

**A**  
**GLOBAL/COUNTRY STUDY REPORT**  
**ON**  
**THAILAND**

**SUBMITTED TO**  
**GLS INSTITUTE OF COMPUTER TECHNOLOGY- MBA**  
**IN PARTIAL FULFILMENT OF THE AWARD FOR THE DEGREE OF**  
**MASTERS OF BUSINESS ADMINISTRATION**  
**IN**  
**GUJARAT TECHNOLOGICAL UNIVERSITY**

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**MBA SEM 4 BATCH 2011-13**  
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# PREFACE

At post-graduation level mere theoretical knowledge would not serve the purpose, we would also require the practical exposure to it.

Global country report – Thailand is our efforts in understanding to correlate theoretical aspects with the practical studies.

In this project we have studied the different industries of the country. It includes many industries like automobiles, textiles, pharmaceuticals, tourism, telecom, food, agricultural, gems and jewellery and banking industry.

We also studied various companies and products offered by companies and tried to find the opportunities lying in Thailand for Indians.

This project has helped us know various insights in order to understand the growth and development aspect of the country under study. We have also made efforts to highlight the changes and gave suggestion which can help our country to develop and growth in the better manner.

# ACKNOWLEDGEMENT

We hereby like to acknowledge all those people who contributed towards our successful accomplishment of our project report. We would like to thank our Dean Dr. Hitesh Ruparel for his valuable support. We would like to thank Dr. Jasmin Padiya, Prof. Kalgi Shah, Prof. Hetal Pandya, Prof. Darshna Khakhkhar and Prof. Puja Shah who guided us throughout the completion of our project.

They actively participated in sharing their views over umpteen numbers in the process of completion of project and ultimately, kept their faith in the students for the better accomplishment of the project.

They shared their valuable time and knowledge beyond the textbook to make us know the happiness at the level in the global scenario.

At last, we take pleasure of completing the project within the deadline given to us, and the credit of which will be shared with all the friends, who directly or indirectly helped us in final accomplishments.

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## ABOUT THAILAND

- ❖ The kingdom of Thailand lies in the spirit of Southeast Asia, making it a usual doorway to Indochina, Myanmar and Southern China. The Thais often match up to their land to the shape of an elephant's head, seen facing west. Thailand is roughly equidistant from China and India. Centuries of immigration from southern China and trade contacts with India brought wonderful influences from each of these Asian centres. Thailand embraces a rich assortment of cultures and traditions.
- ❖ With its proud history, tropical climate and renowned hospitality, the Kingdom is a never-ending source of interest and bliss for global visitors. Geography: Located in the centre of Indochina, Thailand borders Myanmar to the North and West, Laos to the Northeast, Cambodia to the East, and Malaysia to the south. Its south-western coast stretches along the Andaman Sea, and its Southern and South-eastern coastlines border the Gulf of Thailand.
- ❖ Its form and topography divide into four natural regions : the mountains and forests of the North; the vast rice fields of the Central Plains; the semi-arid farm lands of the Northeast plateau; and the tropical islands and long coastline of the peninsula South. At 514,000 km<sup>2</sup> Thailand is the world's 50th largest nation in land collection, at the same time as it is the world's 20th largest country in terms of inhabitants. It is analogous in population to nations such as France and United Kingdom, and is similar in land size to France and California in the US; it is just over double the size of the whole United Kingdom, and 1.4 times the size of Germany.
- ❖ Capital: The capital and main city of Thailand is Bangkok. It is also the country's Centre of political, commercial, industrial and cultural activities. Bangkok is known in Thai as "Krung ThepMahanakom," or, more colloquially, "Krung Thep." It is too the chair of Thailand's revered Royal Family, with His Majesty the King recognised as Head of State, Head of the Armed Forces, Upholder of the Buddhist religion and Upholder of all religions.
- ❖ Government: Thailand is a parliamentary democratic system and a legitimate monarchy by means of His Majesty King BhumibolAdulyadej, or King Rama IX, the ninth king of the Chakri Dynasty, the present king.
- ❖ Administration: The country comprises 76 provinces (changwat) that are further divided into districts (amphoe), sub-districts (tambon) and villages (moobaan).

- ❖ Thailand is an incredible destination with palaces, temples, markets, shopping, spas, friendly people, fine dining and some of the best hotels in the world. The word 'Thai' means freedom, so literally Thailand is the land of freedom and Thailand proudly proclaims that, unlike its neighbors, it has never been colonised.
- ❖ This has allowed the kingdom to retain its unique culture, traditions and language. The 'wai', a traditional prayer-like greeting that can convey varying levels of respect depending on how it is performed, can be seen all across this beautiful country. With a long, rich heritage and abundant natural resources, from its mist-covered mountains in the north rising up to the Myanmar border, to the verdant limestone islands of the Andaman Sea, the tranquil villages moored along the Mekong River and the ever present pulsing energy of Bangkok, Thailand is without a doubt one of the most exotic destinations in Asia.

# **POLITICAL**

## **THAILAND LAW FORUM**

- ❖ Thailand is a constitutional monarchy, in which form of government the people of the King of Thailand serves as a "head of state", under the terms of the Constitution of Thailand.
- ❖ The King has the power to approve or reject the bills passed by the Parliament, the records do not take effect as law without the consent of the king, unless subsequently re-registered by the legislature.
- ❖ Prime Minister (minister or deputy minister) are the body known as the Council of Ministers. The Council of Ministers, sometimes called "Cabinet" is in daily control of the government and all its activities. Except the Parliament and the courts

## **BALANCE OF POWERS**

- ❖ Each of the three branches of government has a degree of control over the actions of other branches of government.
- ❖ The executive branch conducts most government activities, and establishes government policy. It also proposes most legislation considered legislative power, and proposes the annual state budget.
- ❖ The legislative branch may approve, modify or reject the proposed bill, and it provides a detailed overview of the budget submitted to it, and can make changes to the budget within the limits of the Constitution.

