

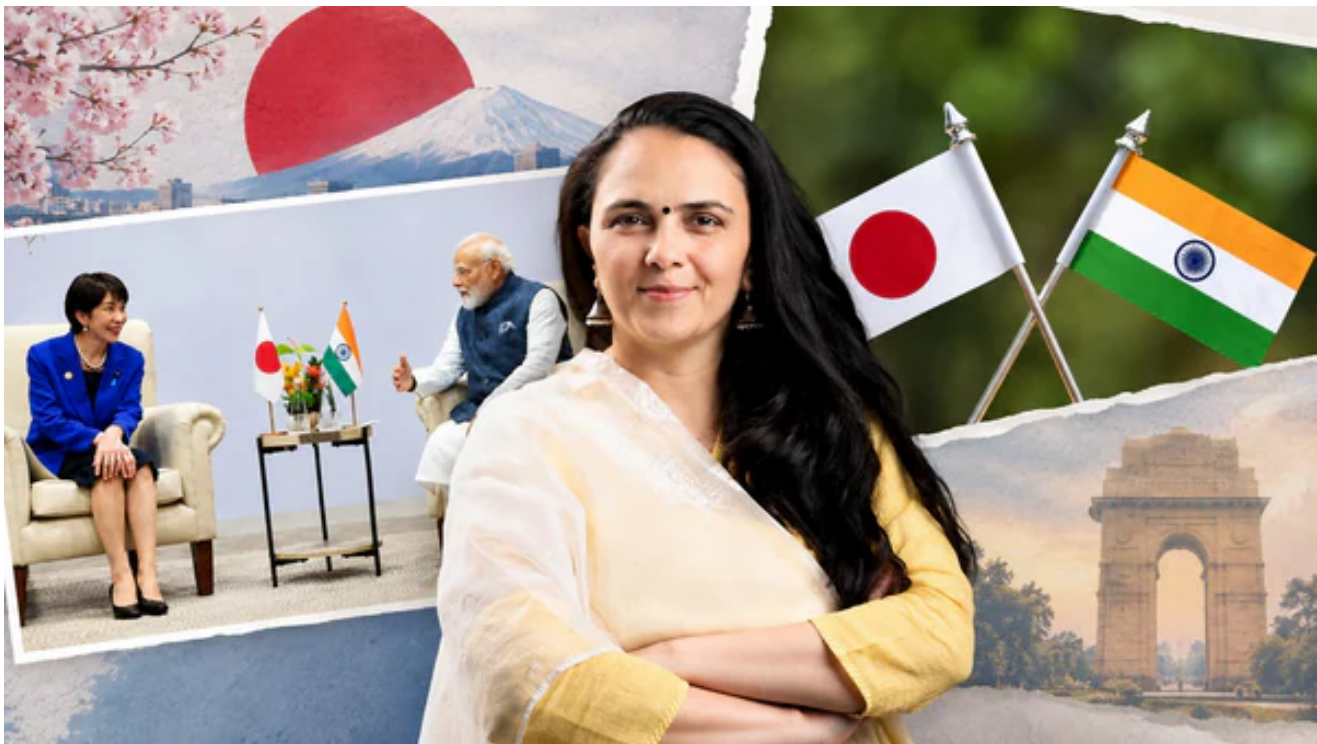
India-Japan trade 'minuscule': Expert flags opportunities in rare earths, technology | Exclusive

India-Japan trade remains limited despite strategic ties, says Ashoka University's Prachi Mishra, highlighting opportunities in semiconductors, rare earths, investment and skilled labour to strengthen supply chains.

Bhanu Pratap

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Prachi Mishra, dean of the Rakesh Jhunjhunwala School of Economics and Finance and director and head of the Isaac Centre for Public Policy at Ashoka University(Centre). Prime Minister Narendra Modi and Japanese Prime Minister Sanae Takaichi(Left). (Agencies, LiveMint)

AI Quick Read

India and Japan need to deepen trade, technology partnerships and investment to strengthen supply chains, as their economic relationship remains small despite growing strategic cooperation, Prachi Mishra, an economics professor and policy researcher at Ashoka University, told *LiveMint*.

Despite their complementary economic strengths, the two countries remain under-integrated in [trade](#), with significant untapped potential in semiconductors, rare earths, institutional investment and skilled labour, said Mishra, dean of the Rakesh Jhunjhunwala School of Economics and Finance and director and head of the Isaac Centre for Public Policy at Ashoka University.



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In an exclusive interview with *LiveMint* on the release of Ashoka University's India-Japan Economic Corridor report, Mishra said that closer cooperation could help both countries diversify their supply chains and strengthen economic resilience amid geopolitical uncertainty and the growing fragmentation of the global economy.

"Back in the 1980s, [Japan](#)'s share in India's exports and imports were of the order of 10% or more. Now they're in the range of 1 to 2%," she said, adding that Japan sources less than 1% of its imports from India.

