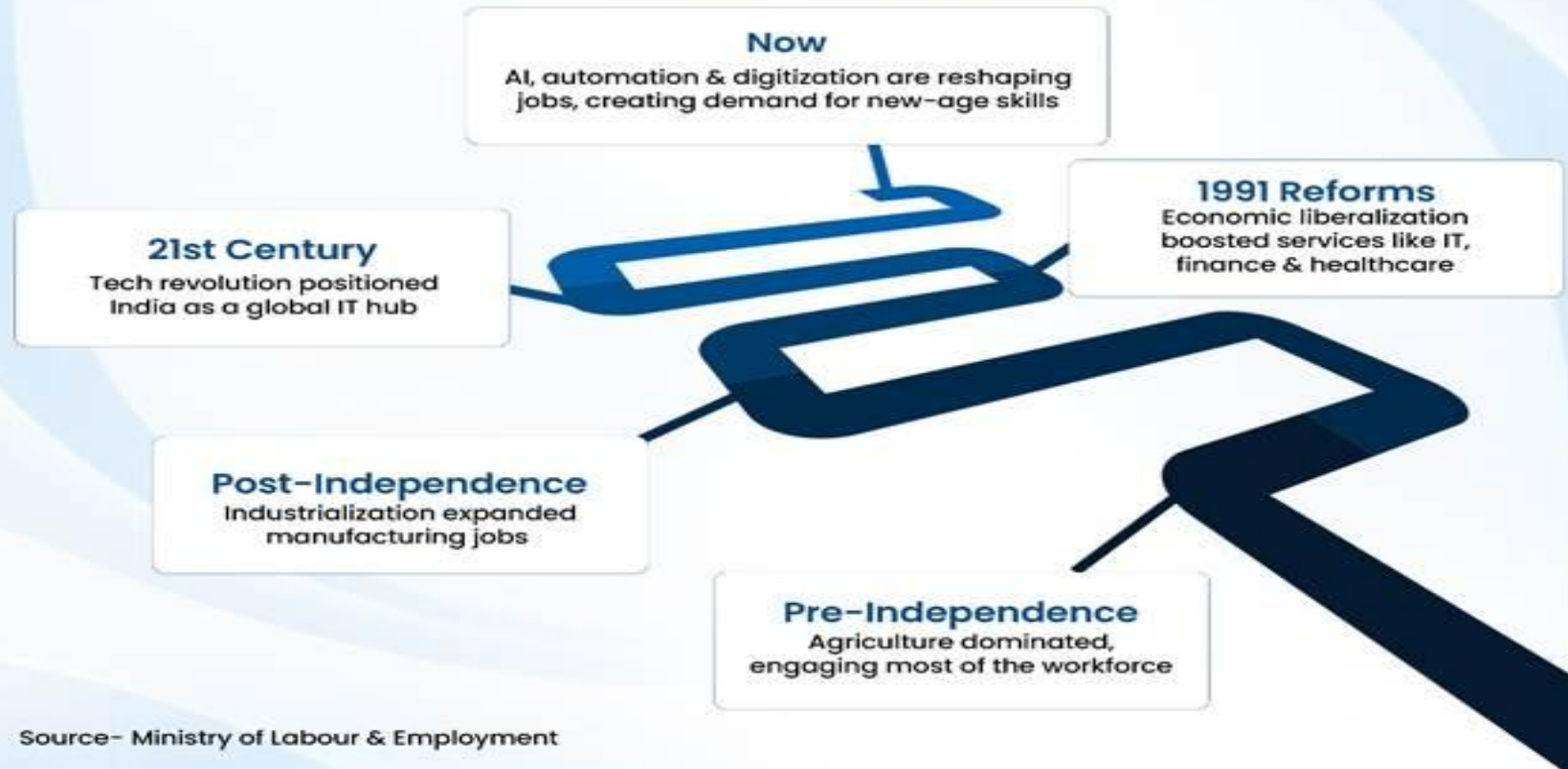


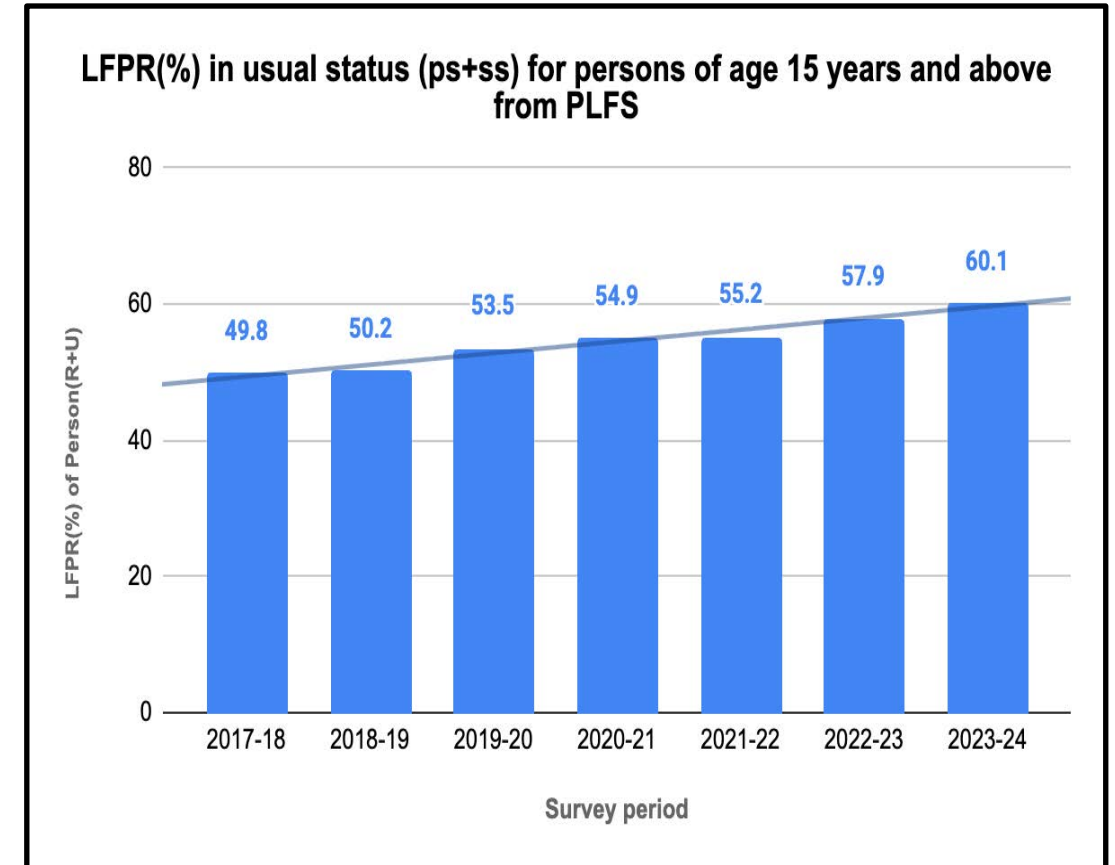
India-Japan Cooperation Initiatives in Human Resource Exchanges

India's Employment Journey: From Fields to Future



India – Trends in Labour Force Participation Rate (LFPR)

- LFPR in usual status (ps+ss) for persons of age 15 years and above has increased from 57.9% during July 2022 – June 2023 to 60.1% during July 2023 – June 2024.
- It indicates a 10-percentage-point expansion in the labour force participation over six years.
- The LFPR rise is driven largely by increased participation in self-employment so the headline improvement in aggregate LFPR does not automatically translate into better job quality.
- Economic necessity driven work.