## **POLITICAL PARTY**

- ❖ A look at the eight major candidates of political parties competing in the 26th Thailand Parliamentary elections.
- ❖ Forty-two parties are in the 3rd July general elections in Thailand disagree with the ruling Democratic Party and Puea Thai Party conflict fighting for first place and others vie for investments in what is expected to be a coalition government.

1. Democrat Party
2. Pheu Thai ('for Thais') Party
3. Bhumjai Thai ('pride of Thailand') Party
4. Chart Thai Pattana ('Thai nation development') Party
5. Chart PattanaPueaPandin ('nation development for the homeland') Party
6. Matabhum ('motherland') Party
7. RakSanti ('peace lovers') Party
8. RakPrathet Thai ('love Thailand') Party

### **POLITICAL RE-DEVELOPMENT, CORRUPTION AND GOVERNANCE IN THAILAND**

- ❖ Corruption is a serious obstacle in the political, economic and social development of developing countries.
- ❖ Corruption is an act. Very detrimental to the national development, economic, social, cultural and political aspects In economic matters, including corruption, taxation, customs, sales contracts and procurement, privatization of public enterprises
- ❖ In social and cultural suspect corrupt Thai culture informed patron and client relationship is, from the time the Thai feudal system developed and embedded in the politics and the business relationship.

### **DE-POLITICAL DEVELOPMENT, CORRUPTION AND THAILAND GOVERNANCE**

- ❖ Thai we can the political development of the feudal times of political reforms by the 1997 Constitution and understand political de-evolution from the days of the 1997 Constitution. The constitution of 2007 and to date
- ❖ We can see that his government or the executive branch itself is actually the main problem of the corruption. For more corrupt countries such as Thailand, conspired both top-level bureaucrats and politicians are corrupt, but of course the introduction of the rule comes from the side of the political power.



## **THAILAND ENVIRONMENT LAW**

- ❖ Thailand experienced a political revolution in 1973, when the Thai students won liberal political movement against dictator Prime Minister, democracy in the country has improved significantly.
- ❖ First, it approved the bridge national environmental quality standards and monitoring methods, which means that no other specific law was previously government power to set such standards has been set.

## **THAILAND GOVERNMENT STABILITY**

- ❖ The relative stability of the Thai political system in 1980 could prove to be a political upheaval in modern Thai history.
- ❖ The future of parliamentary democracy was not sure, but think how many Thai and yet that a democratic government is the most effective way, in times of incompetent national leadership that extended civil and political unrest, or external threat to independence.
- ❖ Unlike many of his predecessors, Prime Minister in March 1980 was not to attack the traditional way to power, but the consensus of the most important politicians.

## **POLITICAL STABILITY TO PROMOTE FOREIGN INVESTMENT NECESSARY FOR NEW THAI GOVERNMENT**

- ❖ A new Thai government needs to bring political stability and bureaucratic reforms when the economy to regain the confidence of foreign investors, says the head of the Joint Foreign Chambers of Commerce in Thailand.
- ❖ For Nándor von de Luehe, Chairman Joint Foreign Chambers of Commerce in Thailand (JFCCT), political stability has become one of the country's top problems
- ❖ The political environment, the economy, but in recent years it was the opposite, as the policy has hindered trade and industry. "
- ❖ Based on the recent report of the World Bank, Thailand's competitiveness has dropped three positions in this year compared to last

## **ECONOMICAL**

- ❖ The Thai economy achieved 3.1% growth over the first three quarters of 2011. (World Economic Outlook Database2011) The Bank of Thailand has anticipate an economic recovery in 2012 with GDP growth of 4.8%. The Thai economy is affected by various factors i.e tax rates, Fiscal Policy, Exchange Rate, GDP, Financial Market, Globalization etc.

### **TAX RATES**

- ❖ Recently, the Thai Ministry of Finance proposed to end the tax rights under BOI-Board of Investment schemes. This would save \$5 billion per annum. Existing BOI operators can utilize the tax rights until the end of the tax holiday; and then the investors will be motivated to invest in the target zone selected by the Thai government.
- ❖ As an effect of the proposal, the corporate tax rate will be reduced from the standard rate of 30% to 23% in 2012 and 20% in 2013.
- ❖ The government will lose tax income worth \$500 million for every 1% drop in the tax rate.
- ❖ VAT will be augmented from the current single rate of 7% to a higher rate to be concurrent with other countries (10-30%).
- ❖ The Thai government is preparing its fiscal mechanism to support the implementation of entering into the ASEAN Economic Community (AEC) in 2015 in view of tax competition.
- ❖ At present, the key source of income are taxes collected by the Revenue Department from VAT, corporate and personal income tax, stamp duty, petroleum income tax and specific business tax.

### **ECONOMIC GROWTH**

#### **TROUBLED DEBT RESTRUCTURING (TDR)**

- ❖ Tax exemption on corporate income tax, stamp duty, personal income tax, VAT, specific business tax, will be provided to the debtors of the creditors that are state-owned bank, commercial bank, financial institutions for the TDR under the supervision of the Bank of Thailand on the following taxable income:

- ❖ Income arise from debt hair-cut or debt release both partly and fully made by the creditors;Income from asset disposal, provision of service, sale of goods, execution of instrument made by the debtor.

