Chapter I

Indo-Japan Relations: A Historical Background
CHAPTER-1

INDO-JAPAN RELATIONS A HISTORICAL BACKGROUND

Japan or Nippon, country 377.835 sq.km., occupying an archipelago off the coast of E. Asia. Its capital is Tokyo. Japan proper has four main islands, which are Ittokkaido, Houshu, Shikoky and Kyushu. Japan is also called the land of ‘rising sun.’ It is located between Asia and the oceanic region.

Japan is an extremely homogeneous society. The Japanese peoples are primarily descendants of various peoples who migrated from Asia in prehistoric times. Japan’s principle religious are Shinto & Buddhism, most Japanese practice both faiths.

Japan follows the system of parliamentary democracy. Japan is governed under the constitution of 1947, drafted and approved by the Japanese Diet. It declares that the emperor is only a symbol of the state but that sovereignty rests with the people. The House of Representatives has 480 members. Japan is divided into 47 prefectures, each governed by a popularly elected governor and unicameral legislative.

The study geographical location of the Japan and neighbouring countries one finds there was possible linkage which existed between
Japan and north east region of India. It seems some of the tribes from north east India has been migrated and took the shelter in Japan. After a series of climatic and changes their was found a close resemblance not only between their facial features but also their customs, traditions, ritual, names and various other characteristics.

Historically, Japan maintained friendly relations with South-Asian countries especially with India. A long history of Indo-Japanese relations indicates that there was not only Indian cultural influence on Japan but also a lot of similarities lead both the countries further to strengthen the relations.

The relation between India and Japan is not modern time; its relations dates back to the 6th century with the introduction of Buddhism to Japan from Korea.

The gradual development of relations between two countries were determined by number of factors, like their historical and cultural experience their geographical locations and the system of socio-economic and political set up of each country. India and Japan were fortunate enough that there cultural forces have played an important role in maintaining the friendliest relations from the ancient to modern time.

Buddhism originated in India in the 6th century. One of its main branches, Mahayana O2 ‘Greater Vehicle’ found its way to Japan via
China and Korea in 6th century. "Gautama the Buddha" the greatest messenger of peace from India has given a universal message of peace, non violence and compassion to the world in the fifth century BC as in 20th century given by Mohan Das Karam Chand Gandhi. This great message was spread to all the nations of South East Asia and East Asia. The late Prime Minister Rajeev Gandhi visited Japan in November, 1985 remarked that ‘the Indo Japanese friendship was a sturdy tree, planted one thousands four hundred years ago when Buddhism reached the shore of Japan”1. Through history scholars and pilgrims have travelled between our two countries and linked together our mind and spirit2.

During the Nara Period, the great Buddhist monasteries were built. And during the early period of Heian, two new Buddhist sects were introduced. Initially after a few conflicts with Shinto (Japan’s native religion) the two religions were soon able to co-exist and even complemented each other. India and Japan were spiritually connected i.e. with each other and a lot of Japanese visited India ‘even now, 0.4% of the 16 million Japanese travel overseas annually i.e. about 60,000 visit to India and 20% of this visitors to Buddhist sites3. A famous Japanese scholar Inove Enryo has said that, “surely enough Buddhism our countries fine produced a famous product”4.
A large number of Japanese Buddhist visit India every year and build a pagadoga at Bodhgaya and a world peace “Stupa” at Rajigir”.

Through the passage of time Japan has seen many political social and geographical upheavals. But the Meiji Period is worth mentioning in this contest. The Meiji Period extends form 1867 to 1912. Infact it is known as Meiji Restoration, because it refers to both the events of 1868 that led to the “restoration” of the power to the emperor and the entire period of revolutionary changes coincided with the Meiji emperor’s reign. The new Meiji government discarded the feudal system and launched a series of reform that brought tremendous change in Japanese society.

The Meiji restoration was regarded as the turning point of modernization of Japan. They brought reforms in – administrative, economic, social, legal, educational, and military – with a slogan of Fukokukyohel i.e. enrich country, strengthen military. Direct contact between two countries was established. It was not only a result of Japanese society, economy and psychological make up of her people but also the result of Japanese foreign policy. The new regime too much opposed the helplessness of the earlier Tokugawa regime in the face of western military power and the humiliation. Tokugawas had to suffer due to military weakness and internal divisions and overburdening debts.
Soon after that Japan realize to become a military might for the purpose of socio-economic and intellectual renovation. The restored government therefore adopted a series of vigorous policies aimed at achieving rapid modernization comprising measures whose goal was inspired by such slogan as, “rich country, strong army and increase production promote industry”\(^5\). The Meiji restoration made a considerable effort to make a capable modern state, to face any challenges in the future. At that time India was under the colonial rule of western power and looking toward Japan which was emerging as the world economic, power challenging the west.