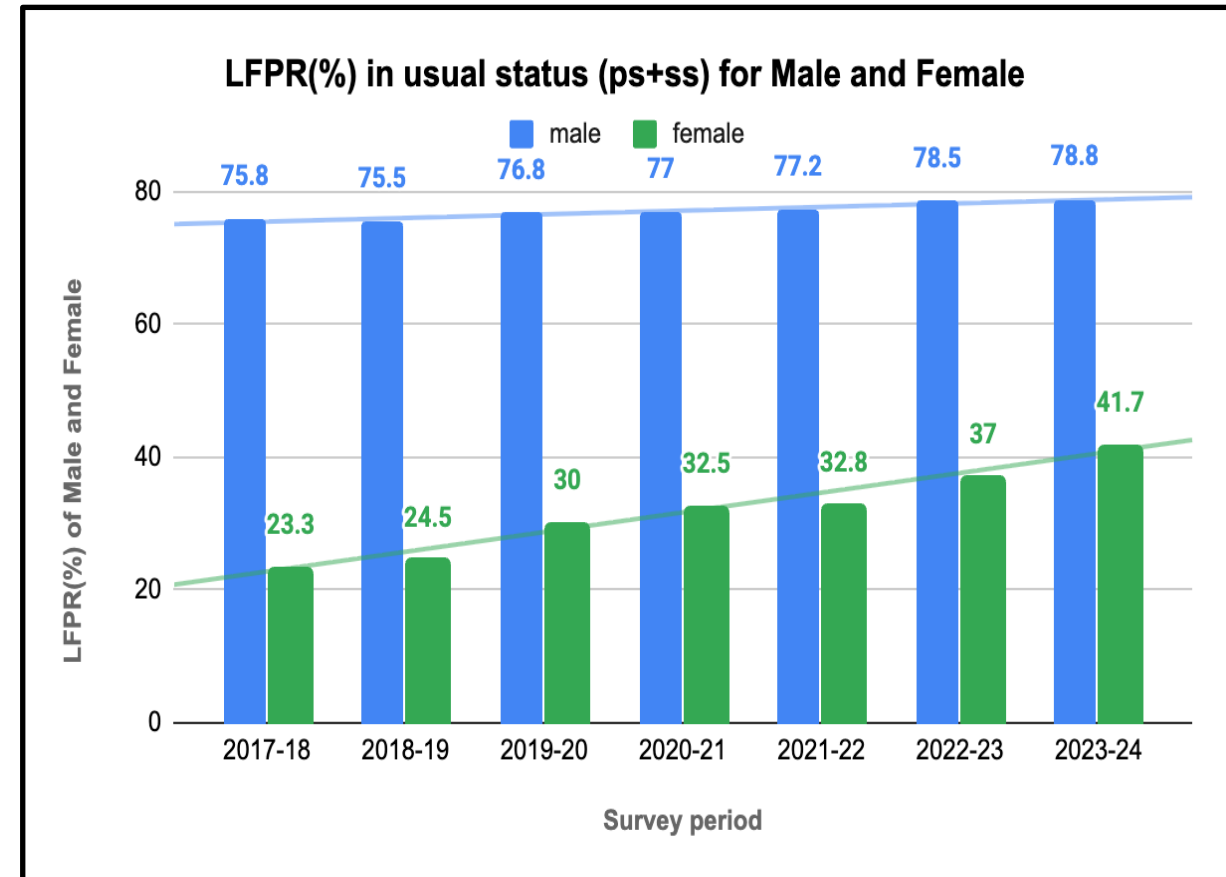


Periodic Labour Force Survey Data

- India's labour market combines rapid economic growth with persistent challenges in job quantity and quality.
- Agriculture still employs more than 45% of the workforce, indicating a structurally dual labour market where a large pool of workers remains in low-productivity sectors even as manufacturing and services slowly expand.
- Evidence from organized manufacturing shows rising capital intensity and greater use of automation, which boosts productivity but dampens labour absorption.
- Schemes like Production-Linked Incentives (PLI) and Make in India have attracted new manufacturing investment, but their job-creation effects are still modest and highly skill-biased.

Gender Gap

- **Male LFPR** (blue bars) remains very high and almost flat, increasing only from about 75.8% to 78.8%, which means the aggregate improvement is not driven by men entering the labour force but by changes on the female side.
- **Female LFPR** (green bars) rises sharply from 23.3% to 41.7%, nearly an 80% increase, and this steep upward trajectory visually explains why the person-level LFPR line trends upward even when male participation barely changes.
- Despite this improvement, the **gender gap** remains large: in 2023-24, the difference between male (78.8%) and female (41.7%) LFPR is still about 37 percentage points, indicating persistent structural barriers to women's full labour-market integration.



Periodic Labour Force Survey Data

Simultaneous skill scarcity and skill waste

Table XII.4: Matrix of mismatch between education skills and occupations

Occupational skill of workers	Education level/skills of workers			
	Primary Education, or 10 years of education or informal education	Secondary Education, or 11-13 years of education	Graduate Degree	Postgraduate degree or above
Elementary skill	32.13	19.25	3.22	0.96
Semi-skilled	66.3	72.18	50.3	28.12
High competency skill	0.29	2.79	8.25	7.67
Specialised skills	1.28	5.77	38.23	63.26

Note: The figures in the table represent the percentage of the workforce with a specific educational skill level and the corresponding occupational skill where they are employed. For instance, the figure in the first cell (32.13 per cent) indicates that 32.13 per cent of the workforce that has attained up to primary education (10 years of education, or informal education) are employed in elementary-skill jobs.

The main diagonal cells represent the skill match between educational and occupational skills (green cells). Cells above the main diagonal represent workers employed below their educational qualifications (in blue), while cells below the main diagonal indicate those in roles exceeding their educational qualifications (in orange).

