaru's 1st car	Sybaru P-1
1955	Suzuki's 1st car	Suzulight
1957	Daihatsu's 1st car	Daihatsu Midget
1963	Honda's 1st car	Honda S500
1966	One of the best selling cars of all time, the Toyota Corolla	introduced
1967	Japan Automobile Manufacturers Association (JAMA)	Founded
1982	Honda Accord becomes the first Japanese car	Built in Us
1983	Mitsuoka 1st ca	(BUBU shuttle 50)
1984	Holden and Nissan form a joint venture	In Australia
1984	Voluntary Export Restraints limit exports to United States to 1.68 million cars per year, but Japanese competition only increases	
1986	Acura is launched in the US by Honda	
1988	Daihatsu enters the US making it the first time all nine Japanese manufacturers are present	

1989	Lexus is launched in the US	By Toyota
1989	Infiniti is launched in the US	By Nissan
1996	UAAI joint venture dissolved	
2003	Scion is launched	By Toyota
2008	Toyota surpasses General Motors to become the world's largest car manufacture	
2010	2009–2010 Toyota vehicle recalls	
2011	Tohoku earthquake affects production.	

RESULT:

From the above findings and analysis it is very clear to justify that,, there is a continuous growth According to the Japan External Trade Organization, " in 2003 Japan's total domestic auto-related output was worth $370 billion" which amounted to more than 13.4% of Japan's total annual manufacturing output. On top of that, auto-related businesses provide one out of every ten jobs in Japan. A major part of Japan's work force is dependent on the automobile industry." In short rather than helping the country itself, the automobile industry is also useful for the GDP, and that is why, it may possible, the selection by Group-8 countries as a Japan is an appropriate one.

In the world, there were about 806 million cars and light trucks on the road in 2007, consuming over 260 billion US gallons (980,000,000 m^3) of gasoline and diesel fuel yearly. An automobile is a primary mode of transportation for many developed economies. The Detroit branch of Boston Consulting Group predicts that, by 2014, 1/3 (one-third) of world demand will be in the four markets namely Brazil, Russia, India and China. If we have to count the Other potentially powerful automotive markets, then they are Iran and Indonesia. Emerging auto markets already buy more cars than established markets.

Top 10 companies in Japan (Automobile industry)

➢ Toyota	➢ Nissan
➢ General Motors	➢ PSA Peugeot Citreen
➢ Volkswagen Group	➢ Hyundai-Kia
➢ Ford	➢ Suzuki
➢ Honda	➢ Fiat

Out of the above top most companies of automobile industries from Japan, now we are selecting some of the companies which will be useful for us to derived the conclusion, and we will described that by the way of using SWOT analysis and comparing it with the Michel Porter's Five Force Model

SWOT ANALYSIS

The overall evaluation of a company's strengths, weaknesses, opportunities, and threats is called SWOT analysis. Its way of monitoring the external and internal marketing environment. External marketing analysis include\ (opportunities & threats), while Internal analysis include/ (strengths and weaknesses)

Let we discuss the SWOT analysis of various automobile companies from Japan with comparing the porter's five force model.

TOYOTA

Strengths

- A Motivated and extremely productive work force.
- Low cost, high quality factory operations guided by just in time.
- Long-term partnerships with suppliers.
- Careful market research and short design to show room cycles so as to keep models closely aligned with market demand.
- Custom order production and superior customer service.
- Being the undisputed quality leader in automotive manufacturing.
- Having outstanding labor relations.
- Informal contact among employees at all levels of the company.
- Strong employment relationship.
- Every worker is adding value to the car.
- Long-term relationship with supplier.

Weaknesses

- Less market share as compare to General Motors and Ford.
- Customers not segmented
- Continuous stress on employees due to kaizen.

Opportunities

- The government pursued two major initiatives to promote automobile self-sufficiency in the quasi-closed economy. First, the ministry of international trade and industry limited imports to about 1 % of the Japanese market. Second, a plan was proposed to “rationalize” the auto industry through mergers and specialization. Quota imposed by US government is beneficial for Toyota in the sense that it enabled Toyota to charge a premium price and to replace its inexpensive one, which were loaded with many options.
- After US market, Western Europe has emerged as largest market for new car sales in the world. Although Toyota faces competition from Nissan in Europe but its present market leader status in Finland, Denmark, Norway and Ireland can be more beneficial if the trade barriers among European countries are eased.

Threats

- Rising gasoline prices triggered by decisions of the OPEC oil cartel to hike crude oil prices substantially.

- Declining economic growth on a global scale.
- Competition in the low priced car market by the entrance of several newly industrialized countries.
- Increasing sales of imports.

GENERAL MOTORS

It's having Manufacturing Facilities in Over 30 Countries. It sells vehicles in over 200 countries

Strengths

- World's Largest Auto Manufacturer
    - In 2000, Sales Exceeded $183 Billion Globally
    - Gaining $5 Billion in Profits
- Manufacturing Facilities in Over 30 Countries
- Sell Vehicles in Over 200 Countries
- As of 1999, GM Held 15.1% of the Automobile Market

Weakness

- Recalls Have Hindered Growth
    - 314,000 Mini-Vans made between 1997-2000
    - Repair Power Sliding Doors
- Maybe Too Diverse?
    - Might Lose Focus on Some Lines

Opportunities

- GMAC Financial Services
    - Mortgage, Auto, and Business Financing
- Electronic Business and Digital Technology
    - Direct TV
    - On Star System
- Becoming More Environmentally Friendly

Threats

- Various Internal and External factors.
- Political issues of the both country (India/Japan)

NISSAN

Strength

- One of the most popular automobile brand names having a high global reach
- Has over 1.5 million employees globally
- Production output capacity can manufacture around 4 million units
- Nissan is a pioneer in the electric car segment having its global presence
- Nissan has manufacturing locations in Japan, India, Brazil, Spain, Thailand, USA, Malaysia and other countries
- Nissan is actively present in motorsports events held globally

Weakness

- No stronghold yet in emerging markets like India as compared to other brands

Opportunity

- Developing hybrid cars and fuel efficient cars for the future
- Tapping emerging markets across the world and building a global brand
- Fast growing automobile market

Threats

- Government policies for the automobile sector across the world.
- Ever increasing fuel prices

  3. Intense competition from global automobile brands
- Substitute modes of public transport like buses, metro trains etc.

FORD MOTOR

Strength

• Ford motors is the second largest automobile manufacturer

•Ford motor have Strong brand portfolio automobile manufacturer

•Ford motor have Strong engineering capability

•Wide network of distributors and dealers

•High employee productivity

Weaknesses

•Continued decline in market share

•Product recall

•Declining operating efficiency and weak returns

•Ford motors suffered lack of diversification.

Opportunities

•Opportunities in India and China

•Launch of new models Hybrid vehicles

•Increasing demand for dual fuel vehicles

•Ford motor is termed as environment friendly.

Threats

• Rising oil prices are one of the major contributor towards the loss of the company.

• Rising raw material prices

• Rise in competition is one of the major threat towards the productivity of the company

• Another important threat for Ford Motor is the low capital spending

• Other automobile manufacturer's ideas and programs are the biggest threat for Ford Company

• Competition is one of the major threat. Ford Motor is thus trying to generate automobiles with best technology in order to minimize this

• Working with different techniques is one of the major threat

OVER ALL SWOT ANALYSIS OF AUTOMOBILE INDUSTRY IN JAPAN

Strengths:

- World's Largest Auto Manufacturer
- Manufacturing Facilities in Over 30 Countries
- Sell Vehicles in Over 200 Countries
- One of the most popular automobile brand names having a high global reach
- Has over 1.5 million employees globally
- Production output capacity can manufacture around 4 million units
- It is a pioneer in the electric car segment having its global presence
- Manufacturing locations in Japan, India, Brazil, Spain, USA, Malaysia and other countries
- Actively present in motorsports events held globally
- Wide network of distributors and dealers
- High employee productivity
- Reputation for quality and reliability
- Innovative companies
- Excellent manufacturers
- Custom order production and superior customer service.
- Being the undisputed quality leader in automotive manufacturing.

Weakness

- Reliance on imports may affect distribution
- Customers not segmented
- Continuous stress on employees due to kaizen.
- Continued decline in market share
- Product recall
- Declining operating efficiency and weak returns
- Suffered from lack of diversification.

Opportunities

- Launch of new models Hybrid vehicles
- Increasing demand for dual fuel vehicles
- Developing hybrid cars and fuel efficient cars for the future
- Tapping emerging markets across the world and building a global brand
- Fast growing automobile market
- Financial Services
    - Mortgage, Auto, and Business Financing
- Electronic Business and Digital Technology
    - Direct TV
    - On Star System
- Becoming More Environmentally Friendly
- Opportunities in India and China
- Opportunity to develop the diesel market
- Relaxing entry barriers is opening up more markets for entry

Threats

- Rising gasoline prices triggered by decisions of the OPEC oil cartel to hike crude oil prices substantially.
- Declining economic growth on a global scale.
- Competition in the low priced car market by the entrance of several newly industrialized countries.
- Increasing sales of imports
- Various Internal and External factors.
- Political issues of the both country (India/Japan)

- US and European rivals copying business models etc
- Environmental awareness of consumers may in time reduce demand for new cars.
- Low market share

AUTOMOTIVE INDUSTRY FIVE FORCES OF COMPETITION MODEL AFTER SWOT ANALYSES

Threat of New Entrants.

The threat of new entrants is very low in the vehicle (automobile) industry.

1) Having a good growth in the countries where automobile industry is already existed.
2) For a new entry it is a strong belief to accomplish the economies of scale by the manufacturer.
3) Manufacturer must have to produce in a mass production within the need and the search of the consumer.
4) One of the most important hurdles for the entry is an incredible amount of capital to manufacture the automobiles.
5) To analyze the distribution channel is once again the major threat for the India before entry towards the Japan.A company must find a dealership to sell their automobiles or have their own dealership.

Bargaining Power of Suppliers

1) There is a limited bargaining power of suppliers in the automobile industry.
2) There is a need of many suppliers in an industry, but they are not having much power. So in the creation of automobile product fully furnished by only one is not easy.
3) There are so many suppliers to this industry; manufactures can easily knob to another supplier if it is necessary.

Bargaining Power of Buyers

1) The bargaining power of the buyers is quite high.
2) The buyers being consumers purchase almost all of the industries output. The manufacturers depend on them to keep on in business. The buyers also are a significant fraction of the industries revenue.
3) If they cannot keep their buyers happy then they risk losing them to their competitors. The buyers have low switching cost if they are not happy. All the buyer has to do is sell the car they own and buy a new one.
4) The reasons why the power is not totally high is that the buyers are not large and few in number. The buyers do not have the ability to put together backwards into the industry. If they want a car then they have to purchase it from a dealership.

Threat of Substitute Products

1) There are not many substitute products for automobiles. Some of the substitutes are walking, riding bike or taking a train.
2) Substitute products all depend on the geographic location of the consumer. In some cities such as New York or Chicago, a car is not as necessary. In cities such as those, the channel is the most effective means of transportation. However, in most places a person must have admittance to an automobile in order to get around.

Intensity of Rivalry among Competitors

1) Rivalry among the competitors is very strong is this industry. The major competitors are so personally impartial that it increases the rivalry.
2) In order to gain market share in the automobile must gain market share by taking it from their competitors.
3) One of the other reasons there is such high rivalry is that there is a lack of differentiation opportunities. All the companies make cars, trucks or SUV's. The competitors are compared to one another constantly.
4) The price, quality, durability, and many other aspects of different manufacturers are deeply taken into consideration when deciding what type of vehicle to purchase. When the different manufacturers advertise they even compare their products to their competitors. For example, the commercials will focus on areas where the company outperforms its competitors.

ANALYSIS

Some growth forecasts for Indian auto industry

- The Passenger Vehicle market of India will even cross Japan by selling about 5 million Vehicles by 2017-18.
- The Indian auto exports will be u pto $5.62 billion in the year ending
- March 2011 and the same will grow to $17.64 billion in 2015-16.
- India’s share in global auto exports may also triple by 2016.
- India’s passenger vehicle production projections :
    - In 2010 – 2.6 million Vehicles
    - By 2015 – 5.1 million Vehicles
    - By 2020 – 9.7 million Vehicles

Investment plan of automobile industry

- Auto Industry is expected to invest up to Rs 80,000 crore in fresh capacity in the next four years.
- Major investments will be done by :-
  - Tata motors - Rs 8,000 Crore.
  - Maruti Suzuki – Rs 3800 Crores
  - Daimler India - Rs 3,500 Crore.
  - Toyota - Rs 3200 Crores.
- These investments by automakers is set to trigger expansion of capacities by component
- suppliers and the components industry will also invest Rs 54000 crores up to the end of
  2011.

Actual challenges that Indian automobile Industry have to address before entering into the new space of automobile world.

Challenges that Indian auto industry has to address

- Scale up Capacities & Absorbing newer technologies
- Cost competitiveness
- Infrastructure development
- Improve productivity of both labour and capital
- Favorable and predictable business environment
- Availability of cost effective capital
- Availability of raw material commensurate with growth
- Availability of auto grade technically advanced material

CHAPTER-6
Export - Import Policies, Procedure And Documentation For LMV (Automobile Industry) Import To India

Indian Automobile industry

Overview

The industry is comprised of motor vehicle industry including light motor vehicles (LMV) of not more than 15 passengers vans.

The Indian Automobile Industry is manufactures over 11 million vehicles and exports about 1.5 million each year.

The automobile industry of India is fastest growing industry and Indian passenger's car and commercial manufacturing industry is sixth largest in the world. According to Industry research, Industry can ahead of Brazil to become sixth largest in Passenger cars producers in the world. With growing sell rate of 16-18 %, India emerged as Asia's fourth largest exporter for passenger cars behind, Japan, South Korea and Thailand.

During 2010, India is having 40 million LMV. As per Society of Indian Automobile Manufactures, the industry sales projected up to 5 million by 2015 and up to increase 9 million by 2020.

The majority of India's manufacturing of Cars is done in Chennai (40% revenue share), Maharashtra (33% revenue share) and Haryana (32% revenue share).

The dominant products of the industry are two-wheelers with market share of over 75% and passenger cars with market share of about 16%. Commercial vehicles and three-wheelers share about 9% of the market between them. About 91% of the vehicles sold are used by households and only about 9% for commercial purposes. The industry has a turnover of more than USD $35 billion and provides direct and indirect employment to over 13 million people

The level of technology change in the Motor vehicle Industry has been high but, the rate of change in technology is medium. Investment in the technology by the producers has been high. System-suppliers of integrated components and sub-systems have become the order of the day. However, more investment in new technologies will help the industry to be more competitive with other countries. Over the past few years, the industry has been volatile.

Automobile production in India is increased from 5, 67,556 units in 2009-10 to 7, 52,735 units in 2010-11. Indian automotive industry has attracted accumulative FDI ofUSD5.9billion during Apr 2000–Mar 2011

Emerging Opportunities

- Partnership and alliance for auto component sector
- Vehicle retailing
- Low cost vehicles
- Design centers
- Auto financing
- Research & Development
- Diversification in two wheeler segment
- Commercial vehicles benefited as infrastructure sector increases

Major Manufacturers in Indian Automobile Industry

- Maruti Udyog Ltd.
- General Motors India
- Ford India Ltd.
- Eicher Motors
- Bajaj Auto
- Daewoo Motors India
- Hero Motors
- Hindustan Motors
- Hyundai Motor India Ltd.
- Royal Enfield Motors
- Telco
- TVS Motors
- Swaraj Mazda Ltd

Japanese Automobile Industry

Overview

Japanese Automobile Industry is one of the highest-flying in the world. Japanese Automobile industry is having second rank in vehicle manufacturer and it is still number one in terms of quality vehicle among the world. Having the crucial role in Japanese economy.
Automobile production for the current year is 9, 84,567 units with compared to 4, 03,939 units for the last year.

Over 200, 000 workers are employed by assemblers and subcontractors, the rst were employed by suppliers.

Industry Structure

1. Material industries
2. Secondary/ Territory subcontractors
3. Primary Suppliers
4. Auto Maker

Emerging Opportunities

- Japanese automaker continue to manufacture
- Development for future generation
- Japanese automakers can emerge like China

Major manufacturer of Japan

- Toyota
- Honda
- Daihatsu
- Nissan
- Suzuki
- Mazda
- Mitsubishi

- Subaru
- Isuzu
- Kawasaki
- Yamaha and
- Mitsuoka

INDIA'S FOREIGN TRADE POLICY 2009-2014

Meaning of Foreign Trade Policy

In every five year the Union Commerce Ministry, Government of India declares the Integrated Foreign Trade Policy. **It's also called EXIM policy**. This policy modifies & updated every year. Any new Schemes implement on the 1st April. On August 28, 2009 announced .The EXIM policy for the time Period 2009-2014.

Objectives of FTP for 2009-14:

- The main aim of this policy is turn round failing trend of exports.
- To increase India's exports of goods and services near 2014.
- The future purpose of this policy is to twice India's share in global products trade near 2020.
- Simplification of procedure for application for gating various benefits
- To set the strategies and policy for the measures the growth of exports
- With a "mix of measures including financial incentives, institutional Changes, procedural Rationalisation and efforts for increase market access all over the world and Diversifications of export markets etc are to promote exports.

Targets:

- Target Export for 2010-11 : $ 200 Billion
- Target Export Growth 15 % for after that two year and 25 % for next.

EPCG Scheme:

- Responsibility under EPCG scheme uninterrupted.
- In export sector aid technological up gradation & introduced this new Scheme at Zero Duty.
- Under EPCG Scheme Export duty on import of spares & moulds etc has been decreased by 50%.

Announcements for FPS, FMS & MLFPS:

- Fps added 26 new markets in this plan.
- Under FMS (Focus Market Scheme) plan raised Incentives from 2.5 % to 3 %.
- Focus Product Scheme (FPS) Incentive rise from 1.25% to 2%.
- Additional products included under FPS
- Under Market Linked Focus Product Scheme (MLFPS) extended of new Products like pharmaceuticals, textile fabrics, rubber products, glass Products, auto components, motor cars, bicycle and its parts etc.
- Under FPS advantage extended for export of green product and various products from the north east.

Towns of Export Excellence (TEE) :

The following cities have been known as towns of export excellence

a. **Handicrafts** **:** Jaipur, Srinagar and Anantnag
b. **Leather merchandise** **:** Kanpur, Dewas and Ambur
c. **Horticultural merchandise** **:** Malihabad

Extension of Income Tax Exemption to EOU and STPI:

Under Income tax Act: Income tax exemption to 100% EOUs and to STPI units.

Extension of ECGC:

In December, 2008 the adjustment assistance scheme provide enhanced ECGC cover 95%, to the negatively affected sectors, and this is continue till the march,2010.

Announcements for Marine sector

- Under EO & EPCG Scheme Fishing Trawlers, boats, ships and other related items shall not be approved for this exemption.
- Provide additional flexibility Plan for the marine sector under Target plus Scheme / Duty Free Certificate of Entitlement (DFCE).

Announcements for Gems & Jewellery Sector:

- On Gold Jewellery exports Duty Drawback is allowed.
- Planning to establish "Diamond Bourse" with an aim to create India and International trading centre announced.
- The perimeter in case of personal carriage has also been increased from US$ 0.1 million to US$ 1 million for export encouragement tours.
- Extended period of 60 days to 90 days for re-import of exported gems and Jewellery Products, for contribution in exhibitions in case of USA.

Announcements for Leather Exports:

- In leather sector is approved re-export of unsold imported new materials and semi finished Leather of payment of 50% valid for export duty.

Announcements for Tea Exports:

- Under advance authorisation scheme for export of tea is 100 %. It has been decreased from the existing 100% to 50%.
- Domestic Tariffs Area (DTA) increase sale boundary of instant tea from 30% to 50% by EOU.

Announcements for Pharma exports:

The advance authorization issued for Pharma exports obligation period improved from existing 6 months to 36 months.

- EOUs (export oriented units) have been allowed to sell products that in its place of 75% these units can sell up to 90% of their products in the domestic markets.
- Under the EOUs scheme also to procure finished goods for consolidation with their manufactured goods.
- EOUs also allowanced CENVAT credit facility for the education cess on DTA (Domestic Tariff Area) sale.
- Under the Advance Authorization Scheme for value added manufacturing (VAM) export minimum 15% value addition on imported goods (inputs).
- DEPB (Duty Entitlement Passbook) also Advance Authorization include factoring of custom duty on fuel payment of customs duty of export obligation under Advance Authorization/ DFIA or EPCG Authorization was allowed in

cash only but now these payment can be done in the way of debit of duty credit scripts.

- Another facility duty of samples products that is free import of samples by exporter.
- Most benefit that greater flexibility has been permitted to allow
- Conversion of shipping bills from one export promotion scheme to other scheme.
- To reduce transaction costs, dispatch of imported goods directly from the port to the site has been allowed under Advance Authorization scheme for deemed supplies.
- Free the sale certificate has been simplified and the validity of the certificate has been increased from 1year to 2year of medical devices industry.

Reduction in Transaction cost:

Maximum applicable fee for 18 Authorizations / licenses application has been reduced Rs.100000 from the existing Rs.150000 (for manual applications) and Rs.50000 from the existing Rs.75000 (for Electronic Data Interchange applications).

- Making payment of applicable excise duty disposal of mfg. scrap will be allowed and under advance authorization consider fulfillment of export obligation and EPCG (Export Promotion Capital Goods) scheme.
- Licenses for the import of sports weapon will be issued now by regional authorities provided a NOC (No Objection certificate) is issued by ministry of sports and youth affairs.
- Medical device industry- the validity of the certificate has been increased from 1year to 2years.
- For the Automobile Industry their R&D establishment will be allowed free import of reference fuels (petrol and diesel).
- Exports promotion councils and Commodity Boards have been advised to issue RCMC (Registration –Cum-Memberships Certificate) through a web based online system.
- In cases of old authorization has been cancelled and a new authorization has been issued in lieu of the earlier authorization and for the new authorization application fee to payment of minimum fee Rs. 200.

- Now, restricted items can be imported now against transferred DFIA (Duty Free Import Authorization) as the present DFRC (Duty Free Replenishment Card) scheme.

Export Procedure and Documentation

Export Procedure:

There are 18 steps for export procedure.

(1) Exporter has to examine export order.

(2) Exporters have to place an order with the supplier as well as factory.

(3) Supplier has to make arrangements for inspection and also excise clearance for the goods.

(4) Supplier has to dispatch of inspection certificate, Railway receipt, packing lists goods to the Export Division.

(5) They have arranged insurance clam.

(6) Export Division\ Department has to prepared document and dispatched to Carrying and Forwarding Agent with the inspections details.

(7) Carrying and Forwarding Agent taking delivery of goods and place in warehouse.