Japan’s contribution in India’s struggle for freedom directly or indirectly has been considerable for example. The victory of Japan over Russia in 1905 influenced the nationalist leaders of Asia particularly India who had launched an organized movement for the liberation of their country from British rule.

Japan played an important role of providing shelter and place for refugees. It also cooperated to the Indian revolutionaries who have to escape from their country to avoid arrest by the British government. One of these revolutionaries was Maulavi Barkatulla. He started “Islamic fraternity in Tokyo in 1910”\(^6\).
The other revolutionaries who initiated anti British activities were Rash Bihari Bose and Bhagat Singh in Tokyo and Shanghai as their headquarter. On November 1915 they organized a meeting in Tokyo Hotel at Beno Park with the collaboration of many other revolutionaries including Lala Lajpat Rai & Dr. Syumel etc. He greatly sympathized with India; attended this meeting along with many other friends. The Japanese flag was spread out with the flag of Indian independence and fairly speeches started both by Indian and Japanese. Due to this British Government issued an extradition order against Rash Bihari Bose by developing pressure on Japanese government. However there was lot of Japanese sympathizer who helped the Indian revolutionaries one of them name was Aizo Sama. Later on Aizo Sama become so friendly that he married his daughter with Rash Bihari for the political purpose. He helped in withdrawing extradition warrant against Bihari. Rash Bihari Bose acquired Japanese citizenship and become one of the great supporter of Indo-Japanese relations. He did not hesitate to criticize some of the Indian leaders who did not favour Japanese alliance during World War II.

With the emerging of First World War in Europe gave an opportunity to Japan to expand the socio economic and political set up in Asia and occupy a status of major power in the modern world.
The economic prosperity and military power helped him to become a successful leader of Asian countries. Japan has been recognized as the military and industrial giant amongst big five countries in the world after the treaty of Versailles (1919). But unfortunately Japan attacked on Pearl Harbor on 7th December 1941 at USA without prior declaration. Though the attack was a preventive action were several other aims. Later on the contrary USA counter attacked and drop two atom bombs, on August 6 on the Japanese city of Hiroshima and on Naga Saki on 15th August 1945. Pearl Harbor awakened the “Sleeping Giant” Japan surrendered under the leadership of allied power. The II World War came to an end, which gave the birth of United Nations.

Due to lot of destruction in war Japan faced the financial crisis and economic and political instability. She was laid the heavy burden to pay war compensation to neighbouring countries devastated by war. Japanese government started to develop relations with South Asian countries with a new slogan for the resumption. In this aspect the first proposal had been materialized was the development import of iron ore from Goa mines. Indo-Japan trading company ‘Kishimoto’ was the first company to import iron ore from Goa in 1949 which was working since 1935.

In short under this development import pact ‘mining development machinery worth 1.5 million was to undergo export to Goa based on
funding by the EXIM bank. In return Goa was to export iron ore mined over the next three years at 500,000 tons per annum or a total of 1.5 million tons to Japan.

During this era private trade resumed and many overseas business opportunities were opened, but neither India nor Japan was able to promote their interest due to lack of funds. And the another important thing was that the Second World War came to an end and the whole world was divided into two blocks known as east and west or communist or capitalist represented by Soviet Union and USA.

Due to this division the western imperial power has become weak and led the emergence of new and independent nations in the Asian continent. These newly independent nations of Asia also got involved in the Cold War structure and got divided in two blocks known as communist and capitalist.

Japan, which was already under American occupation. It regained her independence in 1952 and became one of the important partners of allies (USA). Japan had signed a security pact with the United State. Under this treaty Japan has closely associate with the leaders of the western block and openly followed the US political line both in United Nation and out side it.
On the other hand India followed the policies of non-alignment, having no involvement with either of two blocks and heartily supported the cause of colonial countries of Asia and Africa for their freedom. Non alignment was only one of the most important aspect of India’s foreign policies.