#### RESTRUCTURING OF FINANCIAL INSTITUTIONS

- ❖ To strengthen the financial institutions in Thailand, tax incentive will be provided to both shareholders of financial institutions and the financial institutions itself if the financial institutions restructure its corporate entity under the Financial Institutions Development Plan
- ❖ The restructuring must be done by December 31 2011.
- ❖ The tax exemptions are provided to support the sustainable activities of commercial bank and financial institutions in Thailand country especially as the universal bank concept is the target of the government to promote the local financial institutions to be stronger for the opening of free trade in banking service in the near future.

#### CORPORATE REORGANIZATION

- ❖ The Thai government provided many tax rights to corporate reorganizations by ways of amalgamation, entire business transfer and partial business transfer.

#### REGIONAL OPERATING HEADQUARTER (ROH)

- ❖ ROH is incorporated in Thailand with minimum paid capital of THB10 million to provide supporting services to its offshore associate companies in no less than three countries.
- ❖ In 2010, the Revenue Department released new tax incentives for ROH option 2 while the ROH option 1 is still ongoing.
- ❖ After ROH option 2 come into effect, the amount of ROH companies hit 100 companies. It is interesting to understand the differences of tax incentives between ROH option 1 and 2.

## SOCIAL

- ❖ Population in Thailand augmented to 69.51 Million in December of 2011 from 69.12 Million in December of 2010. In Thailand there are 32,967,826 male out of the total population. And in India there are 617,039,156 male. Median age of Thailand people is 34.2 years and median age of Indian people is 26.2 years. Urban population in Thailand is 34% and in India is 30%.
- ❖ In Thailand sex ratio is 0.98male/female and in India sex ratio is 1.08male/female. Expected life of Thailand population is 73.83 years. Expected life of Indian population is 67.14 years. School life expectancy in Thailand is 12 years. And school life expectancy in India is only 10 years. Literacy rate in Thailand is 92.6% and in India literacy rate is only 61% .There are major two types of ethnic groups, one is Thai and another is Chinese.
- ❖ In Thailand 75% and 14% people follow Thai and Chinese group respectively are ethnic group. Thailand people follow several religions such as Buddhist, Muslim and Christian. Buddhist is followed by 96.6% people.
- ❖ The Gross Domestic Product per capita in Thailand was last reported at 8702.99 US dollars in 2011.Overall looking at the demographic profile of Thailand country; it seems that Thailand people are more literate than Indian people. This is a positive sign. Also the PPP (purchasing power parity) is 40% of the world's average.
- ❖ A person should take appointments in advance because it is essential in Thailand. In Thailand Traditional form of greeting is “wai”. Title “Khun” can be used before name for men and women. Business attire in Thailand is conservative. Thai business cards are always in two languages: English on one side and Thai in the other side.
- ❖ In Thailand people generally work for 8-9 hours a day including 1 hour break in between. Gifts given are inexpensive. Thai people take time in making decision. Indians appreciate punctuality and keeping one's commitments. Suit or just full sleeve shirt and tie are normal business attire. In India, acceptable gifts are flowers, chocolate, perfume and small electronic goods. Like Thais Indians also work for 8-9 hours a day including 1 hour break in between.
- ❖ Thailand Government Budget averaged -0.39% of GDP. India Government Budget averaged -3.74%. Thailand Government Debt to GDP averaged 45.45%. India Government Debt To GDP averaged 74.90%. Thailand Government External Debt averaged 80982.17 USD Million. India Government External Debt averaged

140319.65 USD Million. Thailand Government Spending averaged 79794.88 THB Million. India Government Spending averaged 1207.57 INR Billion.

- ❖ The Thai family is a form of chain of authority with the parents at the top. Children are trained to honor their parents. Etiquette & Customs in Thailand which are different while Meeting or gift giving etiquettes are only use red wrapping paper if giving a gift to a Chinese Thai. For generations, India has had a prevailing tradition of the joint family scheme. Usually, the oldest male member is the head in the joint Indian family system. India is now turning to nuclear families.
- ❖ Buddhist monasteries were virtually the only source of semi-public education and only a very small portion of the population, male received any formal education. The knowledge of English became a necessary tool.
- ❖ The Thai education system comprises four levels, namely: pre-school education, primary education, secondary teaching, and higher education. Particulars of the 4 levels of education can be summarized as follows: Pre-school Education: is provided for 3-5year old children. Primary education: is 6-11year old emphasize literacy, numeracy, communiqué skills, and abilities relevant to future professional roles. Secondary Education: is divided addicted to two levels, each covering a period of three years. Higher education: aims full development of human intellectuality.
- ❖ Thai culture is Buddhist culture. In Thai culture individuals are taught to think for themselves and not be influenced by religious authorities. Thailand is nearly 94%-95% Theravada Buddhist , Muslims (5-6%), Christians (1%), Mahayana Buddhists, and other religions.The traditional Thai customs and the folklore of Thai people were gathered and described by Phya Anuman Rajadhon in the 20th century. One distinctive Thai customs is the Wai it Shows greeting and farewell or acknowledgement.
- ❖ Thai marriages in Buddhists are generally has two parts: which includes the prayers and the offering to monks. Pregnancy and childbirth are largely influenced by folk beliefs in Traditional principles. Traditionally funerals last for at least one week.
- ❖ In Thailand Crying is discouraged. India is the birthplace of Hinduism, Buddhism, Jainism and Sikhism, collectively known as Indian religions. Hindus (80%), Muslims (13%).Caste ladder in India comes the Brahmins, Kshatriyas, Vaisyas ,Sudras.