(8) Carrying and Forwarding Agent takes documents for clearances.

(9) If documents are clear next procedure for physical examination of goods. After physical examination next process done by dock Supervisor. They gave duplicate Bills to Carrying and Forwarding Agent for present to loading of goods from dock.

(10) Prevention officer granted the approval 'Let Ship'. After that shipping Bill given to the agent of the Company.

(11) After Loading Goods ,Carrying and Forwarding Agent pays port charges and take Receipt(Exchanged of Bills of lading)

(12) All documents forwarded to the Exporter.

(13) Now, Exporter takes steps for original certificate.

(14) Shipment information is send to Exporter.

(15) Export document present to bank for negotiation.

(16) Documents are critically inspecting form bank side. If they found negotiation, they agree to issue certificate.

(17) Exporter claims for repayment from central excise.

(18) Exporter Starts actions for claiming export remunerations.

Briefly description Export Procedures

1. The first step is to examine the export contract and/or the credit to ensure that the terms and conditions stipulated in these documents are in accordance with those originally propose, and/or the amendments subsequently agreed to, by the exporter.

2. Instruction to Factory/Supplier: A delivery note (in duplicate) containing the specifications and other details of the order is sent to the factory for the manufacture and dispatch of export cargo to the shipment the port of shipment.

3. Pre-shipment Inspection and central Excise (Clearance): As soon as the goods are ready for dispatch the factory office arranges to complete the following formalities:
    - Make out an application to the export inspection agency for conducting preshipment and quality control inspection.
    - Secure clearance of export consignment from Excise Authorities.
    - Dispatch of consignment to the port of shipment by rail and obtaining railway receipt or by road and obtaining lorry way bill.

4. The factory office prepares a 'Dispatch Advice' and sends it to the export department along with following documents.
    - Railway Receipt
    - AR4 form (original and duplicate copies)
    - Duplicate copy of Delivery note duly signed
    - Certificate of Inspection

5. On receipt of these documents the export department makes an application to the Insurance Company for marine insurance cover and requests them to issue an insurance policy in duplicate with appropriate risk coverage.

6. At the same time, the export department prepares a note for the forwarding agent at the port of shipment giving detailed instructions regarding the shipment of the consignment. This note is sent to the forwarding agent with the following documents:
    - AR-4 Form (original and duplicate copies)
    - Commercial Invoice
    - Packing List (one copy)
    - GR Form (original and duplicate copies)
    - Customs-Invoice (where required in the importing country)
    - Original Letter of Credit/Contract
    - Quality Control Certificate (0)
    - Purchase Memo
    - Railway Receipt/Lorry-Way Bill

7. On receipt of the documents, the Forwarding agent takes delivery of the consignment from the railway station or from the road transport at the port of shipment and arranges its storage in the warehouse.

8. Forwarding Agent prepares four/five copies of the relevant `Shipping Bill' and presents it along with the above mentioned documents (as in Step 6) to the Export Department of the Customs House. The Customs Appraiser examines these documents and appraises the value having regard to the following considerations:
    - That the value and the quantity declared in the shipping bill is the same as in the export order/letter of credit.
    - That the formalities regarding exchange control, preshipment quality control inspection etc. have been duly completed. After examination of documents and appraisement of value, the Customs Examiner/Appraiser makes an endorsement on the duplicate copy of the shipping bill giving directions to the Dock Appraiser about the extent of physical examination of the cargo to be conducted at the Docks. All the Documents, except GR(O) Form, the original Shipping Bill and a copy of the Commercial Invoice are returned to the Forwarding Agent to be presented to the Dock Appraiser.

9. After taking delivery of documents from the Export Department the Forwarding Agents presents the Port Trust Document (Port Trust copy of Shipping Bill at Bombay; Dock Challan at Calcutta and Export Application at other ports) to the Shed Superintendent of the Port and obtains carting order for bringing the export cargo to the transit shed for physical examination by the Dock Appraiser. He then presents the following documents to the Dock Appraiser for conducting Physical examination of the cargo:
    1. Duplicate triplicate and export promotion copies of the Shipping Bill.
    2. Commercial Invoice
    3. Packing List
    4. AR-4 Form - original and duplicate copies
    5. Inspection Certificate (0)
    6. GR Duplicate

    The Dock Appraiser after conducting physical examination records examination report and makes "Let Export Endorsement" on the duplicate copy of the Shipping Bill and hands it over to the Forwarding Agent along with all other documents to be presented to the Preventive Officer of the Customs Department who supervises the loading of the cargo on Board the vessel.

10. The Preventive Officer makes an endorsement `Let Ship' on the duplicate copy of the Shipping Bill. The duplicate copy of the Shipping Bill is then handed over to the agent of the shipping company. This constitutes an authorization by the Customs to the shipping company to accept the cargo on board and vessel.

11. After the goods are loaded on board the vessel, the Captain of the ship issues a receipt known as the "Mate's Receipt" to the Shed Superintendent of the Port. The Forwarding Agent then makes a payment of the port charges and takes delivery of the Mate's Receipt. He presents the Mated Receipt first to the Preventive Officer who records the Certificate of Shipment on all the copies of Shipping Bill, original and duplicates copies of AR-4 form and returns the Export Promotion copy, a copy of Drawback Shipping Bill and duplicate AR-4 to the Forwarding Agent. The latter then presents the Mate's

Receipt to the Shipping Company and requests it to issue the Bill of Lading (2/3 negotiable and a few non-negotiable copies as required).

12. Dispatch of Documents by Forwarding Agent to the Exporter: After obtaining the Bill of Lading from the Shipping Company the Forwarding Agent sends the following documents to the exporter:
    - One copy of the commercial invoice duly attested by the Customs'
    - Export Promotion copy of the Shipping Bill
    - Drawback copy of the Shipping Bill
    - Full set of clean on-board bill of lading together with a few non-
    - negotiable copies
    - Original letter of credit/contract order
    - Copies of Customs Invoice
    - AR-4 form (duplicate) and Gate Pass
    - GR Form (Duplicate)

13. Certificate of Origin: On receipt of the above documents, the exporter makes an application to the Chamber of Commerce and obtains a `Certificate of Origin' in duplicate.
    In case of export shipment to countries offering GSP concessions, the GSP Certificate of Origin will have to be procured by the exporter from the concerned authority like Export Inspection Agency or others.

14. Shipment Advice to Importer: The exporter then sends `Shipment Advice' to the importer intimating the date of shipment of the consignment by a named vessel and its expected time of arrival (ETA) at the destination port. The following documents are also sent along with the shipment advice so that the importer may start making arrangements for taking delivery of the consignment:
    - A non-negotiable copy of the Bill of Lading
    - Commercial Invoice
    - Packing List
    - Customs Invoice

15. Presentation of Documents to Bank: The exporter presents the following documents to the bank for negotiation/collection:
    - Commercial Invoice - (with requisite number of copies)
    - Certificate of Origin - two copies
    - Customs Invoice - (with requisite number of copies
    - GR Form (Duplicate)
    - Packing List - (with requisite number of copies)
    - Full set of Clean-on-board Bill of Lading negotiable plus non-negotiable copies as required.
    - Original Letter of Credit/Export Contract
    - Additional copies of the Commercial Invoice for Certification by the Bank
    - Bank Certificate in the prescribed form in duplicate
    - Marine Insurance Policy/Certificate
    - Bill of Exchange
    - Quality Control/Pre-shipment Inspection Certificate

16. At the Bank, these documents are processed in the following manner.
    1) The documents are examined with reference to the terms and conditions of the original order and also that of the letter of credit.
    2) A set of the following documents is transmitted to the bank of the imported by the first air mail followed by the second set of these documents by the second air mail to ensure that in case the first set is lost or delayed, the importer or his bank can take delivery of the consignment on the basis of the second set of documents.
        1. Commercial Invoice
        2. Customs Invoice
        3. Packing List
        4. Certificate of Origin
        5. Negotiable Bill of Lading
        6. Insurance Policy Certificate
        7. GSP Certificate of Origin (in necessary)
        8. Bill of exchange
        9. Certificate of Inspection

3) The exporter receives payment against the above documents.
4) Duplicate copy of the GR form is transmitted to the Exchange Control Department of the Reserve Bank of India on receipt of payment from abroad.
5) The original copy of the Bank Certificate as applied for by the Exporter along with attested copies of the Commercial Invoice are returned to the exporter.

17. Rebate of Central Duty & Duty Drawback: Simultaneously, the exporter files a claim with the Maritime Collector of Central Excise, for rebate of Central excise duty or for getting credit in his Bond Account and also for duty drawback in accordance with the procedure laid down in this regard.

18. Export Benefits: The exporter initiates action for claiming benefits against exports made by him as per the procedure outlined under the Policy for Registered Exporters.

Export Documents:

Following Documents are required for export Business.

1) Commercial Invoice:

It is basic document. They give us full details about the shipment. This document is used for foreign Trade. It's used for declaration given by the person or business that the exporting items across International Border. Also include invoice is true and signature. It's used for custom purpose and calculates tariffs.

Check List of items and details are below:

- Name and Address of Shippers Invoice and Date
- Buyer's order No, Seller's order No
- Name and address of Customer (Buyer)
- Insurance details
- Payments terms
- Packages declaration
- Quantities of commodity, description of commodity.
- Net weight and gross weight of Units.

- Packing specification.
- Bill of Lading No
- Import License No and date
- Letter of credit No and date
- Performa Invoice.

2) Packing List:

Exporter has to prepare packing list. In the packing list details about description of goods , quantity per package, net and gross weight, measurement, number of packages etc. It is helpful to receiver to know which item carrying in shipment.

3) Marine Insurance certificate:

This certificate is a document of shipment of goods in trade. Insurance undertaken to cover loss of goods, damage of goods due to hazards in shipment. This certificate requires cover all risks. And satisfy the condition of letter of credit.

4) Bill of Exchange :

Bill of exchange is similar to checks and promissory notes. It's a legally defined 'Unconditional Order in Writing' address to one person to another person.

5) Letter of Credit :

Letter of credit is written undertaken by banks. The company issues to a seller of goods which gave details that the issuer will pay seller for goods the seller delivers to third party buyer. It's most used method in international transaction. In International business letter of credit used in various types : Revocable and Irrevocable Letter of Credit, Confirmed and Unconfirmed Letter Of credit, With Resource and Without Resource, Sight and Usance, Transferable, Straight and Negotiation Credit, Revolving Letter Of credit, Red Clause Credits, Green Clause Credits, Back to back letter of credit.

6) Bill Of Lading :

Bill of Lading is important document between the shippers of a particular goods and details about quantity and type of goods carried. These bill issued by shipping company. Details in bill of lading are:

- Acknowledgement of cargo delivered for transportation.
- A contract of freightment between the shipper and the carrier specifying their respective responsibilities and obligations.
- A document of title to goods and provides interested parties including banks with title to the goods mentioned therein.

Bill of lading contains date, port of shipment, name of the carrying boat, contains of packages, identification of packages, port discharged number.

7) Export Inspection Certificate:

It is used by Government Agency. It's an entrusted the task of inspection of goods. It's an import for importer because the quality of seller is agreed with the contact. In India it is compulsory to inspection of export items.

8) Shipping Bill:

Shipping Bill is main document required by customs authorities. It contains details about description of goods, number of packages, quantity of goods defined by Sea custom Act. Stamped in shipping bill, cargo is allowed to cart to Port Shed and Docks. It is used to transportation from one country to another country.

9) Consular Invoice:

A printed form of contains details particulars, description, quantity, grade and value of sellers shipped. It is certified by importing country. Also declaration of goods that goods in true value.

10) Certificate of Origin

Certain nations required a signed statement as to the origin of the export item. Such certificates are obtained through a semi-official organization such as a local chamber of commerce.

11) Inspection Certification

Some purchasers and countries may require a certificate of inspection attesting to the specifications of the goods shipped, usually performed by a third party. it has been obtained from independent testing organizations.

12) Dock receipt and Warehouse receipt

It is used to transfer accountability when the export item is moved from by the domestic carrier to the port of embarkation and left with the international carrier for export.

Export Benefits:

1. Market diversification
2. Additional sources of revenue
3. Use of excess production capacity
4. Leverage on purchasing power
5. Business operational stability
6. Product life cycle extension
7. Product improvement
8. Lower unit cost
9. Economies of scales
10. Minimize the effect of seasonal fluctuations in sales
11. Untapped market

Import Procedure and Documentation

Import Procedure:

Import trade procedure differs from country to country depending upon the existing policy of that country. The general procedure for import trade in India involves the following stages:

Step-1: Making Trade Enquiry and Receiving Quotation Offer:

The first stage in the import trade is to make trade enquiry from the intending exporters or their agents. An enquiry is a request by the intending importer to supply the following information:

- Specification of goods such as quality, size, design, etc.,

- Unit price,
- Quantity of goods available,
- Terms of shipment
- Terms of payment
- Delivery schedule

In response to his enquiry, the importer may receive different quotation offers, for different suppliers.

Step-2: Obtaining Import License:

Where the importer wants to import an item for which import license is required, he must first obtain import license. To obtain an import license, the intending importer makes an application in prescribed form and submits it to the licensing authority along with the following documents:

- Treasury receipt for import license fee
- Certificate of the value of goods imported by the applicant in the previous year
- Income tax verification certificate

Step-3: Obtaining Foreign Exchange:

After obtaining the import license, the intending importer makes an application in the prescribed from under the Foreign Exchange Management Act and submits it to the exchange control department of RBI after getting it forwarded by his exchange bank.

Step-4: Placing the Indent or Order:

After obtaining the import license and requisite amount to foreign exchange, the importer should place the order directly or through “Indent Houses”. An indent is an order sent abroad for the import of goods.

Step-5: Arranging Letter of Credit:

As per terms of payment if the importer is required to arrange a letter of credit, the importer instructs his bank to issue a letter of credit. Depending upon the deposit or creditworthiness of the importer, the importer’s bank may issue a letter of credit.

Step-6: Getting Shipping Documents:

In case of D/A (Document against Acceptance), importer gets the shipping documents on the acceptance of the bill. In case of letter of credit arrangement, importer gets the shipping documents from his bank.

Step-7: Appointing Clearing Agent:

After getting the shipping documents, the importer who does not want to complete further formalities in this regard himself, appoints clearing agent.

Step-8: Functions Performed by the Clearing Agent:

1. Getting bill of Lading Enclosed for Delivery: When the ship arrives at the port of destination, the agent gets the bill of lading endorsed by the shipping company in his favor after making the payment of freight if not paid earlier.
2. Filling-up bill of entry: The agent is required to fill-up 3 copies of 'bill of entry'. A bill of entry is a document which shows the details of goods imported and is used by custom authorities for determining import duty.
3. Payment of Dock Charges: The agent is required to fill-up two copies of port Trust Receipt and to submit these copies along with three copies of Bill of Entry and necessary dock changes, to the landing office at destination port.
4. Getting Custom Clearance: The agent is required to submit one copy of port Trust Receipt and two copies of the bill of Entry along with other required documents to the custom Authorities and make payment of import duty.
5. Dispatching Goods to Importer by Rail/Road: After taking delivery of goods from the dock authority, the agent dispatches goods to his principal by rail or by road and receives railway receipt or lorry receipt.
6. Sanding Advice to the Importer: After dispatch of the goods, the agent informs the importer about the dispatch of goods other related matters and sends railway receipt along with a statement showing his expenses and remuneration to the importer.

Step-9: Taking Delivery of Goods from Railway/Carrier:

After receiving the advice from the clearing agent, the importer takes the delivery of goods from railway/carrier surrending railway receipt and carries them to his godowns.

Step-10: Making Payment:

The mode of payment for the importer depends upon the agreement between the importer and the exporter.

1) In case of documents against Acceptance (D/A Bills), the importer gets the shipping documents on giving the acceptance of bill of exchange and make the payment on the maturity date.
2) In case of documents against payments (D/P Bills), the importer gets the shipping documents on making payment of bill of exchange.
3) In case of letter of credit, the importer gets the shipping documents after payment.

Import Documentation:

1) Import Invoice

The Govt. of India announces the import and export policy of the country from time to time. One has to obtain a valid import license for the import of required quantity and value of goods by completing various formalities with the RBI and concerned authorities. License is the document which enables the importer to import goods up to a specified quantity and value from a specific country.

2) Bill of Entry

It is a document which acts as a proof that the goods of stated value and description in specified quantity are being entered into the country from abroad. Three copies of these documents are prepared in which the importer has to give each and every detail of goods imported.

Separate bill of entry forms are used for:

- Free goods, i.e., those goods on which customs duty is not payable,
- Bonded goods or dutiable goods which are subject to payment of customs duty.

3) Bill of Sight

If the importer or his agent does not have details of the goods to complete the form of Bill Of Entry, he has to file a document called Bill Of Sight. The Bill of Sight gives him permission to examine the goods in the dock in the presence of customs officers and collect the detail about the goods to be recorded in the bill of entry form.

If the goods are not subject to custom duty, this bill of sight is converted into a free entry and delivery of the goods is given to the importer.

4) **Dock Challan**

It is document which acts as proof of payment of dock charges on the imported goods. This document is issued by the dock authorities in the imported country to the importer.

5) **Indent**

It is an order placed for importer of goods. It is sent to the exporter for supply of the goods. It contains full information regarding the goods to be imported – quantity, quality, mode of packing and marking, period of delivery, mode of payment and other instructions regarding shipment and insurance, etc.

6) **Insurance Policy**

The insurance policy is issued by the insurance company to cover the risk of loss or damage to goods due to specified causes. If there is no insurance then the loss will have to be borne by the owner of the goods, the exporter or importer.

7) **Letter of Advice**

A letter of advice is also prepared by the clearing agent and sent to the importer stating that all the formalities for clearing the imported goods have been completed. Along with this letter, the clearing agent sends the railway receipt as proof of goods sent to importer as well as his statement of account for expenses incurred and commission charged.

Import Benefits:

1. Help in improving Economy
2. To meet shortages
3. For better living of standards
4. Improving quality of production
5. Comparative advantage : Lower priced goods
6. Many governments actively support trade relations
7. Importing grants access to regionally exclusive resources
8. Various benefits stemming from trade agreements

CHAPTER-7
Current Position and Trends for Business of Japan's Electronics Industry with India/Gujarat

1. INTRODUCTION

Nowadays, the world is also known as an electronic world, it is just because of the growth of the electronic industry in the global market. This industry plays a significant factor in any field. This industry has been gaining greater opportunity to capture the market in the current time due to wide range of connectivity. This industry has been used in the fields of education, transportation, business and health. The electronics products are became an essential for people; they are used to process day-to-day information. In short this industry has made one's life easy.

The success of the Electronic Industry depends on lot of people like consumers, employee and supplier. This industry has made a better use of an environment to gain lots of advantages, turn in to process and offer a good product to consumer.

External environment has a greater impact on the electronic industry. In order to suit to the environment, the electronic industry has to undergo changes so that it does not hamper its development. It is really important to identify that how there external factors can harm industry. This paper explains the strategic analysis with the help of different tools to identify current trend of Japan's electronic industry with India/Gujarat. In order to understand this concept better and its practicality in the real world, we have decided to use different analysis tools.

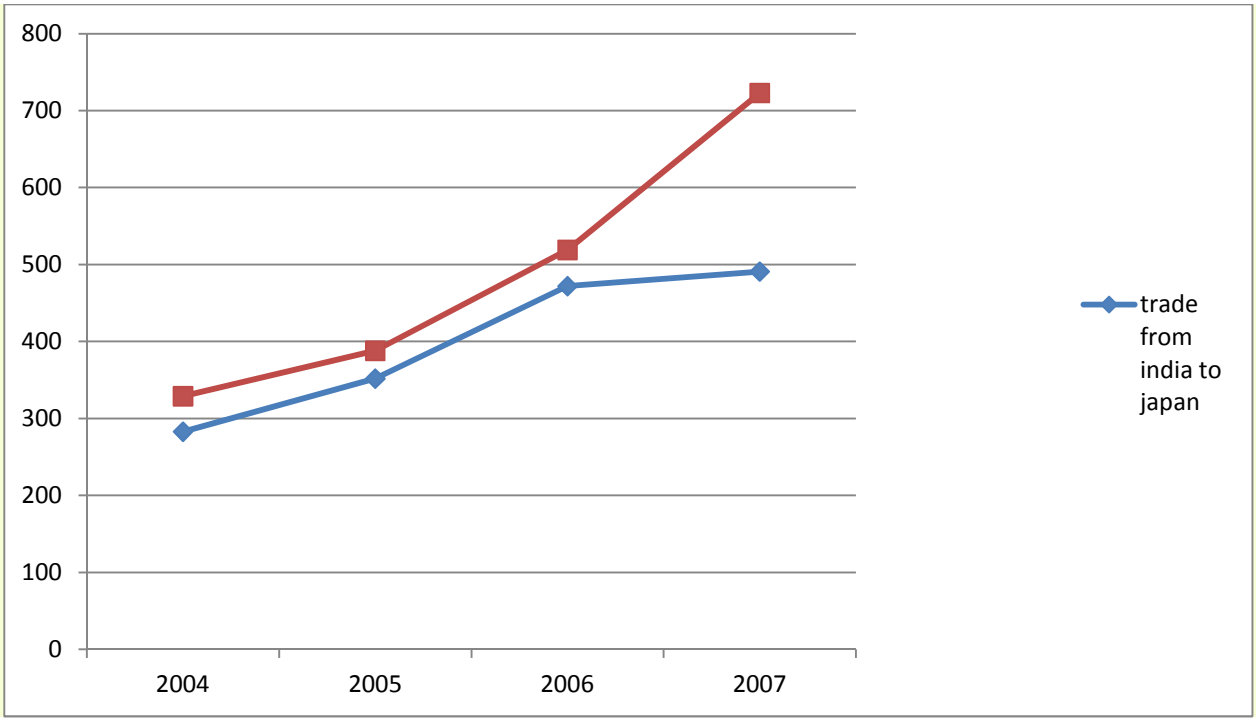
Electronic Industry has a lot of benefits, which present attraction to all age group. In today's market, people become more accurate; they think and analyze any product before they take decision to buy it. It applicable to electronics item as well. Most people find use of electronic products but at the same time they even consider the price as well. When comparing the prices of electronic products from past when it was introduced to today, we can identify the fact that the price of products have been decreasing. This could be direct the condition of bright future of electronic industry. The strategy becomes an important issue in this case.

This course work would bring overall idea about the factors that have encouraged the Japan's electronic industry to expand their business in developing countries like India.

Japan-India trade (Yen: billion)

Year	2004	2005	2006	2007	2008	2009	2010
Trade from India to Japan	283	352	472	491	544	348	497
Trade from Japan to India	329	388	518	723	819	591	792

(Source: Japanese government document)



Japanese private-sector's interest in India is rising, and currently, about 872 Japanese companies have branches in India. (The figure doubled over the last 3 years.)