It can be pointed out that in 1950s the Japan admired the policy of non alignment of India and its leadership of the Asian African countries. The Japanese role was recognized by India in the development of the rest of the Asia initiated by Japan for resurgence of the economy of the Asian countries. In 1952 India signed a separate peace treaty with Japan, the 11 article on Indo-Japanese peace treaty sign with a declaration that “there shall be firm and perpetual peace and unity between India and Japan and their peoples”.

India’s role was considerable when she supported Japan’s application for admission to the UN. India also played an important role to collaborate the Japanese representatives with the Chinese Prime Minister Chau-En Lai at the Bandung Conference in 1955.

In contrast to the Indo-Japanese relation in world affairs, it may said that India was outward looking and playing a significant role in the United Nations and world affair whereas Japan was inwards looking concentrating all its energy in expanding its economy and commerce.
In 1950s Japan’s relations with the rest of Asia were concerned mainly with its own economic interests. In 1960s Japan’s role had become highly visible in Asia as well as elsewhere in the world.

It may be noted down that Japan still having its existence in the eyes of South East Asian Nation and tried to participate in world problems accordingly. The government of Japan concentrated on the following issues:

1. Normal diplomatic relation with Soviet Union.
2. Gaining admission for the UNO and other world bodies.
3. Winning good-will and trust of those nations which had been occupied by Japanese armed forces during 1942-45.
4. Attaining parity with Europe in culture, common Trade and Science and Technology⁹.

In spite of it Japanese conservative leaders were taken critical approach about the policies of non-alignment followed by India but Japanese people highly appreciated her role. India played an important role in world affair and popularity rate and was considered equivalent with the United State and the countries of the Western Europe. For example in January 1956 Miky Tokeo having the top position in the ruling party but have no connection with the government. He said that people of Japan by and large appreciated the India’s role, playing in
international affairs and thought that India’s policy of non-alignment was a wise policy. He said, ‘speaking for myself I would follow exactly the same policy followed by Mr. Nehru”\textsuperscript{10}. India’s diplomatic role in the United Nations was appreciated by Japanese diplomats; they remarked that Japan could learn from the example of India”\textsuperscript{11}. In 1958 Foreign Minister Fuji Yama Aiiehiro said in a press interview that it was his countries desire to adopt the same policy as India was followed on ‘fundamental world issues”\textsuperscript{12}.

Pandit Jawahal Lal Nehru visited Japan from 2 to 4 October 1957 and was warmly welcomed by Japanese peoples. He considered the voice of humanity for peace in the world\textsuperscript{13}. Nehru discussed a lot of issue with the Japanese leaders and official to promote economic development of Asia. He believed that in Asia, policies centering around, India, China and Japan in first instance was a desirable goal. Summing up the result achieved by the visit, national daily The Hindu wrote, ‘It appears to foreshadow an era of real cooperation between two Asian countries which had followed divergent paths in the past political cooperation was likely to follow in wake of economic collaboration and it will be a Red Letter Day for Asia, where the three leading nations of Asia, i.e. Japan, China and India established friendly relations and helps in raising the living standard of the less developed countries of South East Asia\textsuperscript{14}.'
Nehru summed up his visit by saying, "whatever outward results might be obtained from this visit, I think inner result bring our two peoples together were for more important and for greater". The foundation of friendship, goodwill and mutual respect have been laid down in a Treaty of Peace. India and Japan moved towards concluding other pacts in order to improve their relationship. On 26th November, 1955 an agreement on civil aviation was signed in New Delhi, facilitate the establishment of Direct Air Services between the two countries. In July 1965 Air India and Japan Air lines worked out a pool arrangement to cover revenues earned through traffic between India and Japan flown by them, and increase the frequency of their flights 2 per week. A revision of the original agreement of 1955, affected under another accord signed on 28 September 1973 resulted in the substitution of a new schedule under which Japan airlines dropped Calcutta and switched over to the Bombay, New Delhi route and addition of Osaka to the air India route to Japan.