## TECHNOLOGICAL

- ❖ Telecommunications services in Thailand were previously provided by two state-owned enterprises(SOEs): the Telephone Organization of Thailand (TOT), holding monopoly over domestic telephony, and the Communication Authority of Thailand (CAT), having the monopoly over international gateway services.
- ❖ In 1992, TOT and CAT awarded concessions to private companies undertake network development and provide fixed line. Under such an agreement, private concessionaires invested in infrastructure and transferred legal ownership of the installed network to the state operator upon completion. In return, they were given 25-30 years' exclusive operation of the network. The entry of the private sector into the Thai telecom landscape via BTO concessions conducted in an era of huge expansion in the subscriber base of both the fixed and the cellular networks.
- ❖ The concession era came to an end with the proliferation of the Telecommunications Act in 2001, which ended statutory state monopolies by empowering the National Telecommunications Commission (NTC) to issue new telecom license. (Market Overview)
- ❖ The mobile phone market has three foremost service suppliers, all of which are private concessionaires. They are Advanced Info Service PLC (AIS), Total Access Communication PLC (TAC or DTAC) and True Corporation (True Move). The fourth player that is trying to set up a grip in the market is the state owned Thai Mobile, currently the only operator through a 3G license. Potential competitors with extensive right of way in hand such as the state electricity enterprises were gifted to secure licenses from the NTC.
- ❖ However, they have been caught up in legal problems as it is not clear whether the law allows them to be occupied in services unrelated to its core activity, electricity generation and distribution. (Thailand Mobile Services)
- ❖ **Internet Growth in Thailand** Thailand's internet user population has grown by around 700% from 2000 to 2011 and by 2009, which is more than 9.92% of all households in Thailand would have broadband.
- ❖ 33% of males and 30% of females in Thailand are internet users. A large proportion of teenagers (aged 15-19) use the internet (76% of the age group)

- ❖ In particular, female internet sites are popular as the result of online shopping. The age structure of Thailand's internet users continues to develop towards maturity. Internet users under the age of 25 consist of more than half of the total internet population in Thailand. (Internet Penetration)
- ❖ Smart phones account for 20% of Thailand's mobile internet in 2009. It is expected to take up to 33.2% of the market. With the soon-to-be ready 3G network and the surge of smart phones, it expects a strong growth in handset sales and mobile data communication services of the year.
- ❖ The number of mobile broadband users in Thailand is expected to grow around 1.66 million in 2010, up from 595,000 in 2009. By 2014, that number is expected to reach nearly 30 million.
- ❖ Thailand's non-voice mobile data market is predictable to give THB30 billion in revenues in 2010, which is representing growth rate of 30% in 2009.
- ❖ Mobile data usage grew by 176% in 2009.
- ❖ Mobile internet users in Thailand averaged 305 page views per user in June 2009, which is 238% more than in June 2008.
- ❖ More than 50% of Thais access social network sites via their mobile phones.
- ❖ There has also been a growing trend in Thai people using search engines for research as well as search related activities. As Google is the most popular search engine, SEO strategies should be Google-centric.
- ❖ 85% of Thailand's Internet users stay social media sites at least after a week. Among the younger generations, social networking sites are the favorite mode of staying in touch with their peers. The top aim for using the internet among teenagers aged 14-19 is social networking. Due to the high Internet dispersion in Thailand, there is a significant surge in the number of people who uses social networking services.

## ENVIRONMENTAL

- ❖ People in Thailand has witnessed water polluting from metropolitan runoff, ship transport, untreated mess, septic tank, animal dung, manure diffusion, acid rain and eutrophication. Air pollution is a big problem in Thailand which makes many Thai people sick, harms the environment, and also affects the tourism industry.
- ❖ Although partly caused by industrial activities, air pollution is largely due to drain emissions from motor vehicles, which have increased dramatically in Thailand. Motor vehicle pollution is particularly strict in the Bangkok metropolitan area where traffic officers and motorcycle riders wearing dust masks.
- ❖ Other environmental problems in Thailand include deforestation, destruction of the mangrove forests, and soil erosion resulting from development of various sorts. When factories discharge their toxic and acidic wastes, flowing towards the outskirts of various cities, they congest the pipelines in which they are flowing. This leads to leakage of wastes under the ground and thus they easily contaminate the drinking water flowing towards the heart of city. This drinking water, being highly polluted and poisonous is responsible for death of thousands of people. Due to this only, level of fluorides in drinking water has drastically increased in various cities of India.
- ❖ The increase in pollution has resulted in global warming. Noise Pollution in almost all major cities has been reported to be the cause of metabolic disorders, hearing disorders, thus affecting the nervous system which leads to madness. Cacophonous sounds of vehicular horns, loud speakers and high pitch tape recorders etc. usually cause headache to the urbanites.
- ❖ The major obstacles to sound waste management strategies in Thailand for companies and municipalities are the overlapping jurisdictions between regulators, the irregular enforcement of environmental laws, and the prevalence of low-cost, illegal waste services providers.
- ❖ Biomedical wastes and industrial wastes are not allowed to be mixed with municipal wastes. Routine use of pesticides on garbage has been banned by the Supreme Court on 28.7.1997.
- ❖ High - rises, colonies, institutions should provide their own big bins within their own covered areas, separately for dry and wet wastes.