- **History of Japan's Electronic Industry**

The Japan's electronic industry has created thousands of well-known products on the basis of an American innovation. Early In 1950 U.S. electronic industry failed to produce transistor just because they to want to save their investment for some other electronic products. This issue encouraged company like Sony to produce transistor radios. Many Japanese companies were introduces there new design in foreign countries. Canon and Nikon were becoming popular in the global market.

The Japan's electronic industry had made great success in products such as lasers, diodes, CD players, screen technology, video recorders, and music synthesizers but the innovation for all the products had made in the U.S. laboratories such as Bell Labs and RCA.

In early 1925 the large amount of radios production had begun just after the radio broadcast and that was the good step for Japan's electronic industry. In 1953 television became more popular among the customers, so mass production had started at that time. The whole world families were expecting "the three divine appliances", which are the television, the refrigerator and washing machine but in current world it has been replaced by 3 Cs, which are: a colour television, a car and a cooler. (In the 1960)

There was a tremendous increment had noticed in number of electronic appliances from 68.1 million unites (1995) to 9.3 trillion (1997) That was the biggest increment

shown in Japan's electronic industry, at that time the number of calculator production was 52 million a year.

There was a fight between the Sony and The Panasonic regarding backed beta system and backed VHS system, Even that was the hardest choice for consumer as well that which system is good for VCRs. Sony had made the biggest investment in beta system to capture the market.

In 1980, there was a high growth noticed in Japan's electronic industry. The production of colour television had increased from 3.5 million (1994) to 13.4 in 1985. And Japan's electronic industry gained the first position in production of televisions followed by 4 countries.

1) Japan (13,275,000)

2) The United States (12,084,000)

3) Former USSR (8,578,000)

4) South Korea (7,641,000)

5) China (6,840,000)

In the late 1990s there was an increment noticed in particular electronics category. At that point the personal use of computer and internet had exploded in Japan which results in to low value of yen but on the other hand Japan's companies were leaders in digital cameras, cell phones, car navigation systems, DVD machines and flat-panel liquid crystal and plasma television.

From 2008 till now Japan's electronic industry has been suffering from lot of crises, the recent economy crises situation hurt the industry a lot in terms of finance and demand of products as well.

- **The Real World of Japan's Electronic Industry**

As we all know that Japanese companies are recognised as a world best in the production of electronic products likewise compact disc players, video cameras, laptop computers, fax machines, photocopiers, cell phones and various key computer components.

Japan is also well known as the king of technology and electronic products. The electronic industry is also popular among the world in producing wide range of electronic products like personal computers, mobile phones and television. It has been noticed low market share for each product.

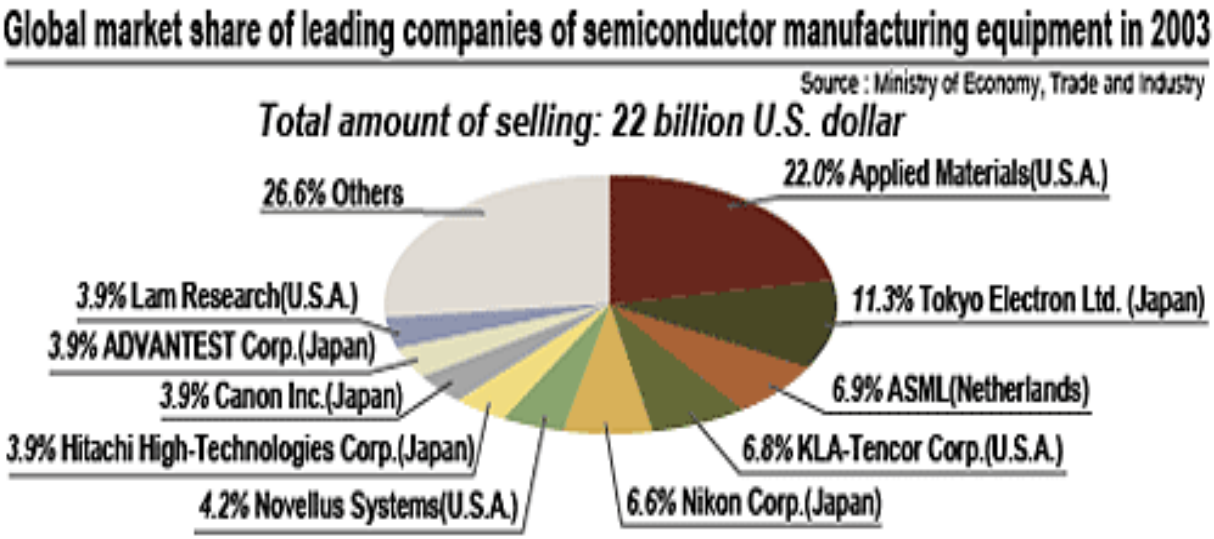
Japan electronic industry comes 3rd in consumer's electronics products. In recent situation products like computer, mobile etc are produced by collecting its

components from different countries but in case of Japan, this country use to assemble products within country, so this is one of the biggest advantage. In this curtail situation the one thing make the Japan's electronic business live is high selling of components such as memory chip, compact disk player, batteries for computers and crystal display screen and some machinery as well like reboot tools.

The main two criteria of Japanese electronics industry is selection and focus, which have been proved comparative advantage for Japanese electronics industry. For gain more market share Japan's electronic industry push the companies to outsource the more flat television around the world, in addition it also push to offer high level of computer software which is proved high profitable business (15%) as compared to the Oil industry (7%)

Japanese electronics companies have found really hard to compete with the low price competitors South Korea and China. This completion touched at its high point in 2010 the employees of the companies are not able to enjoy their usual summer holiday.

Everyone is aware about CEATAC Asia's largest electronic show. This is the best show for exploring the product at good level. Each company come up with the good technology of products to compete with others. In 2008 there were 804 companies took participation in that show out of those 289 were foreign companies. There were 3,121 sections created, which displayed innovative gadgets and stuff including 3D televisions and cameras, in 2010 shows 616 companies had took part out of them 196 were overseas. This show was more about latest 3D technology including Toshiba's 3D television you don't required glasses to watch it, home theatre systems, Hitachi crystal screens which is popular as a energy saving and long battery life. This platform is best to explore the new technology among the whole world.



- **Decline of Japanese Electronics**

There has been noticed that the Japan's electronic industry is quit on the path of decline stage. Experts noticed that in the International electronic show 2010 (Las Vegas), they said the South Korean electronics companies proved their selves better than Japanese companies for example Samsung is basically the south Korean company which covered 80 % share of LED television in the market and 75% in whole television market, this company is also concentrating to push it selves in to 3-d television as well.

Based on the wow-factor of some Samsung products, one CES headline said the there was "passing of the torch" as "the gadget world's balance of power shifts from Japan to Korea."

Nowadays Samsung is well known in wow-factor, the main aim of sambaing is "passing of the torch" as "the gadget world's balance of power shifts from Japan to Korea."

According to Roland Kelts, lot of major problems have been noticed in Japanese pop culture, consumer electronics, flagship airlines or even national government. These problems result in to irrelative route of business. It is really sad for Japan that the their young generation see no hope of getting better, in addition stake holders are getting afraid of putting their money in to the Japanese market while other countries are doing well and good.

In March 2011 Japan had faced some freak natural calamities including earthquake and tsunami. This is having a cross impact on domestic as well as Global electronic industry, however the situation is getting much better but still because of disaster the country is still suffering in nuclear power and communication storage. The recent survey shows the online companies are getting better to take their position back in to the global market and production is expected to touch at its high level by the end of this summer, in addition government is trying to store more capacity by the end of this year which shows positive attitude towards disaster; Moreover developed countries like U.S. is helping to generate more business by providing financial moral to the country.

- **The opportunities for Japan's electronic industry in India**

Nowadays the electronic industry is growing rapidly in the Indian market. Lot of overseas companies are showing their interest in Indian market just because of repaid growth of economy. Data shows the Indian electronic business worth US$ 32 billion in past years and they were expecting to reach US$ 150 billion by 2010. Consumer electronics is the largest segment in India as we know it is largest import segment as well.

The Indian electronic industry is just captured 0.7 % of global electronic industry; on the other hand the demand has been increased rapidly, so scenario encouraged other courtiers to enter in to the market.

The Japan's electronic industry is dealing with some electronics market and products such as:

- Storage device
- Display Technology
- Technology Components
- Telecom Equipment
- Display Technology
- Transmission equipments
- Assembling Services

The rapid growth of Indian electronic industry encouraged the global players to make an investment. There is lots of Korean and Japanese companies have made a large amount of investment to access the Indian electronic market for instance Samsung and LG are gaining large amount of market share by just committing their manufacturing unit in Indian market; moreover they enjoying the significant profitability in this growing market. Their main products are Television, CD/DVD players, Audio Equipment and other related products

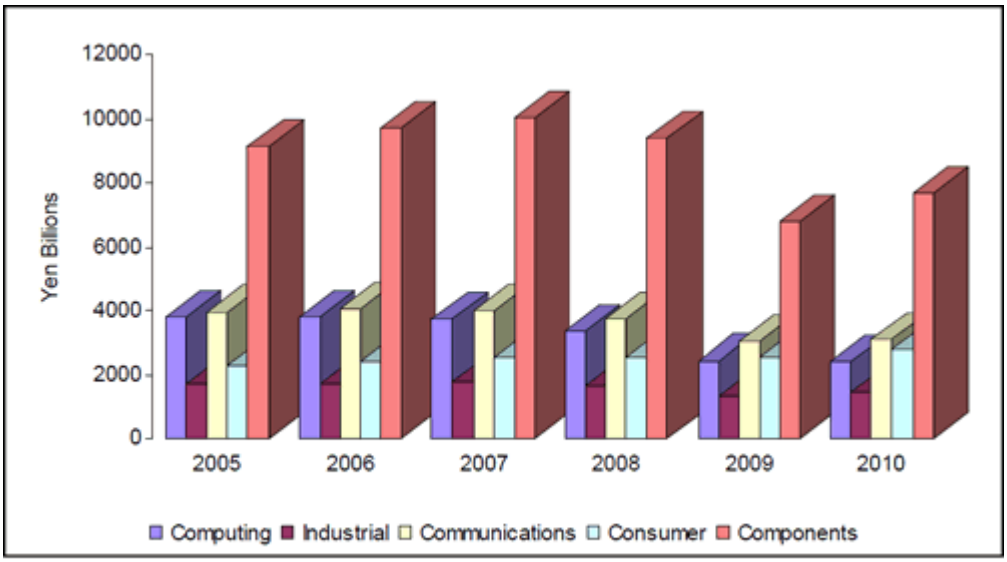
Unbelievable growth has been noticed in telecom products and a record says each month India is adding 2 million more phone users! 10% growth has been noticed in mobile sector over the last decade. The growth has been noticed in other sector as well likewise demand of IT products, Personal computers, medical instruments, industrial instruments etc So the growth level of all sectors are at equal level. According to the Government Records Indian economy is growing at 7% per year, Experts are predicting that by the next year Indian electronic market will be quit realistic with the projection of US$150 billion which is the great opportunity for whole world to invest their money in to growing economy.

Sales top 10 of the semiconductors makers in the world

(Unit : 1 million dollar) Source : Data quest compiled by Gartner Japan (as of Dec. 2003, Preliminary figures)

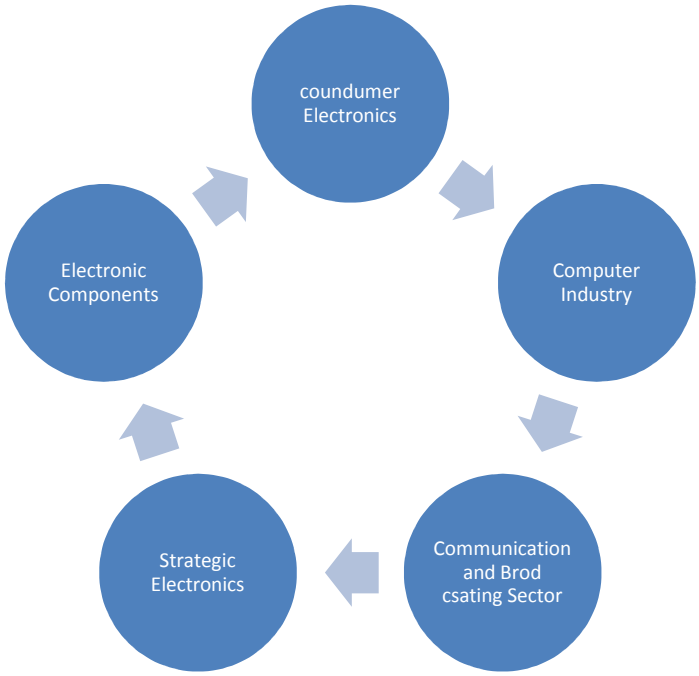
Ranking 2003	Ranking 2002	Company	Sales in 2003	Sales in 2002	Growth rate from 2002 to 2003
1	1	Intel Corporation	28,050	25,400	10.4%
2	2	Samsung Electronics	10,320	8,630	19.%
3	--	Renesas Technology Corp.	7,516	--	--
4	3	Toshiba Corporation	7,422	6,455	15.00%
5	5	Texas Instruments Inc.	7,400	6,240	18.%
6	4	STMicroelectronics	7,100	6,355	11.70%
7	7	Infineon Technologies AG	6,979	5,253	32.9%
8	6	NEC Electronics Corp.	6,413	5,691	12.7%
9	8	Motorola, Inc.	4,700	4,781	-1.7%
10	9	Philips Semiconductors	4,440	4,361	1.8%
		Others	84,674	83,424	1.5%
		Total	175,014	156,590	11.8%

➢ Production Trend:



Japan Production 2005-2010

- ## Production Trend and Market Segmentation:



Transition of selling, employees, export and import of semiconductor manufacturing equipment industry in Japan

Source : Ministry of Economy, Trade and Industry

	FY2002	FY1990
Selling (in 100 million yen)	8,575	5,973
Employees (in 1000 person)	46	—
Export (in 100 million yen)	5,235	1,140
Import (in 100 million yen)	1,131	856

2 LITERATURE REVIEW:

- **Theory of Strategic Analysis**

What is Strategy?

The term “Strategy” is basically a classical Greek word, *strategos*. This word actually means *a plan to defeat the enemy*. The word found around 2000 years ago in the military services. But it became a business terminology just only 60 years ago, According to business, Strategy can be defined as

‘The determination of the basic long-term goals and objectives (plan) that aims to give the enterprise a competitive advantage over its rivals through differentiation.’(Boston 2005)

In simple words, strategy is a special action plan of the company to deal with the corporate objectives.

For creating good strategy organization has to follow particular strategy creation process.

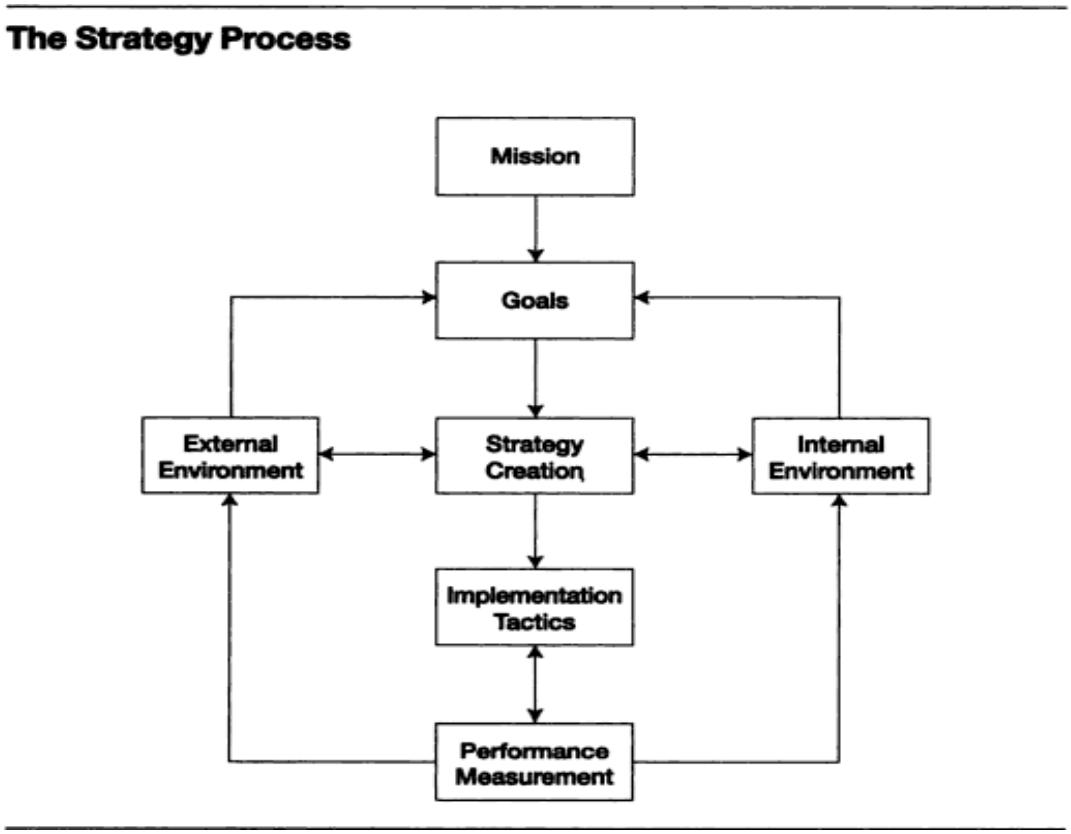
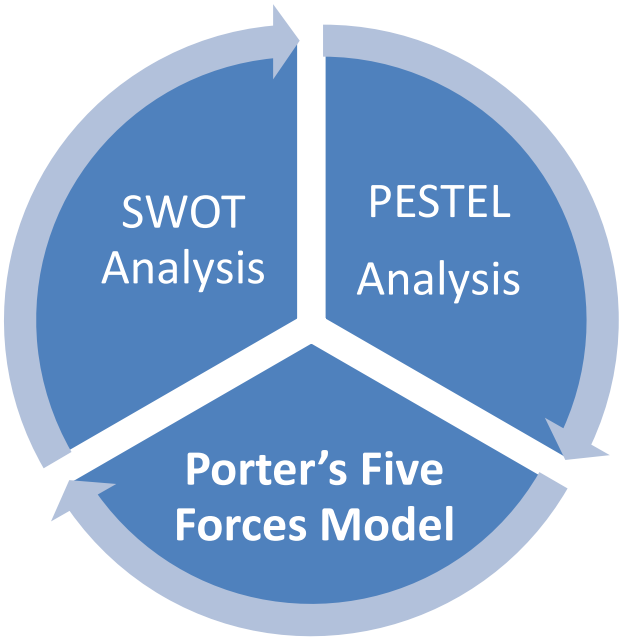


Fig1: The Strategy Process (Source: Boston 2005)

At the time of creating a good strategy of the company, company has to make sure that it should be related to the mission of the organization because it identifies the purpose of the organization towards its stake holders and customers, once the strategy had been done, the next step is to setup some achievable goals and for creating goals company needs to do analysis of both environment such as internal and external.

➢ Tools for Strategic analysis



- **SWOT Analysis**

SWOT analysis helps the organization to determine the current trends and challenges of the market on the basis of that organization can able to come up with good strategic plan (Kern 2001). SWOT is stand for: Strength, Weakness, Opportunities and Threats.

Strengths: Basically, the strength describes the positive aspects of company, it determines the ability of the company; in addition it helps to give basic idea to the company regarding where they need to concentrate to gain a market advantage.

Weakness: These are the barriers that reduce the strength of the company and it comes up as a restriction for company, so company will not able to do well in the market. This analysis helps the company to make a plan to fight with those barriers.

Opportunities: These are the innovative ideas, strength and new trends for the company that helps to gain more market advantages.

Threats: These are the hazards that can harm company if they are not taking correctly, more focus on this will result in to less chances of trouble in the company.

SWOT analysis determines both external and internal environment, which exist for company. The factors such as strength and weakness focus on internal capacity of the company, whereas opportunities and threats focus on the external environment.

- **PEST Analysis:**

The macro environment is the hottest issue that needs to determine because this environment plays an important role in the success of the company. This environment is divided tin to four factors Political, Economical, Social and Technological. People know better by PEST, the main aim of PEST analysis to identify the external factors that can harm company. The following figure describes the most of the factors that needs to be considered.

Political/legal issues	Economic factors
■ Taxation policy ■ Monopoly controls ■ Environmental protection measures ■ Employment law ■ Environmental legislation ■ Foreign trade agreements ■ Stability of the governmental system	■ Interest rates ■ Inflation rates ■ Money supply ■ Business cycles ■ Unemployment ■ GNP trends
Social/cultural issues	**Technological factors**
■ Age profiles ■ Social mobility ■ Changes in lifestyles ■ Family structures ■ Levels of education ■ Work behaviour ■ Leisure activities ■ Distribution of income ■ Patterns of ownership ■ Attitudes and values	■ Focus of government research ■ Rate of technology transfer ■ Materials ■ Developing technological processes

Fig2: The PEST analysis of influences in the external environment (Source: Drummond & Ensor 2001)

The PEST analysis will give rough idea about the changes will take place in the near future; moreover it gives basic ideas about the opportunities available to the company (Drummond & Ensor 2001). Recently, two more factors have been added to the format that needs to be considered. They are Legal and Environmental factors, so now the PEST model is known as PESTEL model.

- **Porter's Five Forces Model**

There is one more way of analyzing the external environment and that is Porter's 5 forces model. Every company is dealing with its customers, competitors and suppliers. This relationship can easily effect the profitability of the company. According to Porter there are five factors that affect the level of competition and also profitability of the company within an industry.