As we study the Indo-Japanese relations which based on socio, religious and culture of two countries too. No country can be comprises as close these countries. But after 1950s onward Japan's followed the prowess or pro American Policy in International Affairs. In spite of all these facts Japan cooperated a lot for Asian countries in maintaining their economic and political affairs.
The Indian Prime Minister Indira Gandhi visited Japan in 1969 and Rajiv Gandhi in 1985 in response of Japanese prime minister’s visit\textsuperscript{17}. There was more formality than purpose in these visits and the “vision of common destiny” which inspired leaders on the 1950s had receded into the background. The Japanese Prime Minister expressed sympathy for India over the difficulties thrust upon it by Chinese military action in 1962 war between India and China. It was only a moral support by Japan. Prime Minister Ikeda said about the war, we were to decide ourselves what role to play the India’s, border dispute …. We are walking to extend aid so long as it was not military. Concretely we were willing to responded to India’s request for purchase of trucks long as they were not in military category\textsuperscript{18}. Since India’s border conflict came at the time when China and Japan signed a pact to maintain wide economic relations to a new stage.

The Yamiuri a conservative news paper, wrote in an editorial on 19\textsuperscript{th} October 1962, “The border dispute between India and the communist China might never had blown up if the China had not build a road from Sinkiang to Tibet through the Ladakh district in 1957”\textsuperscript{19}. The Mainichi daily newspaper said in its editorial of 5\textsuperscript{th} November, “This gives the impression that the Peking regime intended to force New Delhi to accept
its condition under pressure of military might. And it is natural that India
refuge to resume talks under such circumstances²⁰.

The border dispute was not a struggle between socialism and
imperialism. India moved towards the socialist society through a socialist
country and pursued an independent foreign policy outside the military
block.

Japan being the close business partner of China was interested in
the vast China market whereas India was shocked with the Chinese
invasion. On account of growing power Indian and other opinion makers
wanted the contentment of China and collaboration of India and Japan for
the economic prosperity and development. A well known Indian
Journalist Durgadas said the same, “Tokyo as a peg at one end and Delhi
on the other with Canberra in between”²¹ Paul Hasluck, the Australia’s
Foreign Minister, had said that Japan, India and Australia constitute a
counter wailing power to restrain china. Huber Humpheri a liberal
democratic leader in the United State Senate and a candidate for office of
the President in the 1960s also favoured that India, Japan, Australia, New
Zealand and Indonesia should constitute free Asian solidarity against
China. But India following the policy of Non-alignment was not in favour
to keep alliances with either Japan or any other Asian nations. India
wants a rapid economic development which can be the best answer to
China. And the China thought that India and Japan want the containment of the country. Radio Beijing criticized Indian Deputy Prime Minister Morarji Desai’s visit to Japan in August 1967. In a broadcast on 25th August the radio described India and Japan as “the two running dogs of American Imperialism in Asia engaged in anti china collaboration”. All these were the newspaper reactions, which were published in 1957 and 1962. It drew India closer to Japan and kept farther communist China.

Although the idea of Indo-Japanese collaboration to counter China was a hopeless step as far as a ground condition of communist China was concerned. In June 1961 Indian Prime Minister Indira Gandhi also went to Japan keeping her speculation about such collaborations.

During the conflict between India-China, Japan was anxious to take an autonomous and independent step. But during the conflict between India and Pakistan in 1965 Japan was eager to take step with its western allies. A general tilt towards its ally was an unstated assumption behind that policy. Japan being economic power maintains the parity between India and Pakistan like a yen credit given to India must be matched with similar yen credit given to Pakistan, a fertilizer factory set up in India must be matched with a steel mill in Pakistan. Following these policies also means avoiding adroitly the controversial Kashmir problem, much to the annoyance of the parties’ concern.
The party game was played by Japan due to Rann of Kutch in an incident which was held in January 1965. Pakistan being close to US wants a settlement with the help of US or in other words wants aid from USA. Japan did not take any independent step to help India being the close ally of USA. On 30th June Kutch problem came to an end but opened a new front of conflict on the side of Punjab and Jammu and Kashmir. At last with the help of UN Security Council resolution a large number of hostility broke out on 1st September. In January 1966 mediation was held between India and Pakistan at Tashkent.

The Tashkent pact was not an end of the conflict between the two countries. Due to this conflict West Germany, Canada, United States announced suspension of all development assistance to India till the conflict with Pakistan settled. Japan being the close ally of USA also declared that aid promise for 1965-66 and all project aid to India would remain suspended. India was very much disappointed by the destructive parity idea taken by the Japan without any reasonable problem or reason. Indian disappointment over the action was expressed by Dr. V.K.R.V. Rao when he went to Tokyo to meet members of the committee to study on the economic development of India and Japan. He said (19th Nov. 1966) in Tokyo that it was very difficult to understand why Japan suspended the supply of material even there supply were not of war
material. The U.S. has its own reason as she was ally of Pakistan and promoted its own policy in the South Asian region. You should distinguish yourself from other in the matter of aid policies to the Asian countries and you should take an outstanding role. In the words of Dr. Rao (resumption of Japanese project aid was announced during Prime Minister Indira Gandhi’s visit in June 1969)\(^24\).