- ❖ The report recommends that cities should provide free waste collection for all slums and public areas, but charge the full cost of collection on “Polluter-Pays” Principle. For improved work accountability, ‘pin-point’ work assignments and 365-days cleaning are recommended, with fixed beats for individual sweepers, including the cleaning of drains less than 2 ft deep. The report also recommends that waste-management infrastructure should be a strictly-enforced precondition in new development areas and it advocates temporary toilets at all construction sites (located on the eventual sewage-disposal line) and restriction of cattle movement on streets.
- ❖ The southern region of Thailand really has only two seasons -- the wet and the dry. On the western coast monsoon brings rain and often heavy storms from April to October, along the east coast the rain pours between September and December. South of Thailand get most rain with around 2,400 millimeters every year, compared with the central and northern regions of Thailand, both of which get around 1,400 millimeters.
- ❖ India is a tropical country having latitudinal extent from 8° 4' N to 37° 6' N with wide variation in its climate and geographical characteristics. The notable impact of climate change is in the great Rann of Kutch, here population of Lesser Frigatebird as well as Indian Ass is decreasing sharply. Since global warming brings increase in sea level, there is speculation that marshes and mudlands of the Kutch will be submerged.
- ❖ Regarding present regulations related to mining in Thailand, the proponents (or mining companies) that wish to request for permission to mine in Thailand, would need to go through the following procedural requirements under the guideline and advice of the Department of Mineral Resources (DMR).
- ❖ OEPP reviews and makes preliminary comment on EIA report. Then EIA report and preliminary consideration are evaluated by the Expert Review Committee. If there is no objection, further steps to apply for mining license will be proceeded. The performance bond may be bank account or bank guarantee to ensure proper environmental sound manner throughout mining operation. If mining activities cause environmental problems or miners neglect to reclaim abandoned mine land; DMR authorizes to use the liability insurance to clarify and improve the situation

## **LEGAL**

- ❖ Thailand is that the environmental bloodline of South-East Asia. The recognized golden triangle, placed at the nation's northmost purpose, is wherever Thailand's borders meet those of each Laos and Union of Burma. Kingdom of Thailand will be a very hot and soggy place. Its tropical climate is split into 3 seasons: cool in Nov to Gregorian calendar month, hot in March to could, and rainy in June to Gregorian calendar month.
- ❖ The earliest individuals to emerge in Kingdom of Thailand were most probable the Mons, UN agency came into geographical region from Central China 2 millennia ago. The Mons settled on numerous rivers in Asian country and Kingdom of Thailand, building cities and apace developing a civilized society.
- ❖ The next Thai kingdom to arise was Asian nation that had its origins within the military development of the Mongols underneath Emperor. Because the Mongols ironed south through China, the peoples of the north-western mountains and therefore the Tai Long highland fled south and east. In 1220, the Thai lords found their initial capital at Sukhothai, within the river depression.

### **EMPLOYEE AND EMPLOYER'S AGREEMENT**

- ❖ The new use method starts when a proposal has been accepted and a written contract is extremely instructed and should be vigilantly written. All employers need to outline the terms of employment for his or her workers and employers with 10 or a lot of regular workers square measure needed to specify operating rules and laws.

### **ACTS CONCERNING THAILAND'S LABOUR RULES AND LAWS**

- (A) THE LABOUR PROTECTION ACT (1998)
- (B) WORKMEN'S COMPENSATION ACT (1994)
- (C) SOCIAL SECURITY ACT (1990)
- (D) STATE ENTERPRISE LABOR RELATIONS ACT (2000)
- (E) LABOR RELATIONS ACT (1975)

## **ASPECTS ON OPERATING CONDITIONS UNDERNEATH LABOUR LAW IN KINGDOM OF THAILAND**

### **(A) REQUIREMENTS ON WAGES**

1. Minimum Wage
2. Overtime Compensation
3. Place & Time of Payment of Wages and Salaries

### **BANK DEPOSITS**

- ❖ Foreign Currency Account of Thai Residents: Foreign currency accounts with prospect obligation: deposits will be created in quantity no more than future obligations to pay in foreign currencies to entity abroad. The entire outstanding balance shall not transcend USD one million for a natural person and USD one hundred million for a legal person. For quantity over such limits, skilled banks could settle for such a deposit up to the obligations to pay in foreign currencies abroad within twelve months. Such obligations embrace loan compensation to certified banks.
- ❖ TRADE AND SERVICES: Export yield in associate degree quantity equals to USD fifty,000 or higher than shall be repatriated instantly when payment is received and within 360 days from the export date.
- ❖ NGO in Kingdom of Thailand: Historically, NGOs in Kingdom of Thailand were principally family-based foundations. However, domestic NGOs became a lot of and a lot of connected with international NGOs in recent years.
- ❖ This alteration within the domestic NGO sector has been substantially connected to the 2005 moving ridge, that diode to an oversized arrival of funds, significantly from abroad, and strictly tested the capability of the world and its regulators.

### **RULE FOR FOREIGN NGOS**

- ❖ The Rule of the Ministry of Labour and public Welfare on the Entry of Foreign non-public Organisations to work in Kingdom of Thailand.

❖ Reporting needs

1. Minutes of their general meeting;
2. Balance sheet;
3. Statement of revenues and expenditures;
4. Report on operations for the previous annual accounting amount.

## **TOURISM LAW**

- ❖ Tourism may be a major economic consider the dominion of Kingdom of Thailand, conducive associate degree calculable half-dozen.7% to Thailand's gross domestic product in 2007.
- ❖ Tourist numbers have grownup from 336,000 foreign guests and 54000 R&R troopers in 1967 to overfourteen million international guests visiting Kingdom of Thailand in 2007.
- ❖ The typical period of their keep in 2007 was nine.19 days, generating associate degree calculable 547,782 million Thai tical, around eleven billion Euros. Kingdom of Thailand was the eighteenth most visited country within the World business enterpriserankings with fourteen.5 million guests. France, corresponding to Kingdom of Thailand in acreage and population, diode the list with nearly eighty two million foreign guests.

## **CUSTOM**

- ❖ Thailand may be a Buddhist country wherever Buddha pictures square measure control sacred. Blasphemous acts square measure punishable by imprisonment even though committed by foreign guests.
- ❖ Thai individuals hold their King and Queen and therefore the royal house in nice reverence, so will not bear foreigners showing disrespect to them.
- ❖ Generally Thai girls square measure conservative. Therefore do not bit them while not their consent.