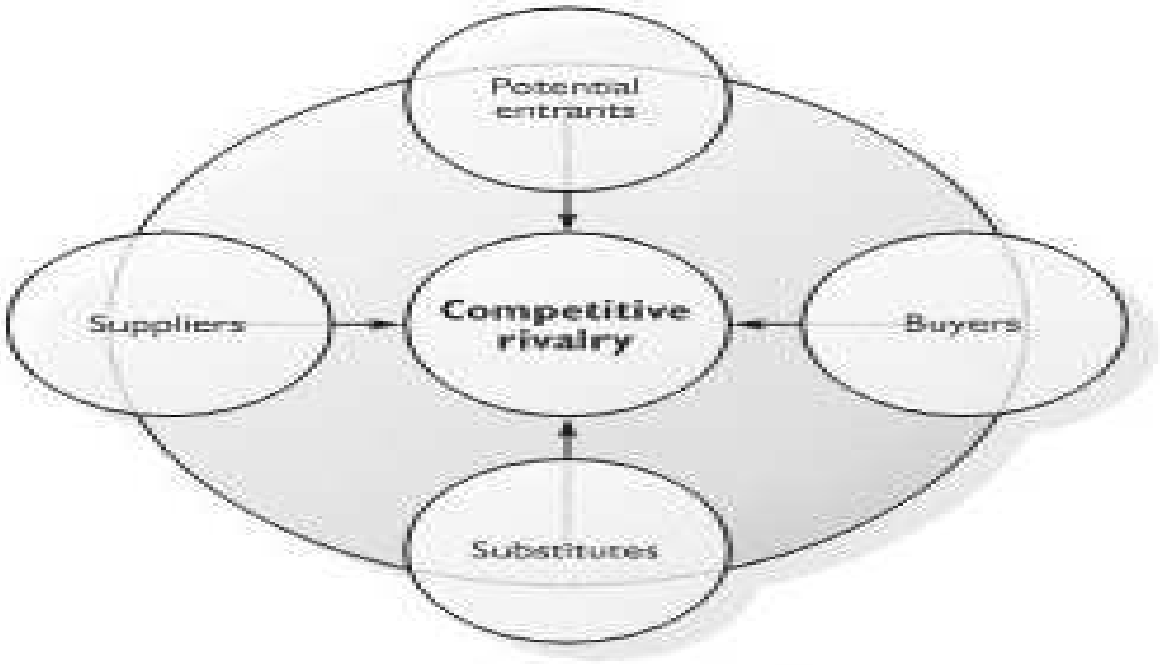


Fig3: The five forces model (Source: Porter 1980)

Suppliers:

The main aim of supplier to fulfil the demand made by the company at right time at right place, it is really important for the company to make sure that supplier is rolling smoothly and company must be cleared about the goods terms and condition related to the delays and problems.

Buyers:

This is the most important group of people that make potential impact on the company. Company needs to make sure that that customer needs to be happy and satisfied because the simple rule is no customer no business.

Potential entrants:

The number of barriers to entry that may exist can determine the risk of potential entrants in any given industry. These might depend on the size of the company in the market, its current position in the market (if it has established itself in the market place).

Substitutes:

Substitutes can get in to the market by number of ways. It can be in any of the following form

- A new product that may eliminate the necessity of using a different product which was more complicated.

-A new product that may completely replace an existing product or service

Competitive Rivalry:

Competitive rivalry depends on the number of potential players that exist in the same industry it is nothing but the number of potential competitors are there in the same industry. The size of the competitors is also an important for consideration. In such cases the competition between the companies can be significant.

The Porter five forces model is proved a useful tool for the industrial analysis even though it enables to identify the critical forces that exist within an industry (Boston 2005).

2.1 PRACTICAL IMPLEMENTATION TO IDENTIFY THE CURRENT TRENDS AND POSITION OF JAPAN'S ELECTRONIC INDUSTRY WITH INDIA/ GUJARAT:

- **Background of Current Trends and Position**

The Japan's Electronic Industry has captured large market in India/ Gujarat with an aim to succeed even in the industry of electrical services. The industry has manufacturing units, retail outlets it's an online shopping website that also provides home delivery services. The industry has given a better contribution in terms of economy growth, employment growth; electronic market growth etc. They aim of the Japan's industry is to make sure that all the companies who are connected to the industry have equal opportunities to develop their abilities and are rewarded for their input to the success of the electronic business.

According to the theory of strategic analysis, any Japan's electronic industry would benefit from the SWOT analysis. Though, to understand the external environment trends better, PEST analysis of Japan's electronic industry in India is conducted initially. The five forces model will also conducted and finally SWOT analysis as well.

- **PESTEL analysis of Japan's electronic industry in India**

Political Factors in India:

- The high trends of Globalization in India becomes a challenges as well as opportunities for the Japan's electronic industry in India .the challenges can be deal with unknown competitions and to provide best quality of innovative products within strong competition. Although the Japan's electronic industry does plan to do so, but it would be a good ideal plan if Japanese electronics companies could enter the markets of emerging through mergers or partnerships to explore the Indian market.
- The current research of price fixing between the electronics company within the Indian electronics industry can lead to some negative impact to the Japan's electronic industry in general. As Japanese electronics companies are at the forefront of this allegation, its impact will definitely hinder the growth of an electronic industry. These allegations can make a negative impact in

general public though Japan's industry has gained reputation among Indian consumers, as the consumers might feel cheated.

- Japanese Electronics Company will have an increase in profitability position of an Indian economy because the Indian government has decreased the corporation tax by some percentages.

Economic factors in India:

- There is a great increase for using green products and an awareness about using fair trade products and the trend to "go green" which has led to industry crisis. This situation heavily affected the purchasing power of Japan's Electronic Industry. This is result in to increase the prices of the basic consumer products, which directly affected the sales. Increased fuel prices in India have affected the process of supply chain and it result in to increase overall expenses.
- In case of Indian economy condition credit crunch, are booming, just because of this consumers stop attracting towards luxury electronic products, which is proved to contribute good profitability.
- Cut-throat business in electronic industry has encouraged Japanese electronics industry to introduce various innovative gadgets like 'I pad' wherein customers more reliable.

Social Factors in India

- As the people of India are more concerned about comfortable issues, the government has concentrating more on consumer electronic products. As the problem of obesity is found among many people in India, the consumers prefer to buy cheap products. The Electronic Industry has taken that thing in to consideration and they came up with large verity of essential electronic products.
- As India has been facing a lot of radiation problems, the government has restrict some of the electronic products, if any company wants to sell such products they need to take a permission from an Indian Government

Technology Factors in India:

- Technology has provided a lot of facilities for the people which make life easier. The way of innovating electronic products have been improved in the past few years to make it user-friendlier as well as easier for the consumers to use the products . The availability of those products has been improved to a very large extent to offer customers with good service.
- Nowadays, People in India are becoming more advanced in terms of technology and electronics. They do not like to wait for products for so long and for that reason most of the electronic companies have established themselves in India. Japan's electronic industry has a beneficial progress in this field.

Environmental factors in India:

- In order to contribute about being cautious about the environmental problems such as global-warming is the hot spot environmental problem among all of us, so each industry is trying to contribute themselves to reduce the effect on it ,and this is the reason why electronic industry is making an extra effort to go green. Some of the Japanese companies have project plans that help them to produce energy efficiency products. It has been proved that such products have been saving CO2, that cause affecting the environment.
- The electronic industry in India has started making use of renewable energy resources, due to which the CO_2 emissions have decreased by 54%.

Legal Factors in India:

- The electronic industry in India has derived their concentration in health and safety measures. Some of the concerns include: covering hands with gloves while dealing with the equipments, packaging system, disposable system and clean work environment etc.

- As there are lot of problems are related to some short of technology products , Indian Government has enforced a law to stop importing such technology to India just because such technology is already producing in India, so Indian

Government want to spoil the domestic electronics industry, which is the biggest legal challenge for Japan's electronic industry.

- **Porter's five forces Model:**

The trend of Japan's electronic industry in India: analysis has been conducted below:

Competitive Rivalry: The Indian electronic industry is tremendously competitive with different countries. Other countries like South Korea, China, US give a cutthroat competition to Japan's electronic industry in India as all have a strong hold of consumers to remain loyal to their business.

Barriers for new entrants: As there is already tough competition between Indian electronic businesses, it would be difficult for Japan's electronic industry to enter the retail market and establish them. Foreign electronic firms which want to get established in Indian market should have complete knowledge about the India Electronic business and what the consumers need.

Threats of Substitutes: There is a lot much threat regarding the electronic industry as all the consumers intend to buy the electronic products, which becomes a basic necessity. The new trend does not pose a threat because each company as well as Japanese companies come up with their own innovative products to attract consumers.

Buyer Power: This will have a strong impact on the Japan's electronic industry as there are many rivals out there providing the same type of product. The product can only be distinguished by the prices and the customer's loyalty towards the company.

Supplier Power: This plays an essential role in any kind of industry. The sales volumes of the Japan's electronic products are completely dependent on the suppliers. For instance, if the suppliers fail to deliver their products on time, there are chances that the Japan's electronic industry will lose some of their valued customers to their competitors thereby reducing the sales volume.

- **SWOT Analysis of Sainsbury**

➢ **Strengths of Japan's electronic industry in India:**

- Substantial Presence in Indian market – Japan's electronics industry is one of the biggest overseas industry and oldest operating about generating lot of business from India. The market share of Japanese electronics companies is approximately 16% and it provides services to millions of customers. This has enabled Japanese companies to establish a strong brand image likewise Moser Bear, Sony etc.
- Most of the Japanese electronics companies have started new innovative product range when the world was immersed in recession. This plan offers the products at different prices in order to satisfy the customer with the budget. This was a big hit and helped Japanese electronics industry in gaining a competitive advantage and consistent sales during weak economic environment.

➢ **Weakness of Japan's electronic industry in India:**

- In March 2011 Japan had faced some freak natural calamities including earthquake and tsunami. This is having a cross impact on domestic as well as Global electronic industry, however the situation is getting much better but still because of disaster the country is still suffering in nuclear power and communication storage..

➢ **Opportunities for Japan's electronic industry in India:**

- Japan's electronic industry has expanded its presence around developing countries. It has opened a lot of new manufacturing units at different locations. This would help Japan's electronic industry to have a wider customer base and thus increase its profits.
- This industry has responded to the customer's fast changing preference for innovative products. They have launched wide range of gadgets and

consumer electronic products. As the demand for electronic products is increasing, the company would benefit.

- **Threats for Japan's electronic industry in India:**

- Japan's electronic industry has to face a high level of competition in India from other countries such as South Korea, US, China etc. Japan's electronic industry has to keep an eye on the other retailers so that it can retain its profits and market share.
- Labour costs have been increasing over the years. This increase would increase companies operating costs and thus influence its margins.

Major players of Japan's electronic industry in India:

1. Alpine Electronics Asia Pvt. Ltd,
   Address: W-19, Greater Kailash Part II, New Delhi-110048 91-11-2922-3882 91-11-2922-3881 www.alpine.com.

2. Matsushita Electric Works Ltd,
   Address: Flat No. 625-627, 6th Floor, West Block, Meridien Commercial Tower, New Delhi – 110019 91-11-2373-8648 / 49 91-11-2373-8650 www.mew.co.jp.

3. Sato Asia Pacific Pvt. Ltd,
   Address: Ground Floor, B-259, Greater Kailash Part -1, New Delhi 110048 91-11-3298-6467 91-11-2923-0507 www.satoasiapacific.com.

4. Sharp Business Systems (India) Ltd.
   Address: No.214 - 221, Ansal Tower 38, Nehru Place, New Delhi 110 019 91-11-2643-1313, 2643-8866 91-11-2643-8747 www.sbsil.com.

5. Sony India Pvt. Ltd.
   Address: A-31, Mohan Co-operative Industrial Estate, Mathura Road, New Delhi – 110044 91-11-6600-6600 91-11-2695-9141 www.sony.co.in.

6. Sumitomo Electric Industries Ltd.
   Address: No. 310, The Oberoi New Delhi, Dr. Zakir Hussain Marg, New Delhi – 110003 91-11-2439-5115-16 91-11-2439-5245 www.sei.co.jp.

7. Toshiba India Pvt. Ltd.
   Address: 6F, Dr. Gopal Das Bhawan, 28, Barakhamba Road, New Delhi – 110001 91-11-2331-8422 / 9957 91-11-2371-4603 www.toshiba-india.com.

8. Birla NGK Insulators Pvt. Ltd

Address: Birla NKG Insulators Pvt. Ltd., P.O. Meghasar, Tal Kalol, District Panchamahals, Gujarat 389330 91-2676-221-002, 220-510 91-2676-223-359, 374 ww.adityabirla.com.

9. Hitachi Data Systems India Pvt. Ltd,
   Address: #278/23, Trident Towers, 3rd Floor, 10th Main, T.Mariappa Road, Jya Nagar-2nd Block, Bangalore-560011 91-80-2657-6292/ 93/94/95 91-80-2657-6290 www.hitachi.co.in.

10. Kyocera Wireless Corp.
    Address: 5th Floor, Phase 1, Divyasree Towers 55 Guruppanapalya, Bannerghatta Road, Bangalore 560029 91-80-5110-6988 91-80-5110-6980 www.kyocera-wireless.com.

11. Sanyo LSI Technology India Pvt. Ltd,
    Address: Level 08, Discover Block, International Tech Park, Whitefield Road, Bangalore 560-066 91-80-2841-0600~03 91-80-2841-0606 www.sanyo.co.in.

12. Akasaka Electronics Ltd,
    Address: C - 107, MIDC., TTC Industrial Area, Behind Krishna Steel, Pawane, Navi Mumbai - 400 705 91-22-2761- 7373/2322 91-22-2761-2322 NA.

13. Fujitsu Microelectronics Asia Pte Ltd,
    Address: Unit No. 3, Level 8, Innovator, International Tech Park, Whitefield Road, Bangalore, Karnataka - 560066, India 91-80-2841-9990 91-80-2841-6660 www.fujitsu.com.

4 Trends in electronic industry

Major Industry Trends

If there is one sector that is changing the nature of the world we live in faster than any other, it is electronics. From mobile phones to the internet, from telecommunications to satellite TV, electronics are ubiquitous and advancing by leaps and bounds, with more power being crammed into less space year on year. It is fashionable at this point to quote Moore's Law. Geoffrey Moore was the co-founder of the PC chip company, Intel, and the man famous for predicting that the number of transistors on the same-sized piece of silicon would double every two years—without bothering even to imply an end date for this process.

A few years ago, it was thought that Moore's Law was running out of steam, as circuits were (a) becoming small enough for quantum effects to introduce instability in current flow, and (b) becoming crowded enough for the heat generated from operating the chip to start to be a real problem. However, advances in silicon substrate technology (the introduction of metal oxide gates, for example) opened up the door again, and Moore's Law still holds good. Instead of Intel merely producing one central processing unit (CPU, the calculating "heart" of a microcomputer) on a chip, it produced first two CPUs per chip, then four, then eight, and we are very close to 16-CPU chips, with higher multiples possible and planned beyond this.

Simultaneously, the software industry is on a steep learning curve as it rewrites its applications to take full advantage of the vast amounts of processing power becoming available, whether at the server, on people's desks, or on a plethora of handheld devices, from palmtop computers to mobile phones.

As the amount of cheap computer power available to engineers has increased, the power of electronics to transform the world has moved forward in leaps and bounds. No part of industry is now untouched. The ability to simulate real physics inside "the box" has allowed car makers to stress-test both virtual parts and the whole design, long before metal goes anywhere near being machined. In advanced medicine, biosciences companies model molecules and processes to predict drug interactions on target proteins or cell constituents, before any real-world work is done. In the oil and gas sector, vast data sets from seismic and advanced scanning of reservoirs are turned into visual, three-dimensional models that geologists can "walk through," to examine reservoirs "from the inside" before any well is drilled.

The ability to create and explore real physics through virtual models increases dramatically with each new breakthrough in processing power. Advances in electronics truly have the power to change the rules for whole industries.

The electronics manufacturing sector is generally separated from the electrical manufacturing sector by a technical distinction. Under this, the term "electronics" refers to the flow of charge through non-metal conductors, such as silicon in semiconductor implementations, and "electrical" refers to the flow of charge through metal conductors. Electrical is all about wires, and electronics is all about semiconductors, broadly speaking. The latter leads to printed circuit boards (PCBs) and memory chips, while the former leads to white goods and power stations (with the proviso that almost all electrical goods these days have some PCB control circuitry somewhere).

Market Size

JAPAN market size	2005	2006	Growth rate	2007	Growth rate
Japanese Market	2853	3324	20.1%	2831	-14.8%

Size(Billion yen)					
Japanese market size(million USD)	25910	28579	13.7%	24040	-15.9%
Domestic market(billion yen)(local production)	4349	4765	9.6%	4856	1.9%
Domestic market(million USD)(local production)	39498	40.966	3.7%	41212	.6%
Export Market(billion yen)	3750	4148	7.7%	4716	13.7%
Export market (million USD)	34062	35655	2%	39934	12%
Import Market (billion yen)	2254	2707	19.4%	2691	-0.6%
Import Market (million USD)	20470	23274	13.7%	22852	-1.8%
US share of Import Market (billion yen)	437	543	24.25%	493	-9.2%
US share of Import Market (million USD)	3969	4669	17.6%	4186	-10.3%

Source: The Japanese Electronic and Information Technology Industry Association (JEITA)

Few key points in regards to Japanese customers

- Externals focus on quality and on customer service(you will find biggest claim rate worldwide in Japan)
- Need to show long term committeemen to Japan
- Excellent distribution and service network a must
- Some adaption to the Japanese market often required
- Extreme need and request for technical information and documentation
- Close and frequent communication to partner and customers necessary to maintain well-working long-term relations
- Focus hard on hiring top people(a pool of very talented Japanese are available if you screen carefully).use recruiting agencies and headhunters rather than printer than printed or internet ads
- Ok to take premium price still, although the market is becoming more competitive.

5 Conclusions

At the end, this analysis identify the internal capabilities of the Japan's electronic industry, external environment and the relevant industry would help in formulating, creating and improving different strategies for a industry. This course study can help the Japan's electronic industry to improve its performances and fill any gaps that hinders it from attaining competitive advantage in Indian market. This would clearly prove success of the Japan's electronic industry in terms of expanding its business.

FINDINGS:

1. Japan's strategy don't allow distribution channel that means they don't held second stage supply chain hence they deal directly with customers regardless of country.
2. Majority of the companies produce their own raw equipments for final product hence, they are not dependent to other counties in purchasing electronic components that can be used in end product.
3. Japanese companies produce electronic products for international market and establish their own unit in a country where they want to do business, thus if Japanese countries expand their market international level they establish separate business unit in a host country by editing different name. E.g. Sony Corporation of Japan if this company wants to do business in India it will modify name as sony-india Corporation.
4. Japanese companies pay aggressive attention to their production and optimum use of available resources hence, the cost of production is comparatively low with other countries and companies take competitive advantage and expand revenue internationally at the same time highest level quality can retrieved. Such a strategy called kaizen technology.
5. India has identified advantage of Japanese strategy and grabs developing opportunities and acquires same strategy thus some important projects in India are being done collaboratively with Japan. This in result of good country relationship.

CHAPTER-8
Comparative Position of Electronics Industry with India and Japan

INTRODUCTION

As the electronics industry has been developing in the world by leaps and bounds, Japan is one of the important exporters of the electronics equipments to the world. Here we have attempted to explore the Japanese electronics industry and Indian electronics industry. From this analysis we want to reveal the strengths of the Japanese electronics industry and derive some lessons for India to compete in the global marketplace. Moreover we have explored some areas for Japan to increase their export for electronics products. For this analysis we have compared the electronics industry in both the countries on the basis of production, import- export, GDP contribution and opportunities.

Japan has faced the problems in the production of electronic products but from that the country has generated the opportunities and has shown tremendous growth opportunities in India. But the Korean electronic companies are having leading position in India and Japan is quite far behind compare to Korea. To improve current conditions in India Japan has signed different Agreements which can likely to be change the face of electronics industry market segment in India.

ELECTRONIC INDUSTRY IN INDIA:

INDUSTRY OVERVIEW

Historical Developments

The Electronics Industry in India took off around 1965 with an orientation towards space and defense technologies. This was rigidly controlled and initiated by the government. This was followed by developments in consumer electronics mainly with transistor radios, Black & White TV, Calculators and other audio products. Color Televisions soon followed. In 1982-a significant year in the history of television in India - the government allowed thousands of color TV sets to be imported into the country to coincide with the broadcast of Asian Games in New Delhi. 1985 saw the advent of Computers and Telephone exchanges, which were succeeded by Digital

Exchanges in 1988. The period between 1984 and 1990 was the golden period for electronics during which the industry witnessed continuous and rapid growth.

From 1991 onwards, there was first an economic crises triggered by the Gulf War which was followed by political and economic uncertainties within the country. Pressure on the electronics industry remained though growth and developments have continued with digitalization in all sectors, and more recently the trend towards convergence of technologies. After the software boom in mid 1990s India's focus shifted to software, while the hardware sector was treated with indifference by successive governments. Moreover the steep fall in custom tariffs made the hardware sector suddenly vulnerable to international competition. In 1997 the ITA agreement was signed at the WTO where India committed itself to total elimination of all customs duties on IT hardware by 2005. In the subsequent years, a number of companies turned sick and had to be closed down. At the same time companies like Moser Baer, Samtel Colour, Celetronix etc. have made a mark globally.

Current Scenario

Currently electronic industry is growing very speedily. It's net worth US $ 32 Billion and it's estimated to reach US$ 150 billion by 2011. The largest segment is the consumer electronics segment, While is largest export segment is of components of electronic goods.

Indian electronic industry contributes 0.7 per cent of the global electronic industry. However the demand in the Indian market is growing rapidly and investments are flowing in to augment manufacturing capacity.

Electronic Hardware Industry in India is worth US$11.6 Billion is the output at present. India is also an exporter of a vast range of electronic components and products for the following segments.

• Display technologies

• Entertainment electronics

• Optical Storage devices

• Passive components

• Electromechanical components

• Telecom equipment

• Transmission & Signaling equipment

• Semiconductor designing

• Electronic Manufacturing Services (EMS)

Electronics industry in India is quite booming and as we can say that with the appropriate evidences we would be able to measure the exact relationship of Indo-Japan contribution as far countries GDP is concerned. As the statistics provide the evidence that Japan is the second largest country in the world in the manufacturing.

In India this industry is having prosperous future due to four main reasons.

- Developed growth
- ICT diffusion
- Growing non refundable income
- Put up for sale boom and attractive finance

By these factors this industry is sustaining in the Indian market in a strong manner.

If we focus on the macro level then we can come to know that the electronics industry is having appreciated contribution in Indian GDP of 1.95% in 2009-10. Not only in India but globally this industry is contributing significantly.

On the other hand if we focus on Japan country the picture and position of this country is having tremendous positioning at the global level because being the largest producer of the electronic goods, it has secured and grabbed large market share and enjoying the benefit of global market leader. The Key success factors of Japan are one of the correctness of the product and hi- tech goods. Though Japan is one of the big creditor nation and it possess 13.7% of worlds private financial advantage as world's second largest with $14.6 trillion.

ELECTRONIC INDUSTRY IN JAPAN

industry overview

Historical Developments

Electronic equipment is composed of active devices (electron tubes, transistors, integrated Circuits), as well as various types of components, that is, passive (resistors, Capacitors, coils, transformers), functional (speakers, microphones, magnetic heads, micro motors), and electromechanical (tuners, connectors, printed circuit boards). The function of a specific piece of electronic equipment is determined by the active Devices used, while components play supporting roles. This does not imply, however, That their role is unimportant; rather, performance depends heavily upon their quality and reliability. As electronic equipment gets more and more complicated, reliable components become indispensable. 1 The components industry is necessary for a sound electronics industry.