A similar step was taken by Japan in III Indo-Pakistan war which resulted in the establishment of Bangladesh with the help of United Nation. The establishment of Bangladesh was due to a popular movement laid by Sheikh Mujibur Rehman to make an independent and sovereign state. Due to war India was facing an intolerable burden of thousands of refugees who took shelter in India. On account of it in November 1971 became aware about the fact of burden faced by India, but there was no result. The ruling liberal party of Japan also expressed sympathy about the problems but was not willing to look at the problem as it was linked with Pak internal affairs. The same dialogue was told by socialist party that it’s internal problem. But India was interested to make eastern part free from Pakistan as small minorities having a trust of an autonomous eastern wing on one hand and reduce refugees burden over India on the other hand. At the last eastern wing succeeded in formulating
independent Bangladesh with the help of neighbors specially India as well as U.N.

Similar attitude was adopted by Japan during the war between Indo-China as followed Indo-Pakistan in 1965 and 1971. Japan suspended aid to both the countries. At this time India wanted close friends who can cooperate economically and in armament. In 1971 India signed a Treaty of Peace and Friendship with Soviet Union. It was bitterly criticized by the Japanese press and leadership. And at the same time the conduction of peaceful nuclear explosion by India in 1974 evoked critical comment from the Japanese leaders as well as press.

In Kampuchea crisis India and Japan also found themselves at different ends due to the ouster of Norodom Sihanauk and the installation of new government under General Lon Nol in March 1970. In this crisis United States and South Vietnam provided support to Lon Nol and North Vietnam, China and the Viet Cong backings Sihanouks government in solving this complicated problem. In this crisis India played an important role, was the view the complete withdrawal of all foreign troops from the conflicting area and demanded a high level conference of big power. On account of it a conference was held in Jakarta in 16-17 May 1970. Japan was invited there, but was hesitate to accept invitation as India was reluctant to go. At the last movement Japan went their, out of their desire
as acquire a status of big enough to solve difficult political problem in its neighborhood.

Jakarta meeting was a success which was attended by eleven nations who agreed to maintain its sovereignty independence, neutrality and territorial integrity of Kampuchea (Cambodia's).

There was no significant change to promote Indo-Japanese relations during the 1970s. The trade and economic relations continued to grow but political and diplomatic relations remained frozen as before. The main reason of it was that India's economic performance remained indifferent and was not able to keep pace with the speed at which Japan was moving ahead. A different picture was seen in 1960s. Japan's economic development was visible in GNP and trade performances. It was very much ahead of India. Its international standard grew proportionally to its economic strength.

Coupled with the U.S. Japan's mutual security pact of 1960s also played an important role as both required help of each other.

In the 1970s more important decision took place. Japan placed itself in a mid position between the United States and China forming an important link between its continental neighbors and its pacific partners. The efforts of Japan and United States became a success in normalizing the relations with People Republic of China (Feb and Sept. 1972) and
conceded that blocking hegemonies (another name for the Soviet Union) in East Asia was a desirable goal. The signing of peace treaty with China in August 1978 brought in to sharper focus the emerging Sino-Japan structure.

China was already having anti Soviet attitude due to border clash in 1969 become closer to United States. She stopped talking about US imperialism and revival of Japan militarism and implicitly approved of Japans alliance with the United States. It legitimizes the arm for self-defence and strengthens its self defence forces. These growing Sino-Japanese relation gave confidence to Japan to extend its diplomatic relations in South East Asia.

At that time India drew towards the Soviet Union as China and Japan drew towards United States. It had a deep impact on Indo-Japanese relations during that era, which is worth mentioning.

But no doubt India and Japan was an ancient civilization of the world. They were emotionally, culturally and religiously close to each other since the Buddha period. Sometimes political and diplomatic relations were not as good as economic and trade relations. The trade and economic relations were the basic tenets to improve the standard and economy of a country. And no doubt Japan was often ready for support to improve the trade and economic structure of India.
As far as economic development was concerned, one significant point should be mention here in 1965. India and Japan agreed to hold annual Indo-Japan function alternatively in New Delhi and Tokyo. It was important step which helped policy makers of these two countries to promote the historical relations and also to exchange views on Asia and world problems. Both the countries have similar opinion in non proliferation of nuclear weapons. In 1978 India with other nations sought to move a resolution in United Nations General Assembly declaring threat and use of nuclear weapons as crime against humanity and wanted to, totally eliminate the nuclear weapons which lead to destruction of humanity.