## **LEGAL ASPECTS OF INDIAN COUNTRY**

### **INDUSTRIAL ACTS AND LEGISLATIONS**

- ❖ In India there square measure many Acts and legislations enact by the govt. of India for regulation of industries within the country. These enactments play a really important role within the country's overall economic progress. These legislations square measure amended from time to time in accordance with the dynamic scenario and surroundings.

### **COMPANIESACT**

- ❖ In India, the businesses act,1956 is that the most significant piece of legislation that empowers the Central Government to manage the formation, finance, functioning and ending of firms. The Act contains the mechanism concerning structure, monetary, and social control and every one the connected aspects of a corporation.

### **CONTRACT LAW**

- ❖ As per the Act, a "contract" is associate degree agreement that is enforceable by law. The agreements not enforceable by law don't seem to be contracts. Associate degree "agreement" suggests that 'a promise or a group of promises' forming thought for every different. And a promise arises once a proposal is accepted. By implication, associate degree agreement is associate degree accepted proposal. In different words, associate degree agreement consists of associate degree 'offer' and its 'acceptance'.

## **NATURAL RESOURCES IN THAILAND**

### **MINERAL RESOURCES OF THAILAND**

- ❖ A number of mineral deposits have been found in Thailand. Among them tin, tungsten, niobium, tantalum, lead, zinc, gold, iron and stibnite are the most important metallic minerals. Economic mineral deposits of syngenetic type in Thailand are associated to plutonism and volcanism resulting from various tectonic events.
- ❖ Largely these deposits are related to the calc-alkali volcanic rock, mainly andesite. Some of these deposits are replacement and vein deposits. Chromes, nickel and asbestos are the main minerals found related with basic-ultra basic intrusive rocks which consist predominantly of serpentines, pyroxenes or gabbros.
- ❖ Gold has been found in Thailand for many centuries. Numerous placer gold occur alluvium and weathering residuum. Occurrence of gold in primary bedrock has been found in several parts of the country. Thick beds of rock salt have been found in the Sakon Nakhon and Khorat basins in the northeastern Thailand. Gypsum deposits in Nakhon Sawan areas being exploited.

### **NON RENEWABLE ENERGY RESOURCES IN THAILAND**

- ❖ A non-renewable resource is a natural resource which cannot be reproduced, grown, generated, or used on a scale which can sustain its consumption rate, once depleted there is no more available for future needs. Also considered non-renewable are resources that are consumed much quicker than nature can create them.

### **RENEWABLE ENERGY RESOURCES IN THAILAND**

- ❖ Since it is projected that energy demand will keep increasing, efforts have been made to explore and develop other potential energy sources to accommodate the increasing demand. Renewable energy, energy which is inexhaustible, and alternative energy are viewed potential options. Hydropower has been developed for power generation since 1964. The potential of hydropower in Thailand is estimated at 15,155 megawatts (MW). The use of solar energy for power generation, using solar cells or photovoltaic (PV) cells, has been promoted by the government.

## **NATURAL RESOURCES IN INDIA**

### **MINERAL RESOURCES OF INDIA**

- ❖ Gold is a precious metal but in India at present the reserves of gold ore are low. Gold mining in India has a long history and official records have confirmed that old gold mine sites are found. Copper is used in the production of several electrical machineries in India. Moreover, Copper was once extensively used for manufacturing household utensils. India is one of the richest origins of iron ore deposits in the world. Iron ore, which is also known as hematite, occurs in abundance in the country.

### **NON RENEWABLE ENERGY RESOURCES IN INDIA**

- ❖ Non-Renewable Resources of Energy in India refers to the natural resources of energy that cannot be produced, regenerated, re-grown, or reused on a large scale. Coal is mainly used as a source of solid fuel in order to produce electricity. Besides being prime source of industrial energy; it is also a raw material. India has a very large balance of tertiary rocks and alluvial deposits particularly in the extra-peninsular India.

### **RENEWABLE ENERGY RESOURCES**

- ❖ Renewable Resources of Energy in India are natural resources that can be replenished by natural processes at a rate comparable or faster than its rate of use by humans. Solar energy is one of the most important and oldest renewable resources of energy in India. It is the energy derived directly from the Sun. Wind power is outcome from uneven heating of the Earth`s surface from the Sun and the warm centre.

## **NATURAL RESOURCES IN GUJARAT**

### **MINERALS RESOURCES IN GUJARAT**

- ❖ A soft, steel-gray to black, hexagonally crystallized allotrope of carbon. The mica group of sheet silicate (phyllosilicate) minerals includes several closely related materials having close to perfect basal cleavage. The chemical compound silicon dioxide, also known as silica (from the Latin silex), is an oxide of silicon with the chemical formula SiO<sub>2</sub>.

## **NON RENEWABLE ENERGY RESOURCES IN GUJARAT**

- ❖ Gujarat State is rich in the hydrocarbon resources and is the largest on land producer of oil and gas in country.

## **RENEWABLE ENERGY RESOURCES IN GUJARAT**

- ❖ Renewable energy is mostly derived from natural resources and hence considered clean and environmentally friendly. The Sardar Sarovar Dam is a gravity dam on the Narmada River near Navagam, Gujarat, India. It is the largest dam and part of the Narmada Valley Project, a large hydraulic engineering project involving the construction of a series of large irrigation and hydroelectric multi-purpose dams on the Narmada River. With 2,175 Mw, the state holds 15.36 per cent of India's total wind power generation capacity.