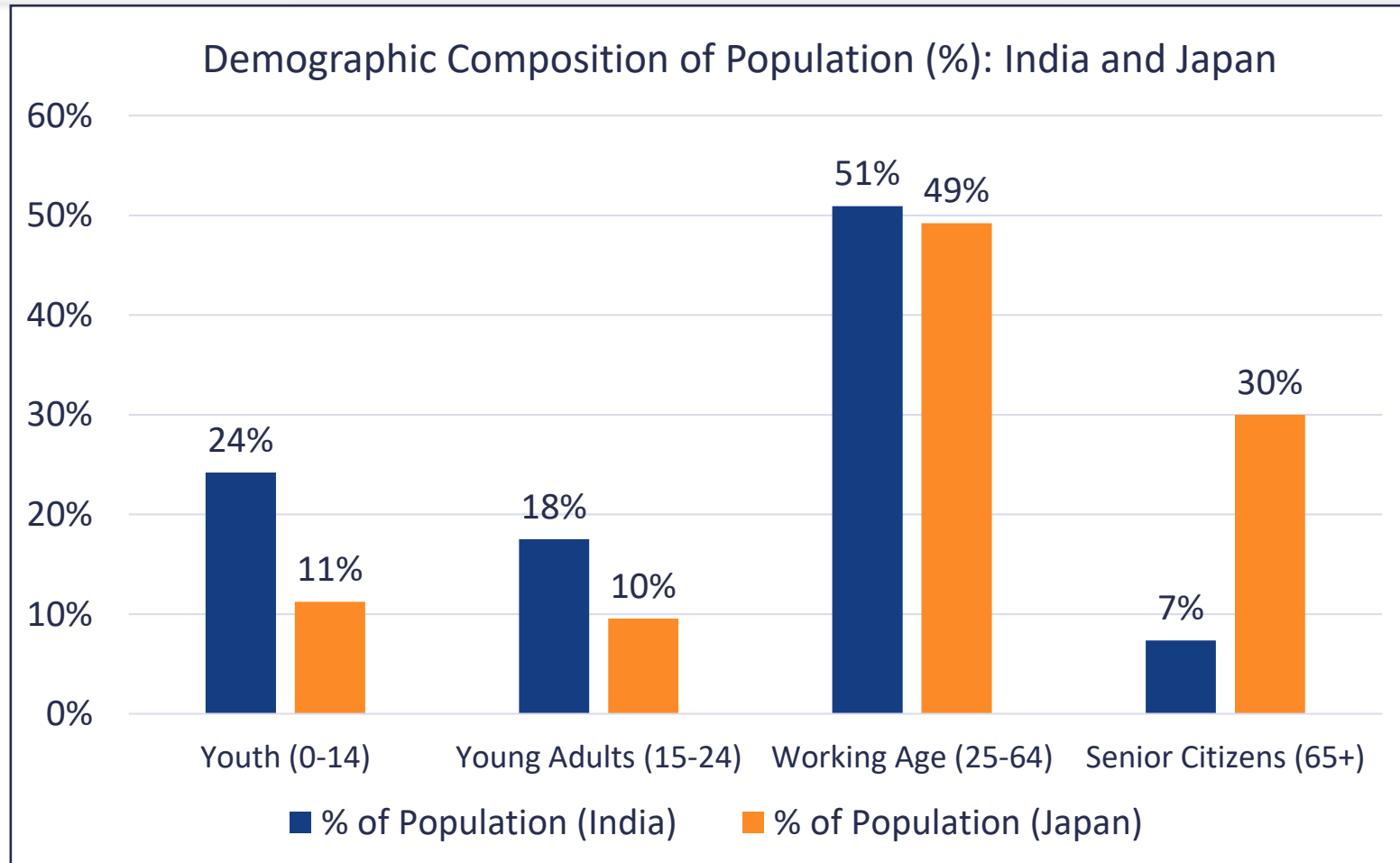
Source: Institute for Competitiveness.

Demographic Profiles: India and Japan

India's population is significantly younger, with **42%** of its population below 25 years, compared to **21%** in Japan.

Japan's population is heavily skewed towards older age groups, with **30%** of its population aged 65+, more than **four times** India's share (**7%**).