There was a lot of contradiction regarding the signing of NPT. The big power often pressurizes India to sign non proliferation treaty but India was not reluctant and denied because India wanted total eradication of nuclear weapons. And also stressed the point all should be considered equal in International arena. The countries those who have developed nuclear technology and nuclear weapons defended themselves by saying it is for peaceful purpose. On the contrary same argument followed by India that she is also developing nuclear weapons for peaceful purpose and responsible to maintain peace and stability as a big power in Asia. Japan having closer link with the USA often pressurized India to sign on
NPT. The impact of it was not only political and diplomatic but was also related to trade and economic relations. Japan was unwilling to invest in Asia, particularly to India due to low level of Indian industrial infrastructure. This can be understood easily by import/export table, given below:

Table I

Percentage of Japan in India’s total import and exports

<table>
<thead>
<tr>
<th>Years</th>
<th>Import</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959-60</td>
<td>5.3</td>
<td>7.2</td>
</tr>
<tr>
<td>1960-61</td>
<td>5.2</td>
<td>7.9</td>
</tr>
<tr>
<td>1961-62</td>
<td>5.7</td>
<td>6.2</td>
</tr>
<tr>
<td>1962-63</td>
<td>5.1</td>
<td>4.7</td>
</tr>
<tr>
<td>1963-64</td>
<td>5.5</td>
<td>7.1</td>
</tr>
<tr>
<td>1964-65</td>
<td>5.6</td>
<td>7.6</td>
</tr>
<tr>
<td>1965-66</td>
<td>6.2</td>
<td>6.9</td>
</tr>
<tr>
<td>1966-67</td>
<td>5.6</td>
<td>6.5</td>
</tr>
<tr>
<td>1967-68</td>
<td>5.1</td>
<td>11.0</td>
</tr>
<tr>
<td>1968-69</td>
<td>6.6</td>
<td>11.5</td>
</tr>
<tr>
<td>1969-70</td>
<td>4.3</td>
<td>12.2</td>
</tr>
<tr>
<td>1970-71</td>
<td>4.6</td>
<td>13.9</td>
</tr>
<tr>
<td>1971-72</td>
<td>8.4</td>
<td>11.6</td>
</tr>
<tr>
<td>1972-73</td>
<td>9.2</td>
<td>11.1</td>
</tr>
<tr>
<td>1973-74</td>
<td>10.0</td>
<td>14.1</td>
</tr>
</tbody>
</table>


As for as the figures are concerned there was fluctuation in import and export as far as the demand was concerned. During 1959-60 the import was of 5.3 percent which become more or less double in 1973-74 about 10.0 percent similarly export in 1959-60, was of 7.2 which also
become double as table shown. So we can say with the demand of the
time export and import also increase and decrease.

In the 1980 there was a considerable increase in trade between
India and Japan. But balance remained in favour of Japan due to rapid
growth of economy. While Japan’s share in India’s external trade was
around 10 to 12 percent. India’s share in external trade of Japan was
below one percent. We can say in other words in 1980s India remained an
importer of Japanese goods. The main imports from Japan to India were
industrial goods, heavy chemical industrial products, metal goods and
machinery. But India exported only raw material to Japan.28

During this period Japan was inclined to establish her relations
with the countries which were rich in mineral resources. Japan’s policy of
distributing aids to those countries concentrated its aid policy to promote
trade relation with the region was seriously criticized.
### Table-2

The total trade of the world, India and Japan the bilateral trade between India and Japan and their growth rate