## **WORLD TRADE ORGANIZATION (WTO) & TRADE UNION**

- ❖ The **World Trade Organization (WTO)** is an organization that supervises international trade. The organization officially commenced on January first, 1995 under the Marrakech Agreement, replace the General Agreement on Tariffs and Trade (GATT), which commenced in 1948.
- ❖ Its **headquarters** is in Geneva. India is a founder member of the General Agreement on Tariffs & Trade (GATT) since 1947. The main function of WTO is to negotiate the deduction of obstacles to trade and agree on rules governing the carry out of international trade conducting economic research and to gather and disseminate the trade data in support of the WTO's other main activity.
- ❖ Under the commitments to the WTO and the nation's economic liberalization policy in both investment and trade, Thailand has made a good growth development in implementing WTO laws into its relevant policies, measures and domestic legislation. India's participation in WTO is the governance of international trade assures certainty and it lead to more trade and affluence for the country as a whole.

## **FOREIGN DIRECT INVESTMENT IN THAILAND IN RELATION TO WTO**

- ❖ Since the late 1980s, there have been increasing investments in intermediate products, including parts and components of automobiles and electronics in Thailand. Thailand's major manufactured exports have also changed towards more sophisticated products like parts and components for computers, electronic products, and machinery parts.
- ❖ The Foreign Business Act of 1999 effective on March 4, 2000 plays a significant role over foreign direct investment in Thailand. It is also a good example of how far Thailand has gone towards the WTO's objective of trade liberalization. There is no discrimination against foreign investors since the BOI treats all applications the same, regardless of whether they are foreigners or Thai nationals, or joint venture.
- ❖ The Board of investment (BOI) is the main agency to provide incentives to foreign investors. BOI promoted industries with a significant proportion of FDI include electronic and electrical products, chemicals, metals and machinery, and transport equipment.

## TRADE UNION

- ❖ Labour unions, the more commonly used term for trade unions in Thailand, are defined as organizations of the employees and are formed under the Labour Relations Act. Ten or more employees from the same employer or from the same kind of business but different employers come together to form a labour union. The labour unions are treated as a legal entity, have their own rules and their activities are directed towards the achievement of their goals/ objectives. Occupational and general unions are not recognized in Thailand. Also the unions are differentiated based on the classes of the employee. Employees of one class cannot become members of unions that are formed by the employees belonging to another class.
- ❖ In Thailand, the labour unions have the precise structure in which they are classified. The labour unions are classified as Private enterprise labour union and State enterprise labour union. The Private enterprise labour union has mainly three types: Labour unions, Labour federations, Trade union congresses. Thai labour unions are small in size and limited in terms of their activities within the enterprise. The trade union congress is a national level employee or worker's organization in which at least 15 trade unions or labour federations should be registered together. At present, 18 labour federations and 12 trade union congress are registered with the Ministry of Labour.
- ❖ The State enterprise labour union is divided into three types of union: Labour unions in the state enterprise sector, The State Enterprise Worker's Relations Confederation and State Enterprise Workers' Federation of Thailand. In each state only one state enterprise labour union can be formed.
- ❖ The State Enterprise Worker's Relations Confederation (SERC) is a federation of state enterprise unions. At present the SERC is comprised of 40 member unions. The State Enterprise Worker's Relations Confederation is a national body whose members are the state enterprise workers. 10 or more state enterprise unions can form a federation of unions. It currently has 12 union members. (Thailand's Agricultural Sector and Free Trade Agreements, December 2006)
- ❖ In India, trade unions are classified as Industrial unions, General unions, Craft unions and White Collars Union. Industrial union represents only one industry. General Union represents workers from the group of companies. Craft union represents the union of the particular industry or particular line that they work in by skill level. White collar union represents office workers.

## FINANCIAL ASPECTS

### FINANCIAL MARKET

- ❖ Thailand has main four financial markets like The Stock Exchange of Thailand, The Market for Alternative Investment, The Bond Electronic Exchange, and The Thai Futures Exchange. (Thailand Financial Market, 2009)
- ❖ In India various regulations are under Securities and Exchange Board of India, Forward Market Commission and
- ❖ Reserve Bank of India. **Reserve Bank of India (RBI)** governs banks and money markets in India. The trading stage for money markets is Negotiated Dealing System (NDS) whereas it is done by Bank of Thailand (BOT) in Thailand. SEBI governs the equity markets and the depositories and FMC regulates commodities market. Predominant board structure in both the countries is unitary. Legal basis and compliance in India is mandatory whereas in Thailand it is done by disclosure.

### MONETARY POLICY FRAMEWORK

- ❖ The framework can be described in the form of 3 phrases in the economy namely:
  1. Pegged exchange rate regime (Second World War - June 1997)
  2. Monetary targeting regime (July 1997 - May 2000)
  3. Inflation targeting regime (23 May 2000- present)

### FOREIGN TRADE

- ❖ Commodities of trade between India and Thailand: Imported from Thailand are Heavy machineries, Plastic and rubber, Electric machines, Organic chemical, Vehicles, Precious stones, Aluminium, iron and steel articles and Ores and ashes while the commodities of export to Thailand include Metals (Iron, Steel, copper), Precious pearls, stones, jewelry, Vehicles, Arms and ammunition, heavy machineries, Electric equipment, Animal Food (waste of food industries), Sugar and Fish and other sea products.

### FOREIGN INVESTMENT

- ❖ Many aspects of Thailand's economy have slowed considerably since the economic development. Importance of projects approved by the BOI in 1997 it was U.S. \$ 9.2

billion and in 1998 it was \$6.2 billion and in the next year it was 4.2 billion. Japan, USA, Singapore, UK, Netherlands are the foreign investors of Thailand. (Foreign direct investment)

- ❖ There is many similarities in the foreign investment policy of India and Thailand. Leading foreign investors in Thailand include Japan, the USA, Singapore, the UK and the Netherlands. In India UK, Australia, USA, Japan, France and other European countries are foreign investors.