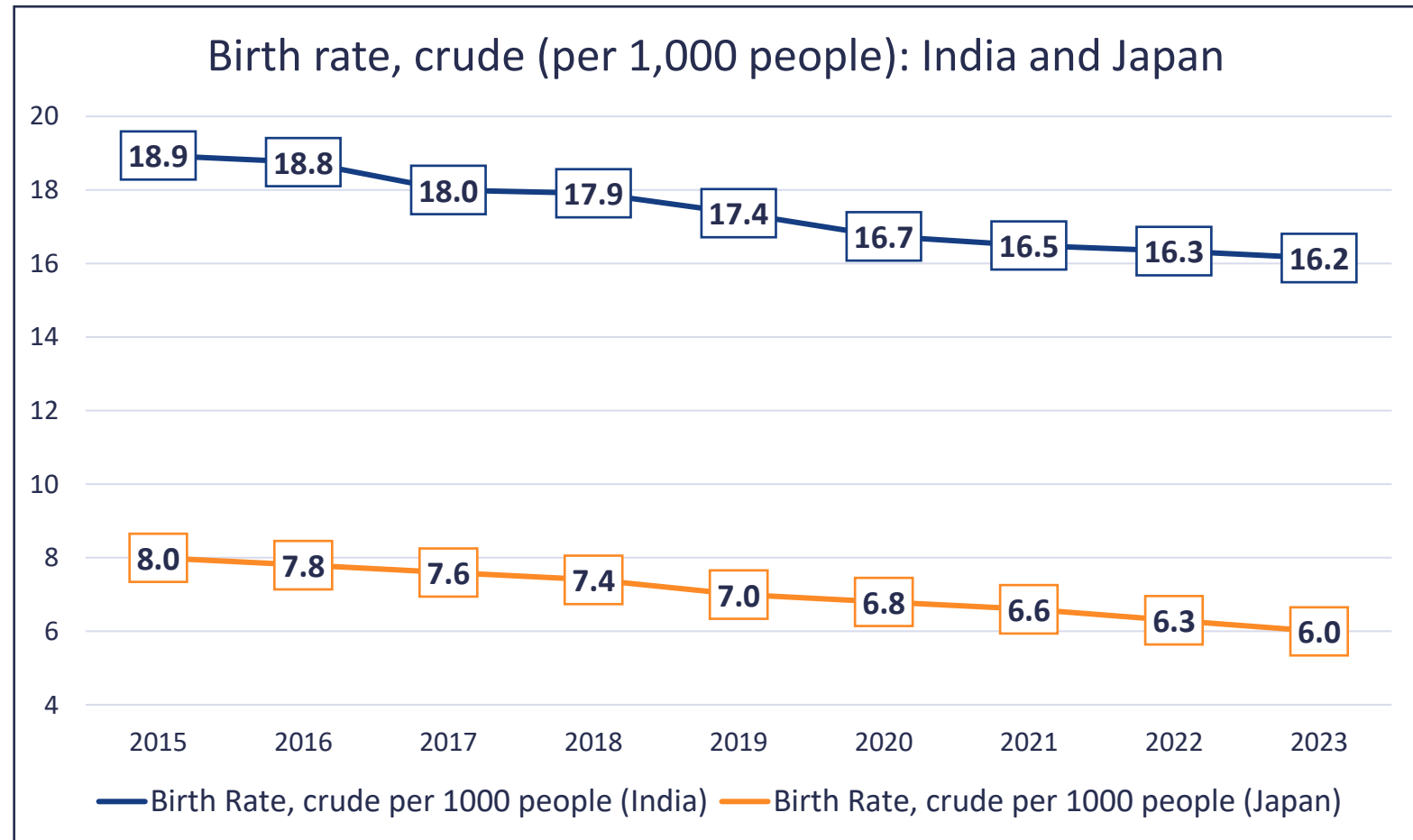
The working-age population (25–64) is broadly similar in both countries - **51%** in India and **49%** in Japan.



Source - PopulationPyramids.net, based on UN DESA World Population Prospects

Birth Rate Trends: India and Japan

- While the crude birth rate per 1000 people has been declining for both countries over the years, India's remains relatively high at 16.2 births per 1,000 people (2023), compared to Japan's 6.0.
- India's birth rate has consistently been more than twice that of Japan throughout 2015-2023.
- **Together, the age structure and birth-rate trends highlight structural demographic complementarity, with India positioned as a long-term source of workforce growth and Japan facing sustained demographic contraction.**



Source – World Bank Group



Evolution of Cooperation between India and Japan in HRD and Exchange

- Most striking example can be traced back to **the Maruti Suzuki joint venture in 1982**, where the Indian workforce was first systematically trained in Japanese manufacturing practices, which went on to fundamentally reshape shop-floor culture in India.
- **But formal commitments** were exchanged for the first time between the two countries in **2011** on the movement of natural persons as part of the India-Japan **CEPA**.
- **In 2016**, a *Memorandum of Cooperation (MoC)* between India's **Ministry of Skill Development and Entrepreneurship (MSDE)** and **Japan's METI** was **signed to facilitate the transfer of manufacturing skills, technologies, and best practices** to enhance workforce capabilities and industrial productivity in India.
- **In 2017**, the **MoC on Technical Intern Training Programme (TITP)** was signed.
- **In 2021**, the **MoC on Specified Skilled Workers (SSW)** was signed between the two countries.
- **In 2024** Japan also announced plans to replace the TITP with a new foreign worker framework titled **Employment for Skill Development (ESD)**,
- **In 2025**, an action plan for enhanced human resource exchange and cooperation between India and Japan was announced as part of the **India-Japan Joint Vision Statement for the next decade**