Asian countries began to compete with Japanese components around that time. 2 For a full understanding of the electronics industry, we need to examine not only the history of such "starsU as semiconductors and computers, but also that of electronic components. This chapter narrates the development of the electronic 2) Progress in the Electronic Components Industry in Japan after World War II 41 dio sets and the number of homes that owned them exceeded the highest prewar numbers for the first time. About eight hundred thousand sets were produced in that

Year. The radio boom was, at the same time, a components boom, since many radio sets were being constructed by amateurs and by semiprofessionals who bought components at stores.

History of Japanese Electronics

In 1960, Sony all-transistor TV. The Japanese have produced hundreds of popular products based on American inventions. In the 1950s U.S. companies failed to fully utilize transistors because they wanted to protect their investments in vacuum tubes. This paved the way for companies like Sony to make transistor radios. In the 1950s and 60s many Japan companies pirated their designs almost directly from foreign products. Canon and Nikon cameras were modeled after German Leicas

The Japanese have made advances in lasers, diodes, CD players, screen technology, video recorders, and music synthesizers based in many cases on physics and chemistry discoveries made at U.S. laboratories like Bell Labs and RCA.

The Japanese electronics industry was arguably at the height of its dominance in the 1980s. In 1985, Japan shipped 13.4 million color televisions, compared to only 3.5 million in 1994. The top five television producers (televisions per year) in the late 1980s were: 1) Japan (13,275,000); 2) the United States (12,084,000); 3) former USSR (8,578,000); 4) South Korea (7,641,000); and 5) China (6,840,000).

Japanese electronics companies did very well in the late 1990s as worldwide demand for electronic gadgetry was peaking, use of personal computers and the Internet was exploding in Japan and the value of the yen was declining. Japanese companies were leaders in digital cameras, cell phones, car navigation systems, DVD machines and flat-panel liquid crystal and plasma television.

During the economic crisis in 2008 and 2009 companies were hurt by the yen appreciation and a fall in demand for their products.

Specialized Technology Companies

- Kyoritsu is an Ibaraki-based company that holds 60 percent of the domestic market and 40 percent of the global market for hydraulic spools—cylindrical metal components used in hydraulic valves that are essential to the operation of various kinds of machinery. One of the keys to making quality hydraulic spools is making their surface smooth. Kyoritsu is able to make surfaces with protuberances a maximum of 0.001 millimeter.

- Gunma-based Nishi Industry went from producing fabric-making machines to being a world leader in making devices for manufacturing polarizing plates used in liquid crystal displays. The company's textile background turned out to be well suited for making these plates which involves taking resin and stretching it until t is very, very thin and pasting it together with film. Textile technologies used to avoid wrinkled and irregularities have applications in making plates.

- Chiba-based ABI Co. is a leader in producing quick freezing machines that don't destroy the taste and freshness of food. Conventional quick freezing methods freeze the water first, thus killing the cells of the food and destroying the taste, ABI machines uses CAS (Cells Alive System) freezing technology that keeps water molecules in the food moving, preventing cell damage. The machines are widely used on tuna fishing boats and are capable of even freezing fresh cream, something that was once thought to be impossible. The company has plans to sell its own line of food frozen with the CAS method.

Responding to Demand

Society has demanded technological production for the past several decades. Since the invention of computers, electronic industries have tried to respond to such demand efficiently by providing customers with technology products. A good example is the mobile devices sector -- after the appearance of the first mobile phones, the public has demanded more innovative devices. This led to the invention of color displays and integrated cameras as well as business applications in the mobile devices.

Competition

Competition is the moving force of every production because by competing, companies come up with more and more innovative technological products. This is evident in the success of the electronic industries. A report by the leading technology experts IBM, for instance, indicates that through competition between Japanese electronic companies and western corporations, the industry has developed more attractive products and has incorporated more advanced technologies. The competition between, for example, Sony and Microsoft has led to the distribution of two of the most successful game consoles -- PlayStation and Xbox.

Working Environment

The electronic industries offer some of the most attractive employment opportunities in terms of environment and labor. EHS Today Magazine concludes that by providing comfortable social conditions and especially by increasing the pay rates for technology specialists in developed countries, electronic industries have become a sought-after employer for educated individuals. This gives the technology companies the opportunity to manage talent in their organizations and to enjoy progressive work by specialists.

Exported Production

Many American and European technology giants have successfully exported their productions abroad. Such companies have assembly plants in Asia and pay less for production resources and labor costs. Specialists from the Warwick Institute for Employment Research concluded that such companies receive the same level of production quality by their employees and pay less for their labor. Thus industries can save costs and boost revenue rates and production quality. For example, organizations such as Intel and Nokia have their assembly plants in countries like Thailand and China where the labor costs are lower than in the U.S.

INDIA

Positioning in Industry:

Being the fastest growing economy country India has fix its leg in the global competition so India is the huge number of exporting electronic goods at global level and some future prediction indicates that the export of electronic concert is probably get in touch with US $15 billion by 2013-14, which is very good indicator for any fastest developing country.

The Growth Drivers:

Behind the impressive growth of the electronics industry is the robust and consistent growth in Electronic Hardware market of approximately 25 per cent due to a stable economy & large middle class of 350 million people. The fastest growing segments are demand for telecom services particularly cell phones, internet subscribers & growth in demand for its products with increasing penetration of computers, falling prices & Government support to rapidly encourage usage of IT in all sectors. Penetration of telephone users (both landline & mobile) is projected to increase exponentially. Some of the other factors are;

- Highly talented workforce, especially for design and engineering services with good communication skills.
- Rising labor costs in China.
- Presence of global Electronics Manufacturing Services (EMS) majors in India and their plans for increased investments in India.
- More outsourcing of manufacturing by both Indian and global Original Equipment Manufacturers Production Trend of Different Segments

Consumer Electronics

Consumer electronics sector continues to be the main stay of the Indian electronic industry contributing about 32 per cent of the total electronic hardware production. The market is expected to increase at 10 to 12 per cent annually. The urban consumer durables market is growing at an annual rate of 7 to 10 per cent, the rural durables market is growing at 25 per cent annually. Some high-growth categories within this segment include mobile phones, TVs and music systems

However, the creation of knowledge base in the country through industrial R&D in this critical sector has not been improving as desired. There is still lack of needed R&D activities by the industry looking at the global market. On the part of Department of Information Technology some of the latest technology development and applications in this area include Intelligent SCADA Systems for monitoring and control of Mini Hydel plants, Advanced Traffic Control System for urban transportation, Intelligent Power Controllers for improvement of quality of electric power, etc. These systems have been successfully developed and applied in real field conditions.

Strategic Electronics

Though the government has started the process of getting private sector involved in the production of strategic electronics equipments, the private involvement is at its nascent stage.

MAJOR PLAYERS:

Size of the Industry

The electronic industry in India 0.7 % of the global electronic industry. However the demand in the Indian market is growing rapidly and investments are flowing in to augment manufacturing capacity. This is not a desirable situation and local manufacturing has to keep pace with growing local demand.

Solectron

Solectron Centum Electronics Limited is the leading Indian company offering state of art solutions for Frequency Control Products (FCP), Electronic Manufacturing Service (EMS) and Hybrid Micro Circuits (HMC). Solectron has a manufacturing unit and design centre in Bangalore and a post manufacturing centre in Mumbai. The EMS operation focuses primarily on the domestic market.

Flextronics

Flextronics entered India in 2001 when it purchased a Motorola facility. Flextronics maintains a Bangalore facility with 18,000 sq ft and 297 employees. The products manufactured are engine management Ccrd, TV tuners, set top box, energy meters, cellular phone, networking cards and WLL wall sets.

Jabil Circuits

Jabil Circuit operates a 51,000 sq. ft. plant in Pimpri, which the provider took over from Philips in 2002. The Pimpri plant manufactures TV analog monitor cards and certain audio products for Philips. All production today is for the Indian market

Samtel Group

The Samtel group is the largest Indian integrated manufacturer of a wide range of display devices like Colour and B&W TV picture tubes, tubes for avionics, medical and industrial applications, CRT glass, electron guns, heaters and cathodes, deflection yokes and engineering services. Samtel has registered many patents for developments in video display technology. It is an ISO 9000, UL and ISO 14000 certified company. Samtel has acquired a facility in Germany to manufacture high tech, high resolution CRTs for demanding applications such as aircraft avionics,

medical monitors and a variety of industrial applications through a continuous focus on R&D.

Another major player and exporter in this segment is Hotline Group which manufactures B/W and Colour Picture Tubes.

Moser Baer India Ltd.

In the Optical Storage Device segment, Moser Baer India Ltd., is today the world's third- largest optical CD maker in an industry dominated by Japan and Taiwan. MBIL supplies to a number of branded players like Sony, Verbatim, TDK, Maxwell, Imation, Samsung etc, and has collaborative R& D programs as well as reciprocal training programs with these world class companies.

REGULATORY ENVIRONMENT

Implementation of ITA-I under WTO

India has been successfully promoting reforms in all the constituents of the Internet, Communication and also the Entertainment sector. Being a signatory to the Information Technology Agreement (ITA-I) of the World Trade Organization and with effect from March 1, 2005 the customs duty on all the specified 217 items has been eliminated. Industrial Licensing has been virtually abolished in the Electronics and Information Technology sector except for manufacturing electronic aerospace and defense equipment.

There is no reservation for public sector enterprises in the Electronics and Information Technology industry and private sector investment is welcome in each and every area. Electronics and Information Technology industry can be set up anywhere in the country, subject to clearance from the authorities responsible for control of environmental pollution and local zoning and regulations

Foreign Investment Policy

A foreign company can start operations in India by registering its company under the Indian Companies Act 1956. Foreign equity in such Indian companies can be up to 100 %. At the time of registration it is compulsory to have project details, local partner (if any), the company structure, its management structure and shareholding pattern. Registration is a type of formality and it takes about two weeks. Approval of foreign investments is by either automatic route or Government approval.

Foreign Trade Policy

Export Oriented Units Special schemes are there for setting¬In general, all Electronics and IT products are freely importable, with the exception of some defense related items. Several incentives and concessions are available under these schemes. All Electronics and IT products are freely exportable generally, with the exception of a small negative list which includes items such as high power microwave tubes, high end super computer and data processing security equipment.

The Import of second hand personal computers and laptops are restricted for imports.

SEZ Scheme

Special Economic Zone (SEZ) is a specifically described duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs. SEZ unit may import or procure from the DTA without paying the duty on all types of goods and services, including capital goods, whether new or second hand, required by it for its activities or in connection therewith, provided they are not banned items of imports.

The units are also permitted to import goods required for the approved activity, like capital goods, free of cost or on loan from clients. Net Foreign Exchange Earning (NFE) shall be calculated cumulatively for a period of five years from the commencement of the production.

Export Oriented Units

3Special schemes are available for setting up Export Oriented Units for the Electronics/IT Sector. Various incentives and concessions are available under some schemes. The schemes are:

- Export Oriented Unit (EOU) Scheme
- Electronics Hardware Technology Park (EHTP) Scheme
- Software Technology Park (STP) Scheme
- EOU/EHTP/STP Schemes

Units undertaking to export their whole production of goods and services, except permissible sales in the Domestic Tariff Area (DTA), may be set up under the EOU, EHTP or STP Scheme for manufacture of goods, including repair, re-making, re-conditioning, re- engineering and services rendering. Trading units, however, are not included under these schemes.

100 per cent Foreign Direct Investment is permitted through automatic route for the units set up under these schemes. These units may import and/or procure from the DTA or bonded warehouses in DTA, without paying duty, all types of goods, including capital goods, required for its activities, provided they are not banned items of import in the ITC (HS). The units shall be permitted to import goods including capital goods required for the approved activity, free of cost or on loan or lease from clients. A unit under any of these schemes may, on the basis of a contract between the parties, source the capital goods from a domestic/foreign leasing company without payment of customs/excise duty.

Net Foreign Exchange Earnings (NFE) would be calculated cumulatively in the blocks of five years, starting from the commencement of production.

Supplies of Information Technology Agreement (ITA-1) items and notified zero duty telecom/electronic items affected from EOU/EHTP/STP units to DTA will be counted for the purpose of fulfillment of positive NFE.

The Software Technology Parks of India (STPI) scheme has played a vital role in catalyzing the growth of this sector and supporting its rapid proliferation across the country. The tax holiday has helped attract much needed investments (MNC and Indian) in the sector and the virtual model has allowed firms to gain benefits without constraints on their choice of location – encouraging entrepreneurship as well as integrated growth. Although the existing term of the STPI scheme is nearing its end the Government intends to continue the benefits offered, by introducing similar provisions in the Special Economic Zones (SEZ) policy – and further relaxing the minimum area requirements, for the IT-BPO sector.

CHALLENGES AND OPPORTUNITIES FOR INDIA

Challenges

Major challenges faced by the Indian electronic manufacturing market are an infrastructure that needs to be improved at the earliest possibility, easing of foreign investment procedures, which are underway, and a restructured government tariff that now makes domestically manufactured goods more expensive than imported goods with zero tariffs. There are some other problems, which are obstructing the growth of the Indian electronics industry. Some of them are:

- Lack of World-class infrastructure.
- Lack of clear-cut government policy for the industry.
- Very little expenditure in Research and Development area.
- Power of Marketing not connected to the maximum

Opportunities

While the Electronics sector in India is currently small, there are some advantages that India offers that can be effectively leveraged to reach higher growth. These can be classified under three heads:

- Manpower
- Market Demand
- Policy and Regulatory Support

OPPORTUNITIES FOR JAPAN IN INDIA

Tablet market set to heat up in coming months

- Competition in the low-cost tablet computer space is set to increase in the next few months, as Lenovo Group Ltd, Amazon.com Inc. and HCL Infosystems Ltd are set to introduce inexpensive models.

The origin and evolution of India's Silicon Valley

- By the early 1990s, Bangalore had become a hot destination with about 1,500 multinational IT companies establishing a presence in the city—all of them lured by the highly educated pool of human resource.

New electronics policy aims to create 2.8 crore jobs

- According to Communications and IT Minister KapilSibal; India is aimed at achieving a turnover of $400 billion for the sector by 2020,

Electronics, IT sector to need 3.2 million workforce by 2022

- The National Skill Development Corporation (NSDC) has estimated that the electronics and IT hardware industry will require an additional 3-3.2 million skilled employees till 2022.

Abundant Availability of Man Power

India produces more than 500 PhDs, 200,000 engineers, 300,000 non-engineering postgraduates and 21,00,000 other graduates per year.The Indian Institute of Technology (IITs) and The Indian Institute of Management (IIMs) produce graduates and post graduates with best-in class skills and capabilities in technical as well as management fields. India's capabilities in IT and engineering make it an attractive location for obtaining engineering services such as Research & Development (R&D) and design.

Import – Export of India with the context of Electronics industry:

- While importing the goods, India remains the major importer in electronics goods and finished equipment which amount to around $20 billion or we can say Rs 84000 crore latest by 2007. But so far India is concerned we buy the goods majorly from the China.
- Production of computer for an example, it's been 31 % of CAGR (compounded annual growth rate) is the highest amount of growth rate in various electronic product in India. And participation of communication and broadcast equipment of 25 % and strategic electronics is about 20% and industrial electronics is of 17%.
- If we focus on consumer electronics segment than it has grown at 10% CAGR in last five years which includes products like VCD/MP3 players, DVDs, TVs and ovens.
- Government has also found that the electronics industry is thrust industry in which immense development is hidden. So that (SIPS) special incentive package scheme been launch to attract the foreign player for production in India. And its growth will be continued in the next decades government believes.

- In the case of export the largest share taken by this industry at 25% CAGR and along with 47% of total components in the last five years.
- And India's primitive destination is United States as far as electronic industry is concerned.
- If we talk about the share of Japan market share in India in electronics industry, it has been overwhelmed by the Korean companies.
- Sony is the only company who entered very firstly in 1991 and followed by the brands like Toshiba and Panasonic.

PARTICULARS	MARCH '12	PERCENTAGE	PREVIOUS YEAR	PERCENTAGE
Export	817,976	100.5	21,17,294	94
Import	6,33,083	107.2	1,281,142	98.6
Production	10,83,932	92.4	20,49,411	90.4

New Business deals with Japan:

- India and Japan's electronics industry associations have signed an agreement aimed at drumming up more Japanese investment to tap India's rapid growth and catch up with rivals such as Samsung and LG of South Korea.
- The move signals that Japan is waking to the potential of India not only as a manufacturing base for exports but also as a burgeoning domestic market.
- Mr. Kobayashi acknowledged the need for Japanese companies to establish big factories in India to grab share of the growing market for consumer

electronics such as televisions, DVD players, audio equipment and other entertainment products.

- Japanese share of India’s consumer electronics market, excluding appliances, is estimated at 10 per cent.

CHAPTER-9
A Feasibility Study on Food and Beverages Industry of Japan

CHAPTER 1 – COUNTRY OVERVIEW

Japan is the world's third largest individual country economy, with a Gross Domestic Product (GDP) of US$4.1 trillion for 2009, on a Purchasing Power Parity (PPP) basis, a per capita GDP estimated at US$32,600, (PPP), and an estimated real growth rate of -5.0%. Japan's recession proved to be much more severe than expected owing mainly to its continued dependence on exports. The International Monetary Fund, IMF, predicts that real GDP growth will resume by 1.7% in 2010.

Japan continues to represent one of the best opportunities in the world for U.S. exporters of food products. The total food and drink market in Japan is huge, valued at around US$635 billion, when the food retail sector and the food service sector are combined. In 2009 the United States exported $11.1 billion worth of food and agricultural products to Japan, even if a decrease of nearly 16% from 2008.

Even with the current economic downturn, the Japanese food market represents significant opportunities for U.S. food exporters. Japanese consumers are becoming more health conscious and organic, naturally prepared, and functional foods are growing in popularity. There exist tremendous opportunities for U.S. exporters who are willing to follow the strict regulations and keep up with the fast-moving trends in the market. Japan remains the fourth largest market for the U.S. in this category, behind only Canada, China and Mexico.

Absent a radical change in Japanese food preferences, it seems unlikely that the kind of groceries that routinely find their way to Western tables, such as frozen and processed foods, will penetrate the market in Japan significantly further than they already have. As the Japanese population is predicted to decline due to a low birth rate, the Japanese food market is expected to diminish somewhat in the future. Food retailers and food service operators are competing for consumers on a number of fronts, including price, convenience, variety and safety. Some companies are seeking a way to survive in the industry through mergers and acquisitions or tie-ups with partners beyond their traditional business channels.

Japan‘s population has undergone dynamic shifts in age proportions since the 1980‘s with decreasing number of births and a growing aging population. Until recently, Japan had been experiencing small but steady annual population growth. It

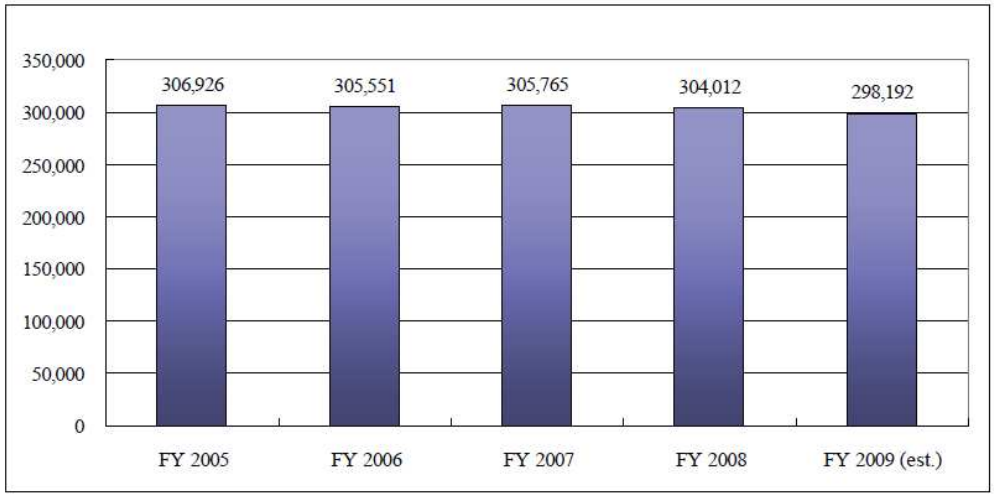
was not until the first half of 2005 that Japan experienced negative population growth, when the number of deaths outnumbered the number of births. According to Japan's Ministry of Health, Labor and Welfare, MHLW, Japan experienced a 0.01% population decline in 2005 for the fist time since 1988 when Japan began compiling population statistics. In 2009, Japan's population began at 127.6 million. By the year 2050 Japan's population is predicted to decrease to 95 million, with the ratio of individuals over 65 climbing from 7% (in the 1970's) to 40%. While it is certain that Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) works actively to support the interests of Japanese farmers, the Japanese food industry continues to rely on food imports in most categories. Overall Japanese agricultural production has been declining and the Japanese self-sufficiency rate has been hovering around 40%. To counter this trend, MAFF is allowing food corporations to engage in contract farming in certain locations. Nevertheless, the Japanese farming sector keeps declining with the average age of farmers continuing to increase, creating yet another negative impact on its self-sufficiency rate. The Japanese government hopes to raise the self-sufficiency rate by 2015 through encouraging citizens to consume more rice and other domestically produced products, but this policy has had little success to date. Domestic agricultural production is expected to decline further for years to come.

Despite all the challenges, and in part because of all of the changes, opportunities continue to grow in the health, nutrition and organic food products and ingredients segments. Processed convenience food and beverages of premium quality are also promising. If a U.S. supplier has a quality product that meets the needs and wants of the Japanese consumer, which can be produced and delivered competitively, and has patience to research both the differences in consumer tastes and government regulations, they can build an attractive market position in Japan. U.S. exports of consumer ready food products amounted to US$4.4 billion in 2008, a very slight decrease of less than 1% from that of 2008. Japan remains the third largest market for U.S. exports of these products, behind only Canada and Mexico. The U.S. has a nearly 20% market share of imported consumer food products in Japan.

CHAPTER 2 – INDUSTRY OVERVIEW

[Market Size of Food Industry in Japan FY 05-FY 09 (est.)]