"Either way, if you look at this relationship, trade relationship, either Japan's importance for India and India's importance for Japan is minuscule," Mishra said.

The report, being developed through Ashoka University's Iron Pillar Initiative in Global Learning, explores opportunities across manufacturing, technology, financial services and infrastructure.

The report comes amid a broader bilateral partnership that includes infrastructure financing, a 10 trillion yen (about \$68 billion) investment target and agreements announced at the 16th [India-Japan Annual Summit](#) in July 2026.

India-Japan economic corridor: Why it matters

Mishra described the global economy as “walking a tightrope”, with the West Asia conflict and a surge in [Asian technology](#) exports shaping the economic outlook.

“Yet, global economy has adapted and we've seen lower flows through actually being balanced by switching suppliers and running down inventories,” she said.

India's ambition to become a developed economy over the next two decades will require sustained economic growth, Mishra said.

“India wants to become [Viksit Bharat](#), an advanced economy, in the next 20 years. Basically, that means growing at 8% on average over the next 20 years,” Mishra said.

Deeper economic integration with Japan could help India diversify its partnerships and reduce vulnerabilities in critical supply chains, she added.

“Resilience means building buffers in good times and minimising losses in bad times. And this is the concept of resilience. And that's where I think India-Japan relationship has particular significance,” Mishra said.

Referring to remarks by India's external affairs minister at the Kautilya Economic Conclave in New Delhi, Mishra described [Japan](#) as a “transparent and mature market” that India is opening up to.

Japanese investment offers scope for technology transfer

India's share in Japan's outbound foreign direct investment (FDI) has increased from almost zero to about 4%, Mishra said. However, the composition of these investments points to opportunities for deeper manufacturing and technology partnerships.

“Majority is outside manufacturing, which is where real technology

[Japanese institutional capital](#) could provide another avenue for expanding investment in India.

Japan's government pension investment fund has about \$2 trillion in assets, Mishra said, while India's share of the fund's investments remains below 1%. Even a modest reallocation could benefit India while giving Japanese investors greater exposure to the country's long-term growth, she added.

Semiconductors, rare earths offer supply-chain opportunities

Semiconductors and rare earths are among the sectors where Japan's technological expertise could complement India's efforts to expand domestic manufacturing and diversify critical supply chains.

Rare earths, in particular, offer scope for cooperation as countries seek to reduce dependence on concentrated processing capacity in China.

One potential model would involve Japanese firms refining rare earths in India, using the country's engineering talent and exporting the resulting magnets, the interview discussion highlighted.

"Building resilience means no single point of failure. And here, India and [Japan](#) can be each other's second source, and aim for being the first," Mishra said.

Skilled labour and execution remain critical

Labour mobility could provide another pillar of the corridor, given Japan's ageing population and India's demographic dividend.

"[Japan](#) has an ageing population, India still has a demographic dividend," Mishra said, noting that India's dependency ratios are expected to decline for at least another decade.

"The opportunity is really for both these countries to let trade, capital, and people move freely to build true resilience. And the moment is

"Our leaders have committed to deepening these ties. And now the task is to execute," she added.

ABOUT THE AUTHOR

Bhanu Pratap

Bhanu Pratap is a journalist who reports and writes on foreign affairs, India's foreign policy, geopolitics and strategic affairs. He closely follows [...Read More](#)

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Sanchari Ghosh

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Protesters shout slogans against Chief Election Commissioner Gyanesh Kumar during a protest organised by Cockroach Janata Party (CJP), near Jantar Mantar in New Delhi, India, on Saturday, Oct. 10, 2026. Indian

AI Quick Read

Jantar Mantar has been de-notified as a designated venue for protests and demonstrations in Delhi, according to a Delhi Police circular.

The Ministry of Home Affairs had constituted a committee to examine alternative venues for citizens to organise protests and demonstrations.

Based on the committee's recommendations, three new venues have been designated: Ramlila Ground, Burari Ground and CBD Ground in East Delhi.

Delhi Police said a detailed and revised standard operating procedure (SOP) for organising protests and demonstrations at the three venues would be issued separately.

This is in partial modification of earlier Standing Order No. L&O/48/22 dated 28.04.2022, the police stated

CJP leaders seek dates for peaceful protest

CJP leaders Ashutosh Ranka and Saurav Das went to Parliament Street police station on Monday to seek a date for a peaceful protest at Jantar Mantar.

Speaking to the media outside the police station, the CJP leaders said they will give the police a 24-hour ultimatum, or they will issue another call to protest.

Police tightened security in the area and the road outside the police station was closed as the two leaders arrived.

A public announcement was made outside the police station, asking people to comply with security restrictions and prohibitory orders, maintain peace and avoid unauthorised gatherings.

(This is breaking news)

ABOUT THE AUTHOR

Sanchari Ghosh

Sanchari Ghosh is an Assistant Editor at Mint with over 12 years of experience in journalism, specialising in personal finance, DLT & DeFi, geopolitic ...[Read More](#)

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