India Japan CEPA (2011)

Chapter 1: General Provisions

Chapter 2: Trade in Goods

Chapter 3: Rules of Origin

Chapter 4: Customs Procedures

Chapter 5: Technical Regulations, Standards and Conformity Assessment Procedures, and Sanitary and Phytosanitary Measures

Chapter 6: Trade in Services

Chapter 7: Movement of Natural Persons

Chapter 8: Investment

Chapter 9: Intellectual Property

Chapter 10: Government Procurement

Chapter 11: Competition

Chapter 12: Improvement of Business Environment

Chapter 13: Cooperation

Chapter 14: Dispute Settlement

Chapter 15: Final Provisions



Chapter 7: Comparison between Specific Commitments for the Movement of Natural Persons

Section	Specific Commitments of India	Specific Commitments of Japan
Business Visitors	<ul style="list-style-type: none">• Maximum temporary stay: up to 180 days (extension at India's discretion)• No remuneration permitted in India• Not allowed to make direct sales to the public, supply services, or make investments directly• Visa subject to compliance with immigration requirements	<ul style="list-style-type: none">• Maximum temporary stay: up to 90 days (extension at Japan's discretion)• No remuneration permitted in Japan• Not allowed to make direct sales to the general public or supply services directly• Visa is subject to compliance with immigration requirements
Intra-corporate Transferees	<ul style="list-style-type: none">• Applies to broadly defined advanced professional expertise• Entry and stay granted for an initial period of up to 1 year• The period of stay may be extended on a year-to-year basis for a total term not exceeding 5 years.	<ul style="list-style-type: none">• Applies to clearly codified specialist roles including engineering and human sciences• Entry and stay granted for an initial period of up to 1 or 3 years• Extensions on the period of stay permitted with no explicit overall cap specified



Chapter 7: Comparison between Specific Commitments for the Movement of Natural Persons

Section	Specific Commitments of India	Specific Commitments of Japan
Independent Professionals	<ul style="list-style-type: none"> Entry and stay granted for an initial period of up to one year Extension permitted up to a maximum of 3 years Access is sector-specific, limited to engineering, architecture, IT, R&D, management consulting (excluding legal), tourism, and hospitality 	<ul style="list-style-type: none"> Entry and stay granted for an initial period of 1 to 3 years Extensions permitted, with no explicit overall cap specified Access is skill-specific, restricted to clearly codified categories: Engineer; Specialist in Humanities/International Services; and 'Skilled Labour' (Indian cuisine)
Contractual Service Suppliers	<ul style="list-style-type: none"> Applies to employees of Japan-based companies or partnerships entering India Entry and stay granted for an initial period of up to one year Access is sector-specific, limited to listed services including engineering, architecture, IT, R&D, management consulting (excluding legal), tourism, and hospitality 	<ul style="list-style-type: none"> Applies to employees of Indian organisations with no commercial presence in Japan, supplying services in Japan under a service contract between an Indian organisation and a Japanese organization Entry and stay granted for an initial period of 1 or 3 years Access is skill-specific, limited to clearly codified categories: Engineer; Specialist in Humanities/International Services; and Skilled Labour (Indian cuisine)



Additional Commitments by Japan under 'Chapter 7: Movement of Natural Persons'

1) Investors of India

- Eligible persons include natural persons of India investing in and managing business operations in Japan, managing businesses in Japan on behalf of foreign investors, and conducting business in Japan in enterprises with foreign investment
- Duration of stay: 1 or 3 years, with extensions permitted (no overall cap mentioned for extension)

2) Qualified Professionals of India

- Eligible persons: Qualified professionals of India (as per Japan's laws and regulations) for activities such as lawyers, accountants, tax accountants, judicial scriveners, administrative scriveners, social insurance and labour consultants, patent attorneys, maritime procedure agents,, and land and house surveyors
- Duration of stay: 1 or 3 years, with extensions permitted (no overall cap mentioned for extension)

3) Instructors of India

- Eligible persons: Instructors of India (as defined under Japan's immigration law) for activities such as ***teaching Indian yoga, Indian cuisines, Indian classical music and dance, and the English language***
- Duration of stay: 1 or 3 years, with extensions permitted (no overall cap mentioned for extension)
- Japan has agreed to enter into negotiations with India on the acceptance of Indian qualified nurses and certified care workers. These negotiations are to be conducted under a dedicated sub-committee.