<table>
<thead>
<tr>
<th>Year</th>
<th>World trade</th>
<th>Indian total trade</th>
<th>Japan total trade</th>
<th>Bilateral trade between India &amp; Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Million</td>
<td>% of growth</td>
<td>Million</td>
<td>% growth</td>
</tr>
<tr>
<td>1974-75</td>
<td>1630700</td>
<td></td>
<td>10562</td>
<td>113574</td>
</tr>
<tr>
<td>1975-76</td>
<td>1849100</td>
<td>+13.5</td>
<td>10122</td>
<td>-4.2</td>
</tr>
<tr>
<td>1976-77</td>
<td>2117100</td>
<td>+14.5</td>
<td>12689</td>
<td>+25.5</td>
</tr>
<tr>
<td>1977-78</td>
<td>2450500</td>
<td>+15.8</td>
<td>14447</td>
<td>+13.8</td>
</tr>
<tr>
<td>1978-79</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Source:** compiled and computed from various issues from 1975 to 1980 of Direction Of Trade Statistics (DOTS) IMF year book.
In mid 1980s efforts were stopped to maintain closer relation with Japan. The leader of India and Japan exchanged visits and explored the possibilities of closer economic ties but much progress could not be seen due to lack of interest shown by Japanese industrialists who wanted to invest in India. In fact the instability in India after the election of 1989 influenced the Japanese to remain away from Indian market. But with the emergence of technology, highly sophisticated system of communication made the world a global village. In this global village the congress government in 1991 adopted a policy of economic liberalization. It provided a new opportunity to business tycoons to invest in India. A lot of Indian delegates visited Japan to attract Japanese investment, business and industry.\textsuperscript{29}

In 1980-81 India’s share came down to 2.2 percent and her share hardly moved up to 2.6 percent in 1989-90. This slight improvement occurred due to increase blow during the second half of the 1980s. India did figured among the ten major recipients of Japanese Bilateral Official Developmental Assistance between 1986 and 1989 until it went of the list in 1990 (Government of Japan 1990, 44). Since 1986 Japan has become India’s largest bilateral aid donor. Of the total net disbursements of ODA to India from all source, Japan provided only 0.2 percent in 1981 and not
more than 1.2 percent in 1985. This follows a spurt in 1986 and further escalated to 14.37 percent in 1989\textsuperscript{30}.

Expectedly, much of this flow was in the form of ODA loan of the total net disbursement of ODA loan to India in 1986. Japan's share was more than 15 percent which rose 28 percent in 1989 of the DAC total, of ODA loan to India. Japan thus accounted for more than half in 1989.

In the total flow of grant to India's share of Japan was however not more than 3 to 4 percent during the half of 1980 than earlier was less. In other words we can say in list of priority orderity, India's position declined during the period of 1970s and the first half of the 1980s. But since mid 1980 a considerable talk took place from the Indian points of view. Japan has emerged as the largest source of bilateral ODA in the form of yen credit\textsuperscript{31}.

In 1958 India was the recipient of Japan's, first yen credit. Since that time India regularly enjoyed the yen credit. After the 20 years Japanese grant aid was committed for the first time in 1978-79. Since that time aid has regularly flowed.

In the appendix table BI researcher tries to present Japanese bilateral ODA covering the period of 1958 to 1990 subdivided according to India's five year plans\textsuperscript{32}. 

26
Table BI

Growth of Japanese ODA commitment to India, 1958-96

<table>
<thead>
<tr>
<th>Plan</th>
<th>Year covered</th>
<th>No. of year</th>
<th>Total at the end of the period (million)</th>
<th>Percent increase over previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Plan</td>
<td>1958-61</td>
<td>3</td>
<td>166087</td>
<td>-</td>
</tr>
<tr>
<td>Third Plan</td>
<td>1961-66</td>
<td>5</td>
<td>9410986</td>
<td>+467</td>
</tr>
<tr>
<td>three annual plan</td>
<td>1966-74</td>
<td>8</td>
<td>18744885</td>
<td>+99</td>
</tr>
<tr>
<td>fourth plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fifth plan</td>
<td>1975-80</td>
<td>5</td>
<td>18456797</td>
<td>-1.5</td>
</tr>
<tr>
<td>Sixth plan</td>
<td>1980-85</td>
<td>5</td>
<td>18001800</td>
<td>-2.5</td>
</tr>
<tr>
<td>Seventh plan</td>
<td>1985-90</td>
<td>5</td>
<td>41813800</td>
<td>+132</td>
</tr>
</tbody>
</table>

Source: See reference No. 30, P-296
## Table B2

Utilization of Japanese aid by India 1958-90 (1958 to 31$^{st}$ March 1990)