(JPY 100 million)



Retail Food Sector:

According to Euro monitor, retail sales in the packaged food market in Japan had been estimated at US$178.6 billion in 2009. That represents a modest growth rate of 1.3% but a significant US$2.3 billion since 2004. Japan remains the second largest package food market in the world after the United States. Historic high growth categories included snack bars, meal replacement products, ice cream, bakery products, ready meals, soups and oils and fats. The forecast for growth in this market is reflective of the changing demographics in Japan, especially as it relates to both age and population. By the year 2014, the retail sales in the packaged food market in Japan is expected to decline to US$166.1 billion, losing 7% of its 2009 value, or US$12.6 billion. The only items expected to increase in sales during this period are oils and fats, meal replacement products, snack bars and ice cream.

Japan‘s total food retail market generated about US$400 billion in 2008. Although it is a huge market, it is highly fragmented. Unlike in North America and the EU, Japan‘s retail food sector is characterized by a relatively high percentage of specialty/semi-specialty stores, including .mom-and-pop stores and local grocery stores. Such small retailers, however, are losing ground to larger general merchandise stores (GMS), supermarkets (SM), and convenience stores

(CVS). These three categories, in particular, offer excellent opportunities to U.S. food exporters in spite of severe competition with their counterparts from China, Europe, Australia, and New Zealand as well as domestic manufacturers.
The competition among GMS, Supermarkets, Department stores and Convenience stores has created pressures on Japan‘s traditional distribution channels to adapt to retailer‘s needs.

Best Prospects:

Best prospects for U.S. suppliers of consumer food products in this sector include, pork, snack food (excl. nuts), frozen vegetables, peanuts, high quality natural fruit juice, berries, tree nuts, wine, pet food and cakes, waffles and pies. Salmon, non-alcoholic beverages, functional foods, food preparation products and craft beer are also quite popular in this sector.

Food Service Sector:

Japan’s Hotel, Restaurant, Institutional, (HRI) Food Service Sector was nearly $234.4 billion in 2008. This thriving industry increasingly offers international cuisines throughout the market place. Consequently, competition is intense and the sophisticated Japanese consumer generally demands high quality food products in their meals. U.S. suppliers are well positioned to compete in many product categories provided they are willing to adjust to changing market demands. The Japanese food service industry as broadly defined has four major segments. Among the four traditional food service establishments, the largest sector is Restaurants, Hotels, bars and coffee shops, and Institutional Food Service companies serving schools, hospitals, and corporate facilities.
Due to the current bad economy in Japan, fast food shops, which offer low-priced menu, showed a strong growth. As with the retail sector, the HRI sector is quite fragmented and most restaurant businesses are quite small. However, small, family-owned restaurants have been disappearing rapidly due to increased competition with Home Meal replacements, HMR, food retailers, and restaurant chain operators.
Japan has a large and competitive fast food segment made up of both domestic and overseas operators. Most beef bowl restaurant chains have long been big U.S. beef buyers, and they suffered major losses from the ban on U.S. beef imports due to

BSE (bovine spongiform encephalopathy disease or “mad cow”.) Generally, fast food restaurant operators are volume buyers of specific raw materials. In addition to low cost, suppliers must provide a stable supply of products at a specific quality to compete effectively in this segment. Exporters can approach most large restaurant chains directly but for the smaller chains, exporters must build relationships with trading companies or major food service wholesalers.

Major hotels are attractive markets for U.S. exporters. They are more oriented toward Western food and frequently have food fairs; promotions featuring a variety of countries cuisines. The exporter‘s challenge lies in developing effective distribution channels to reach them. Hotels offer high consumer visibility and thus promotional value for exporters. Highlighting the fact that a particular exporter‘s product is used by a major upscale hotel chain, for example, is a good way to promote the product to retailers and other prospective buyers. Theme parks are also an important part of the sector. Restaurants and snack outlets at both Tokyo Disneyland and Universal Studio Theme Park, for example, draw millions of visitors every year. Other theme parks around the country also attract thousands of visitors a day and offer opportunities to U.S. food exporters.

Institutional food markets comprised of cafeterias at factories, offices, hospitals; and school cafeterias generated US$31.77 billion in 2008, accounting for 13.6% of the total food service sales. The operations of the institutions are typically served by contract caterers. Building relationships with caterers is, therefore, essential to crack this market. Both contract caterers and institutions with their own kitchens are typically serviced by large food service wholesalers. Because the most important criterion for institutional suppliers is cost competitiveness, the sector offers huge market potential to U.S. exporters, which often enjoy significant advantages in this respect.

While it is difficult to say exactly what percentage of imported food vs. domestic food is used for the food service sector as a whole, it is estimated that well over half of all food service menu items involve imported food stuffs in one form or another. Imported items such as frozen vegetables, frozen potatoes, beef, shrimp, salmon, pork, wine and the like are heavily used by the food service sector.

Food Processing Sector:

Due to a lack of arable farmland and high production costs, Japan has historically been a major importer of agricultural products for use in further processing. In 2008, the United States was the largest supplier of agricultural products to Japan, with a market share of approximately 24.6%. Total U.S. agriculture exports to Japan in 2008 were worth approximately $13.2 billion. Competitors of the United States as suppliers to Japan are China, the EU and Australia.

Key market drivers for the food processing sector include increasing interest in health and functional foods with an emphasis on the senior age groups, an increasing emphasis on convenience and ready-to-eat food, continued popularity of "ethnic" foods, heightened consumer and retailer food safety concerns, and deflationary economic environment over the past decade, causing processors to seek out lower cost food inputs to remain competitive.

Recently, in an effort to reduce costs, an increasing number of Japanese food processors have been going off-shore to source processed food items they have traditionally produced domestically. Ajinomoto Frozen Foods, the fourth largest frozen food company, has seven overseas manufacturing plants. Nippon Ham, the largest meat processor in Japan, has joint ventures in Thailand, Australia, Mexico and the United States, which export processed meat and related products to Japan. Many Japanese companies have invested in China to produce frozen vegetables and processed frozen foods specifically for the Japanese market.

Be prepared for requests from Japanese manufacturers, as they are very demanding regarding the release of data on product quality, scientific data, origin of ingredients, and other related information. In large part, the trend in regulations from the Government of Japan requires manufacturers to protect themselves from risks. Such information is also increasingly important because of recent food scandals in Japan, and growing concerns about food safety and traceability among Japanese consumers. U.S. exporters must be prepared to deal positively and promptly with these issues to compete in this market.

COMPANY PROFILE

Name of Company

NAFD Ready-to Eat Fish Bhaji

Address

5th, floor, Leela Business park,
Andheri- kurla Road,
Mumbai—400059
Cont. No.:--(022)6041352 / 53
Fax no:- 22740667
Website :- www.napdindia.com
Email add :- Info@napdindia.com

Company's Objective

To develop a highly successful, profitable food business, providing service of ready to eat food products at an affordable cost for the community.

Company's Vision

"A commitment to provide best quality food products experience to everyone at an affordable cost."

Company's Mission

"To be one of the leading player in the food manufacturing industry in next 10 years."

Advantages

- Operational cost per seat is 60% lower.
- Low cost to consumers
- Opportunity to reach mass market across all towns and cities.
- Optimum utilization of the infrastructure shall be ultimately boost the Return on Investment(ROI)

Yano Research Institute

July 14, 2011

RESEARCH SUMMARY

Yano Research Institute Ltd.
2-46-2 Honcho, Nakano-ku,
Tokyo 164-8620, Japan

Ready-to-Eat Food Market in Japan: Key Research Findings 2011

◆ Research Outline

Yano Research Institute has conducted a study on ready-to-eat food or home meal replacement (HMR) market with the following conditions:

1. Research period: April to June, 2011
2. Research target: Ready-to-eat food market players, and other related companies
3. Research methodologies: Face-to-face interviews, telephone/email surveys, questionnaire surveys to consumers, and literature research

<What is Ready-to-Eat Food/HMR Market?>

Ready-to-eat food or home meal replacement market in this research refers to prepared and cooked food and/or delicatessen meals of Japanese/Western/Chinese tastes, cooked rice, Bento-style food, savory and sweet cooked bread/rolls, fast food, cooked noodles and etc, which are provided by delicatessen stores, convenience stores, mass retailers, department stores, consumer cooperatives, feeding services, fast food stores and etc.

◆ Key Findings

■ HMR Market in 2010 marked 8,256.5 billion yen, 100.3% of the Previous Year

Home meal replacement (HMR) market or ready-to-eat food market was calculated to be 8,256.5 billion yen in 2010, 100.3% of the previous year. HMR market had boosted along with some changes in the Japanese life style; fewer children, aging society, increase of nuclear family, and more women playing important roles in the society. The market, however is now suffering from its sluggish growth, and is facing difficulty in enjoying the stable growth like it did in the past. It is because of the prolonged recession which is causing consumers' minds towards saving money and reducing their purchasing activities in volume and amount. Nevertheless, the outlook of the HMR market in 2011 is predicted to remain the same level as the previous year, the state of which is referred to as "steady undertone", whereas all dining-out service industries are in predicament.

■ Fast food stores are sustaining its steady growth

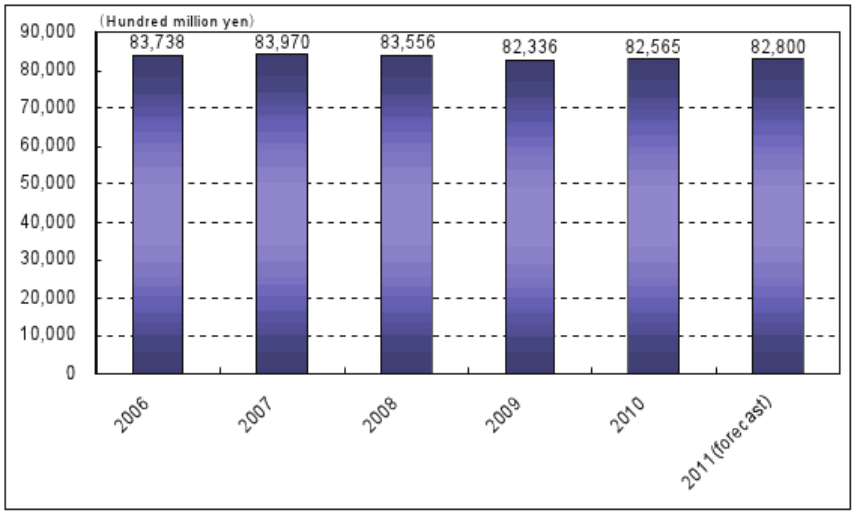
The largest share of HMR market among the sales channels is occupied by delicatessen stores (32.7%). While other channels are struggling to grow, fast food stores are sustaining their steadiness and are currently drawing attention due to their indication of full-scale attempt towards home delivery services, though in a pilot process, aiming to capture the needs from increasing numbers of families who dine at home rather than dine out.

◆ **Report format:**

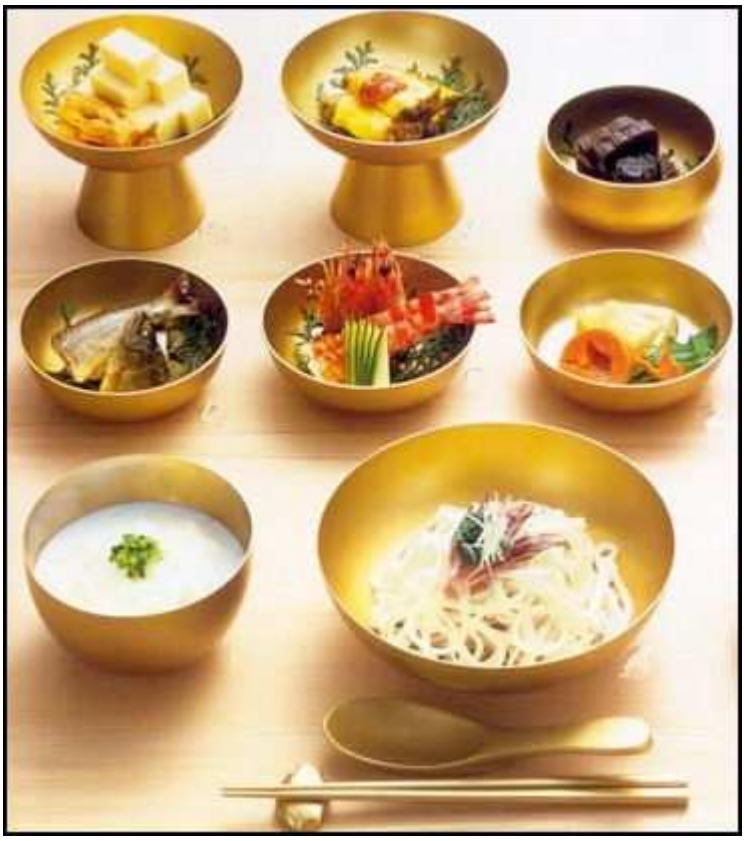
Published report: "Ready-to-eat Food Market 2011"
Issued on: June 30, 2011
Language: Japanese
Format: 488 pages in A4 format
Price: 115,500 yen (5,500 yen of consumption tax shall be charged for the sales in Japan.)

Contacts: Public Relations
Yano Research Institute Ltd. (URL: http://www.yanoresearch.com)
Phone: +81-3-5371-6912 E-mail: press@yano.co.jp

	2006	2007	2008	2009	2010	2011(forecast)
HMR market size	83,738	83,970	83,556	82,336	82,565	82,800
(hundred million yen)		100.3%	99.5%	98.5%	100.3%	100.3%



DIET AND EATING HABITS IN JAPAN



8th century Japanese food

- Japanese take great pride in the quality and purity of their food. Discussions about food can be very serious, passionate and deeply analytical. Foreign visitors to Tokyo describe the food "sublime, delicate and carefully presented."
- The average daily caloric intake in Japan is 2,754 calories, 85th in the world, compared to 3,825 in the United States (no.1) and 1,500 in the Congo (173rd).
- The Japanese love to eat. When asked what makes them happiest, many Japanese say a delicious meal. Television is filled with cooking and eating shows. The variety of food found in Japan is astounding. Hundreds of different dishes are available. Each city, town and region has its speciality for which it is known nationally. But this wasn't always the case. Up until maybe 50 years ago most people ate soup and rice three meal day and occasionally ate dried, salted or fermented dish. Buddhist beliefs discouraged eating of meat and even milk.
- A survey in 2007 found that 71 percent of foreign tourists to Japan are attracted by Japanese food.

Eating Habits in Japan

■ Household expenditure on food: 16 percent (compared to 50 percent in Ethiopia and 13 percent in the United States). The average Japanese adult consumes 2887 calories a day (compared to 3603 calories per adult in the United States and 1991 calories in Kenya). Grains make up 40.7 percent of the diet, compared to 24.8 percent in the United States.

■ The traditional Japanese diet is made up of fish, rice, pickles, miso soup and vegetables served in small healthy proportions. In the old days the Japanese didn't eat meat or milk products. This food became more popular when Western influences began to take hold and spread as the income of ordinary people rose and they could afford more foreign food. Many food introduced from outside Japan have been greatly altered to suit local tastes. *Tonkatsu*, for example, is a fried pork cutlet adapted so it can be eaten with chopsticks rather than a knife and fork.

■ According to an informal survey by the authors of the book *The Hungry Planet*, a typical family of four in Kyoto spends $317.25 a week on food, including $31.55 on grains and other starchy food; $2.26 on dairy products; $99.80 on meat, fish and eggs; $81.43 on fruits, vegetables and nuts; $28.28 on condiments; $15.33 on snacks and desserts; $21.78 on prepared foods; $28.40 on beverages; and $8.42 for miscellaneous.

■ The average Japanese consumes 200 fewer calories a day than the average American, with a large order of McDonald's fries in Japan having 529 calories, compared to 570 in the United States. Naomi Moriyama. Author of *Japanese Women Don't Get Old or Fat*, told U.S. News and World Report, "Food is never served to the rim or the edges o the plate...I'd rather have a small amount that tastes amazing then belly-bussing amount that doesn't taste good."

■ One survey found that 60 percent of Japanese value eating together as a family. Another survey found that 63 percent of Japanese spend less than 15 minutes eating breakfast.

Metabolic Syndrome in Japan

■ A big deal is made in Japan about metabolic syndrome—a grouping of risk factors for developing heart attacks, and cardiovascular disease and diabetes that includes high cholesterol, high blood pressure, elevated triglyceride levels, high glucose levels, low levels of "good" HDL cholesterol and abdominal obesity—after a study found that half of all men between the age of 40 and 74 and one in five women show signs of it. In some places people are diagnosed with the condition based solely on their waist size regardless of their height and weight.

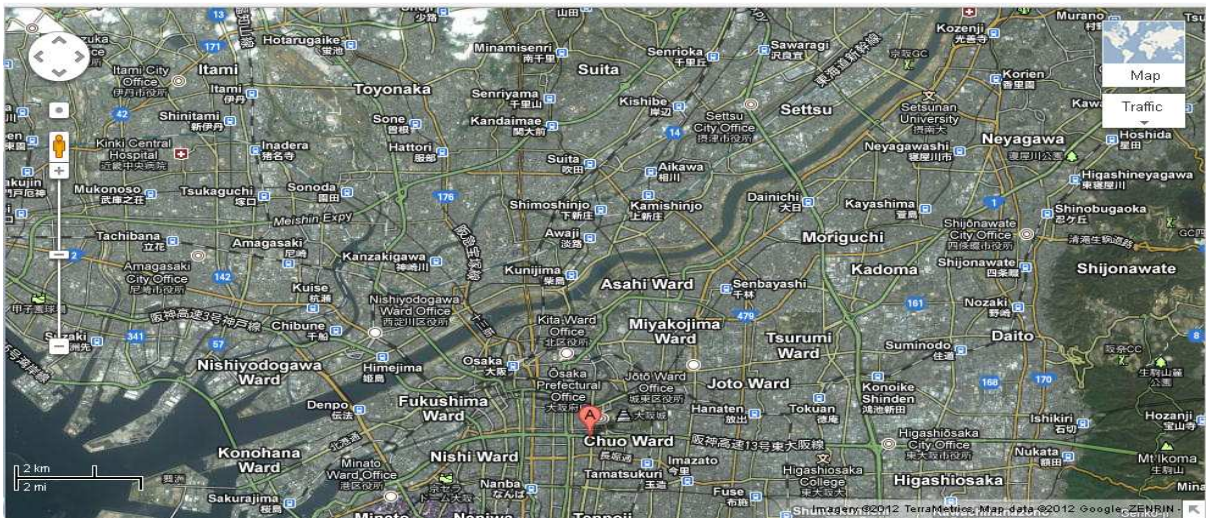
■ The report shocked the nation and the government responded with legislation to identify "metab" and get Japanese to get in better shape and encouraged Japanese companies to get involved. One regulation that took affect in April 2008, required all citizens over the age of 40 to have their waists measured with men with waists exceeding 33.5 inches and women with waists over 35.5 inches considered at risk and referred to counselling and close monitoring.

■ As part of the regulations companies are required to slim down their workforce or pay high insurance premiums. In response some companies have begun offering employees deliveries of healthy foods like brown rice, started offering "lifestyle instruction courses, offering "healthy menus" in company cafeterias to their homes and begun sponsoring retreats for overweight employees to help them trim down with lectures on diet, exercise and Zen mediation.

■ A number of products have been introduced to help people slim and lose weight. Among the most popular are devices that count how far a person walks everyday and calculates what their caloric intake should be.

The practice of determining whether someone has metabolic syndrome based solely on measuring waist size has been called into question. Also, an increase in metabolic syndrome tests has come at the expense of cancer testing. One survey has shown that has the number of people getting metabolic syndrome tests has increased the number getting cancer tests has shrunk.

CHAPTER 4 – LOCATION



Company's Address

4-chome, Nishinakajima, Yodogawa-ku

Osaka

Japan-532854

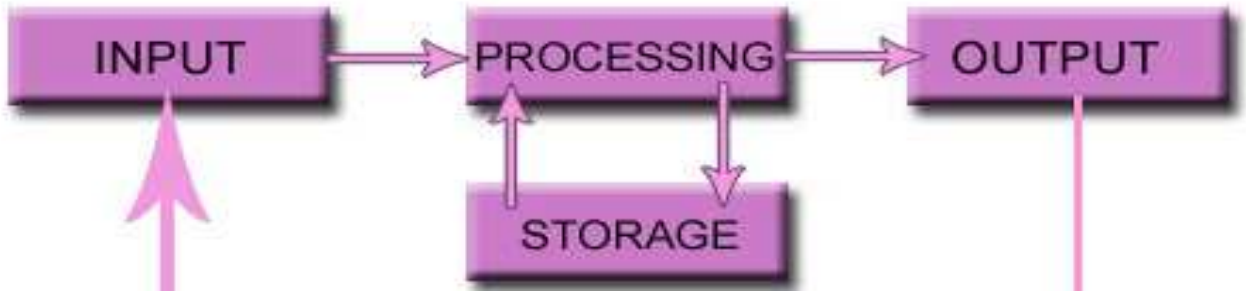
Location is one of the most important factors for operating any business successfully.

. There are a lot of reasons behind the same which are as follows:-

- The location of our is nearest to sea port.
- In surrounding areas there are so many industries of food and beverages.
- Availability of all the resources.
- Easily availability of transportation.
- Accommodation facility is available
- Hospital and Facilities are available easily

CHAPTER 5 –PRODUCTION PLAN

There are three very common terms that are linked to each other in production department. They describe particular stages in information handling input, processing and output.



Input included:-

- ✓ Fish
- ✓ Tomato
- ✓ Capsicum
- ✓ Boiling the goods
- ✓ Onion
- ✓ Ginger
- ✓ Garlic
- ✓ Coriander
- ✓ Washing of goods

Process Included:-

- ✓ Packaging
- ✓ Mixturing of goods
- ✓ Green chilly
- ✓ Black pepper
- ✓ Meat powder

Salt
Lemon
Red chilly
Garammasala
Add ingriendts

Output included:-

- ✓ Final goods / Napd foods product
- ✓ Packaging

Storage included:-

Price:-15000-16000 US $ PER UNIT

Place of Origin: Shanghai China	**Brand Name**: Better	**Model Number**: HCR120
Temperature: -25℃-20℃	**Dimension (Meter)**: 10m x 4m x 3m	**Thickness:** 100mm
Volume: 120m3	**Temp**: -25℃-20℃	**Model:** HCR-120
Material: Color steel plate	**Raw material:** Polyurethane	**Refrigerant:** R404a
Compressor: Bitzer	**Type:** Seafood Cold Storage	

1. Bitzer compressor unit
2. For storage of seafood
3. Computer tempreture control
4.Seafood cold storage brand: Better

Price Detail:

Price to be paid by Consumer:- Yen 155

Price to be paid by Retailer:- Yen 100.75

Price to be paid by Wholesaler:- Yen 74.40

CHAPTER 6 –MARKETING PLAN

1. Analysis of Japanese consumers AND online shoppers
2. Research of Japan food industry.
3. Literature study on Food habit, perception and preferences.
4. Current marketing strategies in Japan.
5. Entry strategies in Japan..
6. Marketing strategies.
7. Other strategies.