Cooperation Initiatives between India and Japan in Human Resource Exchanges

1) Memorandum of Cooperation on Manufacturing Skill Transfer Promotion Program - November 2016

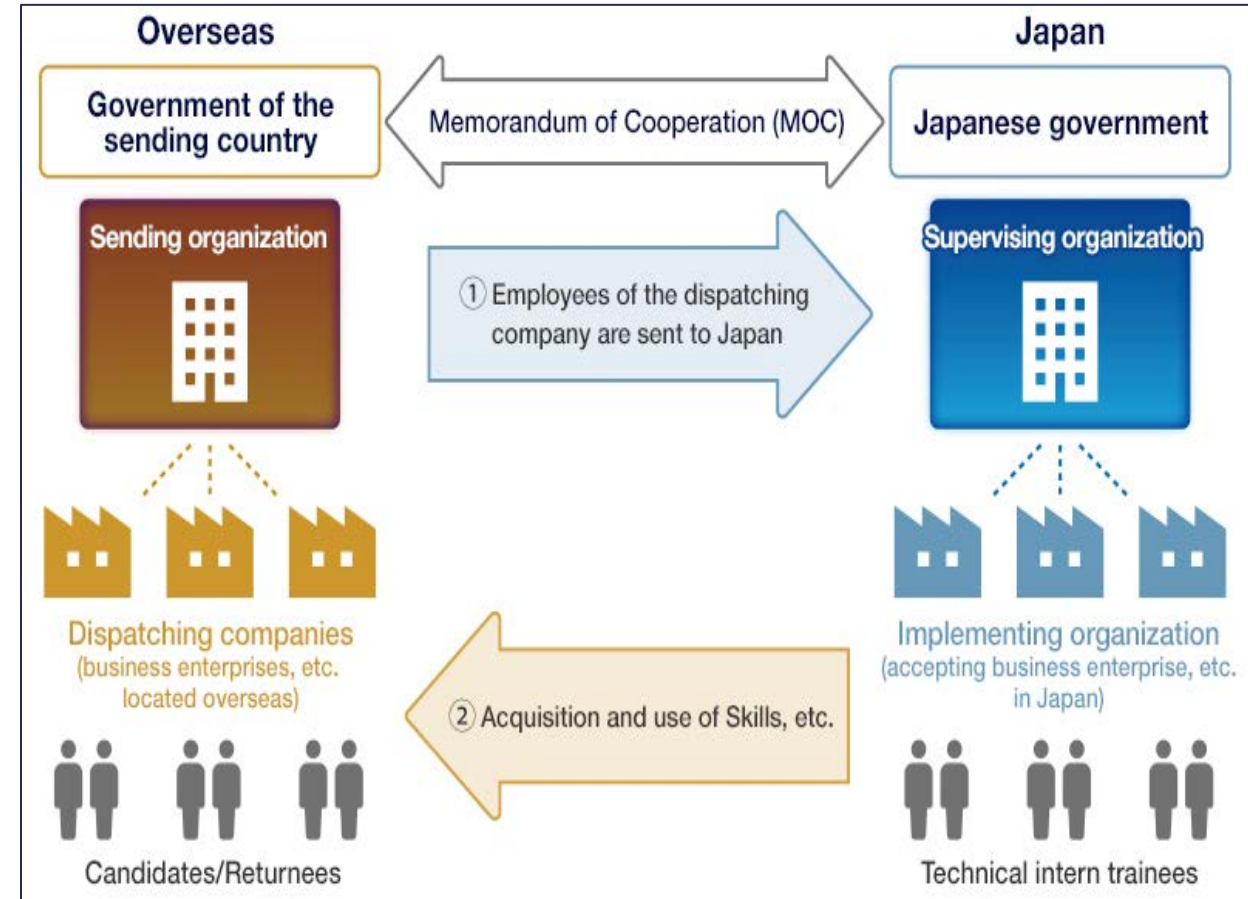
- The program targets to train **30,000 people over a 10-year period** in skills relevant to **modern manufacturing practices**

Two key initiatives were introduced as part of the program:

- **Japan-India Institutes for Manufacturing (JIM)** were established to train future shop floor leaders
- **Japanese Endowed Courses (JECs)** were established with **existing engineering colleges** in India to train future candidates for middle-level engineers in the manufacturing sector of India.
- **37 JIMs and 11 JECs** have been launched in total as of **January 2024** in India

2) Memorandum of Cooperation on Technical Intern Training Programme (TITP) - October 2017

- Enables Indian technical interns to undertake on-the-job training in Japan for 3-5 years, with a **mandatory return to India to apply acquired skills**.
- It covers **84 job categories** and **156 operational fields** under the Technical Intern Training Program (TITP).
- As of March 2024, placements concentrated primarily in the **automobile (38%)**, **machinery (21%)**, **construction (15%)**, and **caregiving (12%)**.