<table>
<thead>
<tr>
<th>Category of aid</th>
<th>Commitments</th>
<th>Order Placed</th>
<th>Disbursed</th>
<th>Balance</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt relief (loan)</td>
<td>1</td>
<td>96.69</td>
<td>96.09</td>
<td>96.09</td>
<td>0.00</td>
</tr>
<tr>
<td>Commodity loan</td>
<td>2</td>
<td>290.78</td>
<td>290.78</td>
<td>290.78</td>
<td>0.00</td>
</tr>
<tr>
<td>Project Loan</td>
<td>3</td>
<td>595.04</td>
<td>359.10</td>
<td>328.20</td>
<td>266.84</td>
</tr>
<tr>
<td>Grants</td>
<td>4</td>
<td>44.83</td>
<td>38.96</td>
<td>41.10</td>
<td>3.23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1026.74 (100.64)</strong></td>
<td><strong>784.84</strong></td>
<td><strong>756.17 (73.65)</strong></td>
<td><strong>270.57 (26.35)</strong></td>
<td><strong>270.57 (26.35)</strong></td>
</tr>
</tbody>
</table>

**Source:** Fill data Department of Economic Affairs, Ministry of Finance, Government of India.

**Note:** This is about 45 percent of project loan commitment.

As we have seen in table 1$^{st}$ since the beginning of India’s relation with Japan ODA was growing upwards but from 1960 to 1970 she lost her position. But from the mid 1980 she was considered amongst top ten priority list. We have studied through the table that the debt relief loan and commodity loan virtually ceased to flow from 1978-79 onwards were fully utilized. On the other hand about 45% commitment loans and project loans remained unutilized. It is due to India has rather been poorly prepared to absorb project aid commitment which escalated during 1985-90$^{33}$.

In 1984 Prime Minister Yasurio Nakasone visited India after 24 year of gap. It was a Prime Minister level visit. Nakasone was too much passionate to promote a good relation with India. He felt that Japan is an
economic giant playing an important role on the world stage, and developing good relations with India as India is second largest democracy of the world and leader of Non-Aligned countries. In a memorable address to our parliament he declared, I have came to build a new cooperative relationship befitting the coming centuries, between the two most powerful democracies in Asia, Japan and India. I have come to forge Japan India relations which will promote development of our two countries. They will also contribute the peace and prosperity of Asia and the world\(^{34}\).

In 1985 Indian Prime Minister Rajiv Gandhi visited Japan. It was a successful visit as far as Japanese aid to India was concerned. There was a fixed aid from the long time about 30 billion yen per annum has become doubled in 1986. She had continued to increase around 120 billion yen ($14 billion) a year. In 1990 Prime Minister Toshiki Kaifu visited India. It was his first Prime Ministerial visit to an Asian country and suggested Indian parliament as the venue for making a policy speech on Japan and South Asia. Former Prime Minister of Japan Noboru Tokeshita, has attended Rajiv Gandhi’s cremation in 1991. Earlier in 1988 Rajiv Gandhi visited Tokyo to inaugurate the festival of India in Japan. Tokeshito as Prime Minister realize that we should develop a friendly and cooperative relationship with India as one of the pillar of our foreign policy\(^{35}\).
The Indian Prime Minister Rajiv Gandhi visited Japan thrice from 1985 to 1988. India expressed sorrow on the demise of emperor Showa and also wished emperor Akhitos for the enthronement ceremony by Indian President R. Venkat Raman. India also awarded a degree of Padma Bhushan to two Japanese dignitaries for the first time.

Culture played an important role in promoting the India Japanese relations like mounted a memorable Japan month in India in 1987. On account of it India celebrated a six month long festival of India throughout Japan in 1988. Around 30 cultural programmes were celebrated covering 31 cities of Japan and attract around 1.1 million people. There programmes was seen on TV Radio etc. Thus cultural played exchange an important role in promoting tourism as well as cemented unity between the people of India and Japan.

India welcomed the rising change initiated by Japanese business community which was a favorable step to integrate India’s into the world economy. This radical change played an important role to liberate India’s economy, foreign investment policy, export, import policy and industrialization strategy. Globalization not only influenced the countries of the west but also a strategic shift took place in India’s economic policy too.
The official visit of Rajiv Gandhi to Tokyo in April 1988 resulted into a dramatic and revolutionary development in Indo-Japan relations which opened a new chapter between the two countries in the twenty first century.
REFERENCES


2. Ibid – p. 97.


34. Raja Ram Panda and Kajuo Ando: India and Japan (Indian Intellectual perspective), by the Japan foundation, New Delhi office, p.23.

35. Ibid, p.23.