Analysis of Japanese consumer

Unique characteristics of Japanese people strongly influence their buying attitude, preference of merchandise, taste of design, response to marketing promotion etc.

Summarizing the characteristics of Japanese people, it is able to be divided into four categories.

1. They tend to agree with the opinion of other person, rather than to insist their own. Therefore, they tend to be affected by the reputation among their colleague, friends, neighbours and the recommendation by a salesman as well.
2. Their purpose to buy a merchandise is for their practical use or, especially in case of imported goods, for the ostentation of their social status. Therefore, the price category of the merchandise they interest in is inclined to the lowest and the highest. The lowest is for their practical use and the highest is for their ostentation of their social status. Currently, this phenomenon is expanding in Japan as "Two extreme price market segmentation". Western designer's brands are enjoying expanding sales results as the highest merchandise while 100 yen shops are expanding to big scaled store.
3. Their characteristics to be modest not appealing themselves affects the merchandises they prefer. They prefer humble design not gaudy and too much appealing.
4. They pay more attention on precise finish than overall performance.

   And the reason Japanese people buy imported goods is able be divided into five categories.

   1. Because the product is not available in Japan.

   2. Because the product is originated in that country or specialty product of that country.

   (Example: Watch made in Switzerland, Perfume made in France) Because the product is less expensive than domestic product

   3. For the ostentation of user's social status. Therefore, they prefer higher, the highest if possible, merchandise in price regardless of its performance. This characteristic, together with their less scientific character, created "brand-oriented" people. They prefer the brands with the image of high price such as

Designer's brands because these brand products are responsible for everything what they need such as their ostantation of social status, satisfaction to own, quality of product etc. even if they are not able to evaluate these by themselves.

To enjoy the life style of the country of origin.

In real life, these factors are delicately inter-wined to create their interest for the merchandise they prefer.
It is very important to have a thorough knowledge throughout the characteristics of Japanese people for successful marketing in Japan.

For example, handbags, shoes, T-shirts are popular in Japan and there are many Japanese manufacturers in these line and they are deploying hard competition. However, western designer's brand products are enjoying advantageous business results in Japan in spite of their higher price, five times, or sometimes ten times, as much as that of general Japanese manufacturers.

Their success came from their adapting to the Japanese characteristics that they prefer the merchandise to satisfy to flaunt their social status and their sense of active participants wearing goods every colleague and friend wear as well.

Here is very interesting story to show the example of how the environmental factors affect the evaluation by the Japanese people.

Before 1986, when $1 equals to \220-240 approx. and 1DM equals to \100 approx. Cadillac Fleetwood broughham and Lincoln Continental were priced about 8 million yen and medium class of Mercedes was priced about 4 million yen. After 1986, when currency exchange rate drastically changed as $1 equal to \100-120 and 1DM equals to about \85, the price situation between Cadillac and Mercedes were reversed. Currently, Cadillac Seville with 5 litter engine is priced at about 5 million yen and Mercedes 200S with 2 litter engine is priced at about 5.5 million yen, and Mercedes 500S with 5 litter engine is priced at about 12 million yen!!.

Until 1986, Cadillac had been enjoyed advantageous sales result as the highest status car in spite of its high price, too much fuel consumption and too big size for Japanese road. When the prices reversed, people began to regard Mercedes as the highest prestige car and its smaller size comfortable for Japanese road helped to raise the reputation.
Currently, Mercedes are enjoying drastically better sales than Cadillac in spite of considerable price difference Why?
Clicking on Analysis of this phenomenon will provide the analysis exampling how the characteristics of Japanese people affect on the market value of products.

To enjoy life style of the country of origin:

Jeans-wear and Coca Cola were well accepted by Japanese people and are well penetrating Japanese people's life style.
In the beginning of Coca Cola's appearance in the Japanese market after the Pacific War, Japanese people hesitated this dark colored soft drink as they were familiar with clear soda drinks. However, as Japanese people were attracted very much with advanced American life style at that time, the concept of American style had enough power to change the custom of Japanese people. Jeans-wear was also welcomed providing the casual American life style and the functional working easiness. However, these may not be realized without the mood of American life style adoration among Japanese people at that time. Hollywood movies contributed very much for appealing advanced and richer American life.
Wearing jeans, drinking Coca Cola, and driving American car were the symbol of advanced American life and the dream for Japanese people.

This clearly shows that it is very important to examine multiple elements such as environment, timing, situation of target area etc. for successful marketing strategy.

By the way, currently Levis is sold at very high price as the one to satisfy two element of the above i.e. Designer's brand products and American life.

Analysis of Japanese online shoppers

When Japanese online shoppers visit overseas web sites, they encounter various uneasiness and problems as follows

Language problem:

Because of their unfamiliarity with foreign customs and the name value of the shop etc., they tend to skip when they encounter something they feel unfamiliar. Credit card is less popular than in the U.S. and they hesitate to tell their personal data to foreign website as they are not familiar with the name of the shop even if it is very popular and regarded reliable in home country.

Japanese online shoppers tend to forget the fact that shopping on overseas online shop is to import a product. Many people tend to go shopping without the knowledge about and the import regulations concerning to custom clearance and import tax etc. In the process of our consultation for overseas online shoppers, we heard many problems the shoppers have encountered. One told that she found a handbag with attractive price and design and ordered it. She waited its delivery with joyful expectation but when it arrived, her satisfaction was completely crushed by high import tax on a leather product. Another told that she found fantastic soaps in various designs and bought hundreds for her private use and the gifts for her friends. When they arrived, most of them were disposed according to the regulation of excess of quantity. They told that "It is more safe to shop at domestic shops after all." On hearing these stories, we thought that if they could have someone to suggest them and they had succeeding bought and satisfied with the results, they may be encouraged for their next shopping book-marking this web site.

Japan is No.1 mobile phone country and it is forecasted that the mobile internet population is drastically increasing. It was reported that internet connection contracts from mobile phones have reached to 31.4 million (about 1/4 of the whole Japanese population) as of the end of February, 2001. Past record shows that it took more than 1 year to pass 10 million mark, and after that, 5 months to pass 20 million and 4 months to pass 30 million accelerating its speed.

Current marketing strategies in Japan

1. **Direct marketing by yourself utilizing internet facilities and direct mail marketing etc.**

   In case of direct marketing, there may be following three selections:

   A. Offline marketing:

   Remote control

   Though there are many media such as News Paper, Magazine, TV, Radio etc., we recommend Internet advertising as the most cost saving way in current advanced Japanese internet environment and can sell products at the same time.

   The procedure is:

   a. Establishing own branch office in Japan

   B. Online marketing:

   Creating own websites and submit to Japanese major search engines at high ranking position with highly developed SEO technology

   Though there are many media such as News Paper, Magazine, TV, Radio etc., we recommend Internet advertising as the most cost saving way in current advanced Japanese internet environment and can sell products at the same time.

   The procedure is:

   Joining in Japan World Mall presented by Intelligence Bridges

2. **Indirect marketing appointing reliable Japanese agent**:

Intelligence Bridges provide the service to help the above in any aspect totally or Partially according to your budget.

In case of direct marketing:

Offline marketing:

Remote control

Though there are many media such as News Paper, Magazine, TV, Radio etc., we recommend Internet advertising as the most cost

saving way in current advanced Japanese internet environment and can sell products at the same time the procedure is:

a. Establishing own branch office in Japan

b. Online marketing:

Creating own websites and submit to Japanese major search engines at high ranking position with highly developed SEO technology

Though there are many media such as News Paper, Magazine, TV, Radio etc., we recommend Internet advertising as the most cost saving way in current advanced Japanese internet environment and can sell products at the same time. The procedure is:-Joining in Japan World Mall presented by Intelligence Bridges

Marketing and Advertisement:

Using marketing concept that is using 4 p's of marketing of our ready to eat product.

1. Place

2. Price

3. Promotion

4. Product

Places list for advertising in Japan:-

These are the places where advertising is to be done:

- Akasaka / Tameike
- Azabu-Juban / Kamiyacho
- Daikanyama / Naka-Meguro
- Ebisu
- Gaienmae / Sendagaya
- Ginza / Tsukiji
- Harajuku
- Iidabashi / Kagurazaka / Suidobashi
- Ikebukuro / Mejiro
- Kanda / Akihabara / Jimbocho / Ochanomizu
- Kawasaki
- Kichijoji
- Marunouchi / Yurakucho
- Meguro / Shirogane
- Nihonbashi
- Nishi-Azabu / Hiroo
- Nishi-Shinjuku / Yoyogi
- Omotesando
- Rinkai - Daiba / Ariake / Harumi / Tsukishima / Toyosu
- Roppongi
- Setagaya-ku, Suginami-ku / Western Tokyo

Advertising media to be used in Japan:

Medium	Advantages	Limitations
Newspapers	Flexibility; timeliness; good local market coverage; broad acceptability; high believability	Short life; poor reproduction quality; small pass-along audience
Television	Good mass market coverage; low cost per exposure; combines sight, sound, and motion; appealing to the senses	High absolute costs; high clutter; fleeting exposure; less audience selectivity
Direct mail	High audience selectivity; flexibility; no ad competition within the same medium; allows personalization	Relatively high cost per exposure; “junk mail” image
Radio	Good local acceptance; high geographic and demographic selectivity; low cost	Audio only, fleeting exposure; low attention (the half-heard” medium); fragmented audiences
Magazines	High and demographic selectivity; credibility and prestige; high-quality reproduction; long life and good pass-along readership	Long ad purchase lead time; high cost; no guarantee of position
Outdoor	Flexibility; high repeat exposure; low cost; low message competition; good positional selectivity	Little audience selectivity, creative limitations
Online	High selectivity; low cost; immediacy; interactive capabilities	Small, demographically skewed audience; relatively low impact; audience controls exposure

Average Costs for Advertising*:

Newspapers – $1,300 per week for 2” x 2” ad

Television – $200,000 for one 30-second commercial (during prime-time)

Direct Mail - $1,500 for 1,000 4x6 postcards (includes postage)

Radio - $90 to $120 per week on a rotator (prices higher if time slots for ad are selective)

Magazines - $1,200 to $5,000 per month or per issue (depends on ad size and demographics)

Outdoor (billboard) - $3,000 to do artwork and install media on billboard; rates depend on impress level, ranges from $5,000 to $500,000 (the higher the qualify of the artwork and the larger the demographic group, the higher the price); minimum contract is 16 weeks

Online - $0.60 pay-per-click or $1,200 - $1,800 a month for aggressive campaigns (does not include search engine optimization) or $200 to $1,200 per year per banner ad on websites.

Media to be used for advertising

Communication media:

The communications media of Japan include numerous television and radio networks as well as newspapers and magazines in Japan. For the most part, television networks were established based on the capital contribution from existing radio networks at that time. Therefore, it is necessary to understand the capital relationship between the media (such as the relationship between newspaper, radio and TV networks).

For the most part, variety shows, serial dramas, and news constitute a large percentage of Japanese evening shows. Western movies are also shown, many with a sub channel for English.

There are all-English television channels on cable and satellite (with Japanese subtitles).

TV networks

Main article: Television in Japan

There are 6 nationwide television networks, as follows:

1. NHK (NHK is a Japanese public service broadcaster. The company is financed through "viewer fees", similar to the licence fee system used in the UK to fund the BBC. NHK deliberately maintains neutral reportings as a public broadcast station, even refuse to mention commodity brand names.[1] NHK has 2 terrestrial TV channels, unlike the other TV networks (in the Tokyo region—channel 1 ("Sōgō" (General)) and channel 3 ("Kyoiku" (Education)).
2. Nippon Television Network System (NNS)/Nippon News Network (NNN) headed by Nippon Television (In the Tokyo region, channel 4. Affiliated with the Yomiuri Shim bun.
3. TBS Networks/Japan News Network (JNN) headed by TBS (,Tokyo Broadcasting System). In the Tokyo region, channel 6. Affiliated with the Mainichi Shimbun.
4. Fuji Network System (FNS)/Fuji News Network (FNN) headed by Fuji Television). Affiliated with the Sankei Shimbun. In the Tokyo region, channel 8.
5. TV Asahi Network/All-Nippon News Network (ANN) headed by tvasahi (Affiliated with the Asahi Shim bun. In the Tokyo region, channel 10.
6. TV Tokyo Network (TXN) headed by TV TOKYO). Has ties with the Nihon KeizaiShimbun newspaper. In the Tokyo region, channel 12.

These are the major sources of TV Network. We have selected NHK for TV advertising. Further sources might be used in future for further expansion.

Radio networks

Main article: List of radio stations in Japan

AM radio

1. NHK Radio 1, NHK Radio 2
2. Japan Radio Network (JRN)—Flagship Station: TBS radio
3. National Radio Network (NRN)—Flagship Stations: Nippon Cultural Broadcasting and Nippon Broadcasting System

Radio Nikkei is an independent shortwave station broadcasts nationwide in two content channels.

FM radio

1. NHK-FM Japan FM Network (JFN)—Tokyo FM Broadcasting Co., ltd.
2. Japan FM League—J-Wave Inc.
3. Mega Net—FM Interwave (InterFM)

These are the major sources of FM Network. We have selected NHK FM for FM advertising. Further sources might be used in future for further expansion.

Magazines

Weekly magazines

- Main article: Shūkanshi
- Metropolis Magazine Japan's number 1 English magazine Metropolis Area Friday Photo magazine.
- JoseiJishin . For women.
- Nikkei Business. Economic magazine.
- Shuukan Asahi . Liberal.
- Shuukan Economist Economic magazine.

These are the major sources of Weekly Magazine Network. We have selected Shūkanshi **for Weekly Magazine advertising. Further sources might be used in future for further expansion.**

Monthly magazines

- Tokyo Weekender Japan's first English magazine.
- BungeiShunjuu Conservative, although some say this magazine is middle.
- ChuuouKouron Affiliated with the Yomiuri Shimbun. Conservative.
- Gendai center.
- Ronza . Published by the Asahi Shimbun Company. Liberal.

These are the major sources of Monthly Magazine Network. We have selected Tokyo Weekender Japan's first English magazine **for monthly Magazine advertising. Further sources might be used in future for further expansion.**

Newpaper:

Main article: Japanese newspapers

See also: List of newspapers in Japan

Yomiuri Shimbun Conservative.:- 1st ranked in daily circulation—around 10 million per day. The Yomiuri Shimbun, being very widely circulated, takes the most popular stance. The Yomiuri exchanged a special contract with British the Times. Affiliated with Nippon Television.

Asahi Shimbun Left of center or liberal:-. 2nd ranked in daily circulation—around 8 million per day. Known for its preeminent writers as well as the frequency with which its articles are used for university admission examinations. Affiliated with TV Asahi.

Mainichi Shimbun Libera:-l. 3rd ranked in daily circulation—around 4 million per day. Affiliated with Tokyo Broadcasting System.

Nikkei Economic paper: - similar to the Wall Street Journal. 4th ranked in daily circulation - around 3 million per day. Affiliated with TV Tokyo.

Sankei Shimbun Right-wing or conservative: - pro-American and anti-Chinese newspaper. 6th ranked in daily circulation—around 2 million per day. Known as the nationalist's newspaper and upheld formidably by the right. Affiliated with Fuji Television.

There are also regional newspapers like the quasi-national Tokyo Shimbun in Kanto and ChunichiShimbun in Chūbu (both owned by the Chunichi company and with a cumulative circulation that places them 4th, nationally), KahokuShimpo in Tohoku, and English versions of the 5 major newspapers. Business newspapers like Nikkan Kogyo Shimbun (The Business & Technology Daily News) are also widely read.

These are the major sources of Newspaper Network. We have selected Yomiuri Shimbun Conservative for monthly Magazine advertising. Further sources might be used in future for further expansion.

Advertising agencies

These play an important role in the Japanese mass media. There are two big advertisement agencies in Japan.

1. **Dentsu:-** . Largest Japanese advertising agency (4th worldwide). It has an enormous presence, especially in TV media. This company went public in

November 2001. This company also has a strong connection to the legislative branch of Japan. Website: Dentsu

2. **Hakuhodo** 2nd largest Japanese advertising agency.
3. **Asatsu**-DK 3rd largest Japanese advertising agency.

   These are the major sources of advertising agency Network. We have selected Dentsu for advertising agency. Further sources might be used in future for further expansion.

Promotion

Promotion includes all activities designed to inform, persuade and influence people when they are making the decision to buy. Promotion is made up of:

Advertising

• non-personal communication transmitted through mass media Publicity

• free promotion through news stories in newsletters, newspapers, magazines and television Sales Promotion

• all forms of communication not found in advertising and personal selling, including direct mail, coupons, volume discounts, sampling, rebates, demonstrations, exhibits, sweepstakes, trade allowances, samples and point-of purchase displays In designing a promotional plan, clearly spell out:

• Which objectives to use. It is possible to have more than one objective, but it is recommended that a company target its audience or run the risk of losing focus.

• What to say

• Who to say it to

• Criteria used to measure success

Suggestions for Inexpensive Promotion

Some inexpensive, appropriate and effective methods of promotion for the new food processor include advertising through:

• Personal selling
• Product demonstrations
• Direct mail
• Business cards
• Yellow Page listing
• Seminars
• Newsletters
• Contests
• Flyers
• Statement stuffers
• Window banners
• Greeting cards

• Sports team sponsor • Home parties

• Ethnic services—languages spoken

Of course, one of the best free methods of promotion is good “word of mouth."

Promotional Strategy

Once the producer has reviewed all the possible promotional tools, he/she must devise a promotional strategy. A

Promotional strategy should address the following issues:

• What is the goal of the promotion?

• What types of promotion should be used?

• What effect should the promotion have on the customer?

• Which promotion is working?

• Which promotion is not working?

• What are the costs of the promotion compared to the benefits?

Wholesalers in Japan

List of wholesalers and retailers for promotional activity:

- MITSUBOSHI BOEKI LTD
- Zuki Fantasy Shop LLC
- Costco Japan
- Donq
- Iwataya food
- Kadoya Brand
- Ocean and co.
- S&B Foods Japan
- Serce

Retailors:-

- Takashimaya Company, Ltd.
- Beisia Group
- Tokyu Corp
- H2O Retailing Corp.
- Don Quijote Company Ltd.
- Life Corp
- Helwado Company, Ltd.
- Marui Group Company Ltd.
- Izumiya Company Ltd
- The Maruetsu, Inc.

- Valor Company, Ltd.
- Izumi Company, Ltd.
- J. Front Retailing Company, Ltd.
- The Dalei, Inc.

STRATEGIES

STRATEGIES FOR RETAILERS:

Some innovative stratagies: (for retails) Consumers delight is not always offering additional product/service, but also quality product/service which he/she expected. Customer delight managers or staff at each retail store to understand the need of consumer and suggesting him/her the best alternative as per the budget. Reminding the b'day of loyal customers and sending them greetings. Use of fountain attract the consumers (as per the study in Chicago) attractive atmosphere, with live shows, and fun to attract consumer to spend the time at store instead of home, gardens etc.

Strategies to Be Used For Advertising and Marketing

Procedure to start direct marketing in Japan

1. Advertising your mutuality

Though there are many media such as News Paper, Magazine, TV, Radio etc., we recommend Internet advertising as the most cost saving way in current advanced Japanese internet environment and can sell products at the same time.

The procedure is:

Creating your webpage in Japanese or translate your current English webpage and some modification to meet Japanese consumer's taste if necessary Submitting to Japanese search engines. (Intelligence Bridges can provide the service for the above totally or partially according to your budget.)

Sales activities:-

While Internet advertising is passive way to advertise and has slowly expanding advertising effect, direct sales activities bring more immediate potency. Though there are many ways of sales activity such as direct mail marketing, door-to-door sales and telephone shopping etc., we recommend direct mail marketing for foreign companies who are not residents in Japan. (Intelligent Bridges can provide Japanese direct mail database fit for your marketing. Click here for more information about direct mail marketing in Japan.)

In case of indirect Marketing:

In this case, you will be required to find reliable Japanese agent. Intelligence bridges provide any help totally from finding appropriate agent to conclusion of agreement of partially according to your budget.

1. Direct marketing by yourself utilizing internet facilities and direct mail marketing etc.

Manufacturer → Wholesaler → Distributor → Retail shop → Consumer

2. Indirect marketing appointing reliable Japanese agent.

Intelligence Bridges provide the service to help the above in any aspect totally or partially according to your budget.

Online Marketing Strategy

As the characteristics of Japanese people is considerably different from that of western people and it strongly influence their buying attitude, their preference of merchandise, the taste of design they prefer and their response to a marketing promotion, the marketing to penetrate the Japanese market should be adapted to it. Followings are the points to be localized for the online marketing strategy to penetrate the Japanese market:

Knowledge:- about the Japanese characteristics and the market situation: For the most appropriate and effective marketing strategy, the marketer should has a thorough knowledge of purpose or motive of buy a merchandise, buying attitude, preference of merchandise, design taste, and response to a marketing promotion of Japanese shoppers in addition to the market situation such as market price, competitors, quickly changing situation of circulation systems etc., and should watch current market trend all the time.

Language:-

Every explanation in the propositional materials should be translated in Japanese. It is often misunderstood that many of Japanese people can speak English. However, actually the people who can speak English are only the people who are engaging in foreign related business and the people who have enough English skill to understand all of the description in foreign web sites and successfully buy from them are only far less than 1 percent of whole Japanese population furthermore. As the currently increasing Japanese online population means the expansion of shoppers with limited of non-existent knowledge of English, the description written in Japanese is essential to invite them.

Page design and contents:

Shop design should be localized for Japanese people to become friendly. As Japanese people are not familiar with foreign name value, the courteous information about the shop and its merchandise will help Japanese shoppers to understand more about these and feel reassured buying the merchandise.

Mobile phone availability: - Japan is No.1 mobile phone advanced country and it is forecasted that mobile internet shoppers will account for higher percentage among increasing internet population.

It was reported that internet connection contracts from mobile phones have reached

to 31.4 million (about 1/4 of the whole Japanese population) as of the end of February, 2001.

Past record shows that it took more than 1 year to pass 10 million marks, and after that, 5 months to pass 20 million and 4 months to pass 30 million accelerating its growth.

Therefore, the shop design should be fit for the small display of mobile internet equipment and mobile phone shoppers 'instant shopping behaviour.

Shopping support by native speakers:

As Japanese people tend to require other's opinion to be confident when they decide something. On-site customer service by Japanese native speaker in the manner of "ask me anything, anytime" is very effective for shoppers when they decide to buy making them to be confident of their decision.

Order confirmation:

When any order is made by a shopper, it is very important, especially for foreign shops, to send back an order confirmation e-mail in Japanese within a day. It is recommended that it includes the forecasted arrival date to the shopper.