Source – JITCO



Cooperation Initiatives between India and Japan in Human Resource Exchanges

3) Memorandum of Cooperation on Specified Skilled Workers (SSW) – January 2021

- Objective is to facilitate the mobility of skilled Indian workers to Japan
- Target is to facilitate 820,000 Indian candidates by 2029
- Covers **14 specified skill sectors**, including:
Nursing care, janitorial services, material processing, industrial machinery manufacturing, electric & electronic information industries, construction, automobile maintenance, shipbuilding, aviation, fisheries & ship-related industries, lodging, food manufacturing, agriculture, and food & beverage services.
- **SSW** is a **residency status** enabling Indian nationals to **work and reside in Japan**.



Cooperation Initiatives between India and Japan in Human Resource Exchanges

4) 2 Categories under SSW:

1) SSW Type 1

- For **semi-skilled workers**
- Valid for **1 year**, renewable up to **5 years**
- **Family not permitted**
- Requires skills test + Japanese language test (JLPT N4 / JFT-Basic)

2) SSW Type 2

- For **experienced/skilled workers**
- **Indefinite renewals permitted**
- **Family allowed** (spouse and children)
- Currently limited to construction and shipbuilding

Eligibility Requirements: Pass **industry-specific skills test**, Pass **Japanese language test** (JLPT N4 or JFT-Basic), minimum age should be **18 years**, **medically fit** for work, and **no criminal record**.



Cooperation Initiatives between India and Japan in Human Resource Exchanges

5) Employment for Skill Development – TBA in 2027

- Japan announced plans in **2024** to replace the **TITP** with a new foreign worker framework titled **Employment for Skill Development (ESD)**.
- ESD will act as a **feeder pathway into the Specified Skilled Worker (SSW) status**, enabling career progression.
- Successful completion of ESD enables transition to **SSW Type 1** (semi-skilled worker status, up to 5 years), while further skill upgrading allows progression to **SSW Type 2**, which permits **indefinite renewals and family accompaniment**, subject to sector eligibility.



Cooperation Initiatives between India and Japan in Human Resource Exchanges

6) India - Japan Joint Vision for the Next Decade: 'Action Plan'

- **The vision statement lays down an Action plan Plan for India-Japan Human Resource Exchange and Cooperation that targets an exchange of more than 500,000 personnel in both directions in the next five years, including 50,000 skilled personnel and potential talents from India to Japan.**
- **Enable large-scale movement of skilled professionals, internships, employment promotion, and talent mobility through initiatives like INPACT and the India–Japan Talent Bridge.**
- **Expanding vocational training, endowed courses, researcher and student exchanges, academic collaboration and Japanese language education via programmes such as JIM, JEC, Sakura Science, LOTUS, EDU-Port Japan, and NIHONGO Partners.**
- **Strengthening tourism, cultural exchange, workplace collaboration, and institutional linkages to deepen mutual understanding and long-term bilateral cooperation.**

Way forward

- The Action Plan for the next decade appears to lay out a very structured plan for skilling and absorbing Indian work force in Japan.
- While there are initiatives like the expansion of JIMs and JEC to skill the Indian workforce to work in Japanese companies, Japanese FDI inflow to India has been quite low ranging between US\$ 1.5 billion to US\$ 3 billion annually.
- A substantial increase in foreign direct investment could provide the impetus needed to bring about a transformative impact on skilling India's workforce.
- The recently pledged 1 trillion Yen of Japanese FDI in India in the Action Plan provides an opportunity to scale up skilling of Indian workforce to be absorbed in Japanese companies.
- Given that India has been on a high growth trajectory, and is facing massive skill shortages with almost half of the **workforce requiring reskilling or upskilling** to meet current labour market needs, Japan can contribute significantly in bridging this gap.

- There is a much larger opportunity for training the Indian workforce to produce goods and services for the rest of the world
- India and Japan can collaborate to strengthen FDI–trade–labour linkages.
- India and Japan can collaborate to reorganize global supply chains that have been severely disrupted by emerging geopolitical challenges.

- **Lessons from India's Skill Impact Bond**
- The National Skill Development Corporation introduced in 2021 is one of the largest Skill Impact Bonds in the world valued at US\$ 14.3 million that aimed to train 50,000 youths in India over 4 years
- The Skill Impact Bond links funding to achievement of outcomes (training, certification, employment and retention). The initial financing to training providers is supported by risk investors, who are repaid by outcome funders on the achievement of predetermined, independently verified outcomes achieved by training partners.
- Partnerships
 - NSDC and Dell Foundation are the risk investors
 - The outcome funders are The Children's Investment Fund Foundation (CIFF), JSW Foundation, HSBC India, and Dubai Cares
 - FCDO (UK) is the technical partner



THANK YOU