After-sales Care:

After-sales follow-up by Japanese native speaker is essential to lead shoppers to repeated shopping. Courteous response to shopper's claiming defect will create shop's confidence and reliability for customers and sometimes it turns the claiming shopper to a regular customer.

After- sales Promotion:

After-sales promotion such as direct e-mails for special sales or bargain sales information, or the invitations to various events etc. in Japanese language will keep shoppers as shop's regular customers.

Other offline Advertisement:

As search engines are less popular than the U.S. and about 80% of Japanese online visitor know the URL they want to visit by various off-line medium such as news story or advertisement on newspapers or magazines, newspaper insertions. Billboard advertisement are very effective in Japan. Diligent work on these medium will often creates popular topics among many communities.

Customer Database:

Well organized customer database should be prepared. This is very useful to analyze customers' buying behaviour and to send regular sales promotion e-mails.

Holding of sales events:

Holding various events such as a non-commercial exhibition or a lecture class and various sales campaign programs such as special sale with a particular title, bargain sale and garage sale, etc. are effective to call customers giving more opportunities for customers to visit the website.

Brand image creation:

Creation of higher image on a brand or a shop will be relatively easy in Japanese society especially for imported goods when diligent efforts of the above is performed according to appropriate marketing strategy and, once a high image is established, the success will be promised.

WARFARE STRATEGIES TO BE USED WHEN REQUIRED

Frontal attack, Flanking, Encirclement, Bypass and Guerilla warfare are some examples of an offensive marketing warfare strategy. When using the offensive strategy it is important to remember three important principles:

1. The main consideration is the strength of the leader's position.
2. Find a weakness in the leader's strength and attack at that point.
3. Launch the attack on as narrow a front as possible (Ries, 1986).

Defensive marketing warfare involves employing those tactics and strategies to maintain the market share a company has already achieved. There are three important guidelines to remember in defensive marketing warfare:

1. Only the market leader should consider playing defense.
2. The best defensive strategy is the courage to attack yourself.
3. Strong competitive moves should always be blocked (Ries, 1986).

Frontal attack

There are many types of frontal attacks including: a pure frontal attack, a limited frontal attack, price based frontal attack, and research and development based frontal attack (Kotler, 1985). A pure frontal attack involves matching a competitors product in all areas of marketing (Kotler, 1985). The product is matched price versus

price, promotion versus promotion, characteristic versus characteristic and so on. Basically, a pure frontal attack is taking a "look alike" or "me too" strategy (Kotler, 1985). When using a pure frontal attack, companies should be prepared to expend large sums of money.

Flanking

flanking involves identifying market areas or needs not being served by competitors within a geographical area (Kotler, 1985). Segmented flanking potentially can be more powerful than geographical flanking attacks because they satisfy market needs the competitor has ignored (Kotler, 1985).

Encirclement:

Is a third type of offensive strategy. When using this type of strategy a company must have superiority in all areas. Encirclement attacks the competitor from all sides simultaneously (Kotler, 1981). A ratio of ten to one is needed to employ this type of strategy (Kotler, 1981). The basic idea of encirclement is to force the competitor to protect their product from all sides.

Bypass strategy

There are basically three types of bypass strategy: develop new products, diversify into unrelated products, and expand into new geographical markets for existing products (Kotler, 1981). Developing new products is a fairly easily understood bypass method. Rather than copying the leader, the competitor creates entirely new products thus gaining a larger market share of untapped customers.

Guerille warfare

A final type of offensive warfare is guerilla warfare. Some of the principles that can be used when determining when to use guerrilla warfare are the following: 1. Find a segment of the market small enough to defend, 2. No matter how successful you become, never act like the leader, and 3. be prepared to bugout at a moment's notice (Ries, 1986). Guerilla warfare basically involves winning small victories that can over time amount to a large gain in market share (Kotler, 1981).

READY TO EAT FISH BHAJI

FISH BHAJI

NAPD FOOD PVT LTD

Number	Ingredients	Contain (in gram)
1	Onion	20
2	Capsicum	10
3	Ginger	5
4	Green chilly	10
5	Red chilly	10
6	Lemon	2
7	Garlic	5
8	Coriander	3
9	Salt	5
10	Fish	200
11	Garam masala	5
12	Black peeper	5
13	Tomato	10
14	Meat powder	10
Total		300

Email address: info@napd.india.com
Web site: www.napd.india.com
Product price: 155 yen
Manufecturing date:
Weight : 300gr

Expiradate : best before 6 moths form the date of mfg

NAPD FOOD PVT. LTD.
4-chome, Nishinakajima,
Yodogawa-ku Osaka
Japan-532854

PRODUCT

Product knowledge and Awareness:

To address rising health consciousness Invite healthy recipe based on the company's product, award the good one's and publishing on the packets. Addition of cheap and useful health ingredients (vitamins, minerals) and promotion as healthy food frequent consumers visits to manufacturing plant to rise trust on quality use of cheap but nutritious material in food like vegetable pieces, coarse cereals packing should represent additional attributes related to health.

Customers today are looking for value and delight, satisfaction is minimum expected. Here this statement quite suit today's consumer behaviour. Price is no longer a deciding factor; "value for price" is expected. Rising competition for the same segment forcing the companies to think about consumers delight Busy lifestyle, more value of persons time, and consumer wants to maximize the utility of his/her time.

Product name: ***NAPD READY TO EAT FISH BHAJI***

Product ingredients:

Number	Ingredients	Contain (in gram)
1	Onion	20
2	Capcium	10
3	Ginger	5
4	Green chilly	10
5	Red chilly	10
6	Lemon	2
7	Garlic	5
8	Coriander	3

9	Salt	5
10	Fish	200
11	Garam masala	5
12	Black peeper	5
13	Tomato	10
14	Meat powder	10
Total		300

Product Benefits:

Help maintain cardiovascular health by playing a role in the regulation of blood clotting and vessel constriction; are important for prenatal and postnatal neurological development,

- may reduce tissue inflammation and alleviate the symptoms of rheumatoid arthritis;
- may play a beneficial role in cardiac arrhythmia (irregular heartbeat), reducing depression and halting mental decline in older people.

The omega-3s found in fish (EPA and DHA) appear to provide the greatest health benefits. Fish that are high in omega-3s,

Convenience in consumption rapid preparation taste handy packing long shelf life. Old and choosy consumer: easy to digest food natural flavour less spicy good for health young & busy consumer.

Product Quality:

New flavours, new products Quality consciousness with rapid preparation & attractive packing.

CHAPTER 7 –MANAGEMENT TEAM

Responsibilities

One manager will focus on daily operations, including employee hiring, building maintenance, property maintenance, and equipment maintenance, employee pay and benefits. The other manager will focus on marketing, advertising, and community relations, taxes, payables, receivables. Other employees of group will provide support to the owners with regard to their specific area of expertise.

Compensation :- (1 RS.=1.5575 YEN)

- Wage rate for managers & Supervisors 9500-10000yen / Month
- Wage rate for labourers and workers and bottom level mgmt.100 yen /day
- Wage rate for sales man and accountant 7000-8000 yen/Month
- Wage rate for technician 9000 yen/month
- Wage rate for trainer 20000 yen/year+Accomodation+Allowances

Proposed Employees Hiring

We plan to hire total 30 employees. Their summary is as follows:-

Particulars	No. of People	Cost(Annually) (YEN)
Labour	10	360000
Salesman	10	900000
Security	2	72000
Technician	2	216000
Accountant	2	168000
Supervisor	2	228000
Manager	2	240000
Total	**30**	**(2184000)**

Skilled Versus Unskilled

Special skills are required for our operational and plant staff. Admin. Desk personnel must possess basic knowledge about the Unit, be able to operate a whole hr skills, and diplomatically interact with the distributors.

Training :-

❖ On the job training:-

The person who provides the training is from the company/ from the home country. This method is familiar type of on the job training is the coaching or understudy coaching. This may involve acquiring skills by observing the supervisor, or having the supervisor or job expert shows the new employee the ropes, step by step . On the job rotation, in which an employees moves from job to job at planned intervals, is another On the job training.

Advantages of the on the job training:-

- It is relatively inexpensive.
- Trainees can learn while producing.
- There is no need for expensive facilities like classrooms or programmed learning devices.
- Trainees learn by doing and get quick feedback on their performance.

CHAPTER 8 – FINANCIAL PLAN

Financial Features

Required Capital

The major investment initially is of the machinery purchasing, raw material, other amenities development & fixed assets purchasing for units. The production machinery will cost around Rs.60,00,000. The cold storage machine is around Rs. 8,00,000. For store the finished product. We have decided to install best qualities Led Lights which helpful to the worker to increased their efficiency its around Rs. 60,000.

Further the capital will be utilized for the fix Asset purchasing like, mini Trucks for transport the final good to customer. We need to use best quality of Raw materials for sustain in market for long time so, we purchased our raw material from consistent quality suppliers. The packaging material we use is best & recycler so, cost will be increased. We are providing best quality and healthy food to the customers which include purely Indian spices & also Japans fish test in it.

Requirement of an investment of Rs 16,00,00,000 that include 50 % - bank loan , 40 % - venture capital and 10 % - owner fund.

Financial Arrangements

- **Expected annual return for investor**

The total investment of around Rs 12,00,00,000/- is require for this project and the investor can expect an annual return of **__%** which will achieve from the second year of the operation of the business. This is calculated by dividing net profit by total investment. The net profit does not include income tax as the industry has to pay only municipality tax @ 6% in Japan.

- **Sources of fund**

For this project there are three sources of fund which are following. Following are combination of the Bank loan , venture capital , & Owner Fund.

33No	Sources	Amount
1	HDFC BANK LOAN (ANDHERI WEST – LOKHANDWALA BRANCH)	6,00,00,000
2	ADITYA BIRLA REAL ESTATE FUND	4,80,00,000
3	OWNER FUND	1,20,00,000
Total		12,00,00,000

On above sources we taken, 1) HDFC BANK LOAN @ 13.5 %

2) ADITYA BIRLA REAL ESTATE FUND @ 14 %

- **Financial projections**

We assumed the useful life of the Production Machinary and Cold storage machinery will be of 5 years and the straight line method of depreciation will be used. There for the depreciation will be 20%. Hear we take manufacturing unit as rent for 10 year contract based.

- **Financial statement highlights**

The financial figures presented in our pro forma statements are extremely encouraging in that it is prepared by monthly, yearly and by various occupancy levels. We have used various occupancy levels because market dynamics can vary.

It is important to note that in our presentation of the financial statements, we endeavoured to be conservative in our revenue calculations and liberal in our expense calculations. This approach was intentionally adopted to ensure that we maintained cautious, if not slightly pessimist approach to the evaluation of our new venture liability.

Financial data

- **Start-Up Cost**

We have calculated the initial start up costs to be Rs.12,00,00,000 This includes majority of the

PARTICULAR	AMOUNT
Mis. Exps expenses	55,10,000
RAW Material (India) 2 Months	1,04,42,000
Machinery	60,00,000
Export-Import Document	60,000
Amenities	31,00,000
Transportation Shipping Cost	4,56,00,000
Advertisement Expenses	1,36,00,000
Human Resource Cost	21,84,000
Raw Material (Japan)	2,00,10,000
Cold Storage Machinery	8,00,000
Total	**10,73,06,000**

PRICE PER UNIT

PARTICULAR	AMOUNT
Missiliniouse expenses	55,10,000
RAW Material (India)	6,26,52,000
Machinery (Dep)	12,00,000
Export-Import Document	60,000
Amenities	31,00,000
Transportation Shipping Cost	4,56,00,000
Advertisement Expenses	1,36,00,000
Human Resource Cost	21,84,000
Raw Material (Japan)	12,00,60,000
Cold Storage Machinery	1,60,000
Total	**25,41,26,000**
Per Unit Cost	**42.35**
Wholesaler (50%)	**63.52**
Retailer (100% on C.P.)	**84.70**
Final Price paid by Consumer (150% of C.P..)	**106**

TRADING AND P&L A/C (100 % SALES)

Particular	Amount	Particular	Amount
Purchase	18,27,12,000	Sales :	
		Wholesaler (18,00,000@ 63.52)	11,43,36,000
		Retailer (42,00,000@ 84.70)	35,57,40,000
Gross Profit	**28,73,64,000**		
Total	**47,00,76,000**	**Total**	**47,00,76,000**
		Gross Profit	**28,73,64,000**
Expanses :			
MISSILINIOUSE EXPENSES	55,10,000		
Export-import Doc.	60,000		
Transportation expenses	4,56,00,000		
Advertisement Expenses	1,36,00,000		
HR cost	21,84,000		
Interest payment	1,66,20,000		
Net Profit	**20,37,90,000**		
Total	**28,73,64,000**	**Total**	**28,73,64,000**

TRADING AND P&L A/C (75 % SALES)

Particular	Amount	Particular	Amount
Purchase	13,05,27,000	Sales :	
		Wholesaler (13,50,000 units@63.52)	15,12,00,000
		Retailer (31,50,000 units @84.70)	26,68,05,000
Gross Profit	**28,74,78,000**		
Total	**41,80,05,000**	**Total**	**41,80,05,000**
		Gross Profit	**28,74,78,000**
Expanses :			
MISSILINIOUSE EXPENSES	55,10,000		
Export-import Doc.	60,000		
Transportation expenses	4,56,00,000		
Advertisement Expenses	1,36,00,000		
HR cost	21,84,000		
Interest payment	1,66,20,000		
Net Profit	**20,39,04,000**		
Total	**28,74,78,000**	**Total**	**28,74,78,000**

Cost-plus pricing

Cost-plus pricing is the simplest pricing method. The firm calculates the cost of producing the product and adds on a percentage (profit) to that price to give the selling price. This method although simple has two flaws; it takes no account of demand and there is no way of determining if potential customers will purchase the product at the calculated price.

Market-oriented pricing

Setting a price based upon analysis and research compiled from the target market. This means that marketers will set prices depending on the results from the research. For instance if the competitors are pricing their products at a lower price, then it's up to them to either price their goods at an above price or below, depending on what the company wants to achieve .

Penetration pricing

Setting the price low in order to attract customers and gain market share. The price will be raised later once this market share is gained.

Price discrimination

Setting a different price for the same product in different segments to the market. For example, this can be for different ages, such as classes, or for different opening times,

Psychological pricing

Pricing designed to have a positive psychological impact. For example, selling a product at $3.95 or $3.99, rather than $4.00.

High-low pricing

Method of pricing for an organization where the goods or services offered by the organization are regularly priced higher than competitors, but through promotions, advertisements, and or coupons, lower prices are offered on key items. The lower promotional prices are designed to bring customers to the organization where the customer is offered the promotional product as well as the regular higher priced products

Marginal-cost pricing

In business, the practice of setting the price of a product to equal the extra cost of producing an extra unit of output. By this policy, a producer charges, for each product unit sold, only the addition to total cost resulting from materials and direct labor. Businesses often set prices close to marginal cost during periods of poor sales. If, for example, an item has a marginal cost of $1.00 and a normal selling price is $2.00, the firm selling the item might wish to lower the price to $1.10 if demand has waned. The business would choose this approach because the incremental profit of 10 cents from the transaction is better than no sale at all.

summary

Japan is the world's largest food importer, relying on other countries for over 60% of its food. The market size of food industry in Japan for the fiscal 2009 was estimated at 29,819.2 billion yen. The race for foods in beginning at global level as the food demands are expanding especially in emerging countries in Asia while food crops are decreasing due to bad weather and prices are rising due to speculative funds.The International Monetary Fund, IMF, predicts that real GDP growth will resume by 1.7% in 2010. Japan remains the third largest market for U.S. exports of the products, behind only Canada and Mexico. with the current economic downturn, the Japanese food market represents significant opportunities for U.S. food exporters. Institutional food markets comprised of cafeterias at factories, offices, hospitals; and school cafeterias generated US$31.77 billion in 2008, accounting for 13.6% of the total food service sales.

Our company NAPD FOOD PVT. LTD. Which is located in india and head office in Andheri kurala road at Mumbai. Mumbai is the industrial Hub of India and capable for importing and exporting any kind of food related of any other products.

Japanese peoples are very much health conscious and quality oriented. So we make the product the combination of Japan's fish and salt plus Indian ingredients. They like eating spicy products, and we make the product as per their want. Japanese people have good dieting habits so for that we serve them fresh and hot and spicy food product for them.

The traditional Japanese diet is made up of fish, rice, pickles, miso soup and vegetables served in small healthy proportions. may reduce tissue inflammation and alleviate the symptoms of rheumatoid arthritis.

Our company have different department like finance, HR, Production, Marketing. In finance we invest amount of Rs. 12 crores.

In production department, company has input in it it includes Fish, tomato, capsicum etc, in process it includes Packaging, Salt, Mixturing of goods Etc., in output it includes Final goods. And cold storage has been imported from china which is for fish and dry foods. The temperature of this 25℃-20℃, and model no. is used by the company is HCR-120.and the price of the per packet is to be paid by Consumer is Yen 155.

In marketing the company have using good marketing gadgets News Paper, Magazine, TV, Radio. And the advertising will be done at the famous places lokeAkasaka / Tameike, Azabu-Juban / Kamiyacho, Ebisu,the different cost of marketing like Newspapers – $1,300 per week, Television – $200,000 for one 30-second, Direct Mail - $1,500 for 1,000 4x6 postcards, Magazines - $1,200 to $5,000 per month or per issue. and in TV channels NHK , Nippon Television Network, TBS Networks/Japan News Network , Fuji Network System , TV Tokyo Network etc., and in radio network NHK Radio , Japan Radio Network, Japan FM League, Mega Net and in newspapers the big giants are Yomiuri Shimbun Conservative, Asahi Shimbun Left of center or liberal, Mainichi Shimbun Libera, Nikkei Economic paper etc, and in direct marketing strategy company uses (Manufacturer → Wholesaler → Distributor → Retail shop → Consumer), in online marketing strategy it includes Mobile phone availability, Shopping support by native speakers, After-sales Care, After- sales Promotion, Customer Database, Holding of sales events, Brand image creation. and in warfare strategy company using Frontal attack, Flanking, Encirclement, Bypass strategy etc.

In HR department managers, workers, labors, technicians, are hiring for the manufacturing unit. The company needs 30 members' staff for the different department. and the different workers would provide different compensation as they have their designation. EX- Wage rate for managers & Supervisors 9500-10000yen / Month, Wage rate for laborers and workers and bottom level mgmt.100 yen /day.

In finance investment initially is of the machinery purchasing, raw material, other amenities development & fixed assets purchasing for units. and finance Requirement of an investment of Rs 12,00,00,000 that include 50 % - bank loan , 40 % - venture capital and 10 % - owner fund. If company earns 100 % production selling then approximately we earn 15 crores or 75 % then approximately 7 crores. And the loan will be provided at rate of from HDFC BANK LOAN @ 13.5 %, and from ADITYA BIRLA REAL ESTATE FUND @ 14 %, the start up cost Rs.12, 00, 00, 000, and per unit cost **42.35**

In pricing strategy company follows the following strategies: - Cost-plus pricing, Market-oriented pricing, Price discrimination etc. In business, the practice of setting the price of a product to equal the extra cost of producing an extra unit of output. By this policy, a producer charges, for each product unit sold, only the addition to total cost resulting from materials and direct labour.

We have found that there is vast scope of doing ready-to-eat food business in Japan. There is high level of literacy in Japan and majority of people are either self employed or doing job. For there routine life, they need such a food which will take lesser time to cook and also beneficial to their health. So, we have opportunity to establish one ready-to-eat product which will fulfil the need of Japanese.

CONCLUSION

We have found that there is vast scope of doing ready-to-eat food business in Japan. There is high level of literacy in Japan and majority of people are either self employed or doing job.

For there routine life, they need such a food which will take lesser time to cook and also beneficial to their health. So, we have opportunity to establish one ready-to-eat product which will fulfil the need of Japanese.

We will introduce product, named **"NAPD Ready-To-Eat FISH BHAJI"** which include ingredients from both the country so, it can become Indo-Japan food like, Indian masalas which is famous all around the world and Japanese Sea food i.e. promfret fish. Because japaness people like to eat spicy food so, Indian Masalas will serve as per their test.

After doing PESTEL and SWOT analysis, we have found that there is one industrial area for particular food segment where we can establish our plant. Majority of Japanese purchase their day to day food requirement from retail outlet in Japan so, we will mainly focus on retail segment in Japan. There are main three retail chains available in Japan which covers almost major areas of Japan we will directly supply our product to this retail chain.

We also focus on wholesalers. We have adopted different marketing strategies for wholesaler and retailers. We will establish one store outside the plant so that retailer can easily place their order by physically or by telecommunication.

There is wide market for Ready-to-eat food product so, there are chances to earn good profit from the business. As the cost of our product and price of our product is far lesser than our competitor in the market so, establishing business in Japan will surly provide good return.

ANNEXURE

Miscellaneous expenses

No	Particular	Amount
1	Telephone	960
2	Rent for building	18,00,000
3	Electricity cost	25,00,000
4	Stationary	10,000
5	packaging exp.	12,00,000
total		55,10,960

Advertisement Expenses

No	Particular	Amount
1	News paper advertisement	6,50,000
2	Agency campaigning online	9,00,000
3	Banner ad on web	3,00,000
4	outdoor & magazine	9,00,000
5	Radio	1,00,000
6	Direct mail	7,50,000
Total		36,00,000

NO	Particular	Amount
1	Building (400 Sq. yard)	18,00,000

Infrastructure

Particular	Number	Amount
Air- Conditioner	5	142000
Exhaust Fan	10	11000
Fan & Light	15 & 20	42000+60000

Amenities

Furniture	Office	6,00,000
Other:		
Delivery Van	3	855000
Water Cooler	3	110000
Canteen Facility	1	8,00,000
Fire Safety Equipment	1	4,00,000
First-Aid Medical Facility	1	80,000
Total		31,00,000

Raw Material Cost

Number	Ingredients	Containt (in gram)	K.G.	Per kg price	Amount
1	Onion	20	120000	6	720000
2	Capcium	10	60000	18	1080000
3	Ginger	5	30000	18	540000
4	Green chilly	10	60000	20	1200000
5	Red chilly	10	60000	55	3300000
6	Lemon	2	12000	15	180000
7	Garlic	5	30000	18	540000
8	Coriander	3	18000	14	252000
9	Salt	5	30000	2	60000
10	Fish	200	1200000	100	120000000
11	Garam masala	5	30000	370	1110000
12	Black peeper	5	30000	670	2010000
13	Tomato	10	60000	4	240000
14	Meat powder	10	60000	390	2340000
Total		300	570000 (Excluding Fish & Salt)		182712000
Shipping Cost					45600000
Raw Material Total Cost					228312000

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