### **CREDIT RATING AGENCY**

- ❖ Thai Rating and Information Services Company Ltd (TRIS) and Fitch Rating Agency are serving as major credit rating agencies in Thailand. Fitch rating agency is international agency which has covered majorly Asian countries in its operations.
- ❖ While the major credit rating agencies of India are Credit Rating Information Services of India Ltd (CRISIL), Investment Credit Rating Agency of India Ltd (ICRA) and Credit Analysis and Research Ltd (CARE)

### **VENTURE CAPITAL**

- ❖ There are many similarity between India and Thailand regarding the venture capital financing the total amount of private equity and venture capital in India reached US\$7.5 billion across 299 deals, while in Thailand VC firms in Thailand invest amounts of capital ranging from Baht 5-20 million to US\$10-50 million per investment.

### **FINANCIAL INSTITUTIONS**

- ❖ Banking financial institution includes following components: Bank of Thailand, Commercial banks, and International Banking Facilities (IBF) and Specialized banks.

# SWOT

## INTRODUCTION

- ❖ Thailand is the one of the most visited place with markets, palaces, shopping, temples, spas, friendly people dining and few of the best hotels in the world. Thailand has one of the long rich heritage and abundant natural resources, from its mist-covered mountains in the north rising up to the Myanmar border, to the verdant limestone islands of the Andaman Sea, the tranquil villages moored along the Mekong River and the ever present pulsing energy of Bangkok, so it is without any doubt one of the best destination in Asia. The meaning of the Thailand is derived from its word “Thai” means freedom so that Thailand is a land of freedom.

## STRENGTH

- ❖ South East Asia only Thailand is the country in which colonial rule is there. Its Buddhist religion and military have helped to shape its economy and politics. Unique is the word that best captures Thailand, a dynamic city rich in contrast and color where you will find a harmonious blend of culture, cuisine, arts and architecture.
- ❖ Thailand, located in the heart of South East Asia continues to embrace tradition and modernity today. Major areas of strengths of Thai economy are Tourism, Geographical Advantage, Quality of life, Economy, Logistic etc.

## WEAKNESS

- ❖ Due to increase in food prices for the period of June 2010 to January 2011, at that time food price index reach its record high, average of 230.7 points due to dealing in worldwide with food crisis. In above situation shows that due to use of some crops in production of alternative fuels to counter the increase of fuel prices.
- ❖ Thailand satisfied the world’s top exporter of some product like as rubber, rice, canned pineapple, tapioca etc. in that Thailand’s overall trade balance in deficit with major trading partners like as China and Japan. Thailand is still lack behind on some fundamental market requirement due to considerable investment in product development.

## **OPPORTUNITIES**

- ❖ Recently many companies establish their plant in Thailand such as Toyota, Tata Motors, Mitsubishi etc due to strong competitive position of country. Thailand is the large food production country because lower labour cost, it also produce fruit beverages at large. With the alliance of New Zealand companies Thailand can sell more food products and increase market share of the food products.
- ❖ Development project of world class marine tourism creates higher demand for yacht it also attract the foreign investor to establish their yachts in Thailand. Due to life style changes Thailand construction companies increasing green construction concept its possible because of alliance with New Zealand construction companies.

## **THREAT**

- ❖ For Thailand main threats were associated with its security. Vietnamese forces in Cambodia were viewed as the primary external threat; cause for same is partly by ill-defined boundaries between Thailand and Laos and between Thailand and Burma. For the most part, government has skill of managing international relations to resist external pressures.
- ❖ There had been a history of bitter disagreement along this border resulting from ethnic prejudices, poor demarcation of the boundary, and profitable cross-border smuggling, but the Vietnamese invasion of Cambodia seriously aggravated the situation. Vietnamese armed force concentrated on trying to eliminate the Khmer resistance forces and to close resistance infiltration routes. They also conducted artillery attacks and made limited sudden invasion, occupying small portions of Thai territory, notably in the border area where Thailand, Laos, and Cambodia meet.
- ❖ During the mid-1980s, the government continued to consolidate its political and military gains against authority while turning its attention to the external threat. The government directed major efforts toward securing its borders, improving access to remote mountain regions, and strengthening domestic perceptions of the Vietnamese threat. In the late 1980s, sizable Vietnamese forces with the limited support of units from the Khmer People's Revolutionary Armed Forces continued to be deployed along the border.

# **INDUSTRY OVERVIEW**

## **INFORMATION TECHNOLOGY**

### **GENERAL INFORMATION ABOUT INFORMATION & TECHNOLOGY SECTOR OF THAILAND**

- ❖ Thailand and information technology (IT) policy for 2001-2010 (IT 2010) puts an emphasis on the role of ICTs in social and economic development through the emphasis on improving the quality of life and society through the development of a knowledge society.
  - ❖ Second IT Master Plan (2009-2013) is the national coordination point plan for the continuity of the policy of Thailand's Information and Technology (IT) Policy for 2001-2010 (IT 2010) and the first IT Master Plan (2002-2006) reflects. At the same time, it makes provisions for new policies and more emphasis in certain areas in order to respond to changes in the economy, society and technology that represent both opportunities and challenges for Thailand.
1. Development in Thailand and the role of information and communication technology
  2. The situation of the Information and Technology Development in Thailand
  3. IT Development Strategies
  4. Management, monitoring and evaluation of the IT Master Plan

### **THAILAND DEVELOPMENT DIRECTION AND THE ROLE OF INFORMATION AND TECHNOLOGY**

- ❖ The structure of the Thai economy and society has seen changes in different areas in the past 10 years (1998-2008). The economy has been steadily grows with the service sector in more important. The service sector is the sector with the highest contribution to GDP and the highest value. The values and actions of the Thais now increasingly reflect materialism and consumerism. At the same time, the quality of education is not sufficient for a knowledge-based society and economy.
- ❖ The use of technology is an important opportunity and threat of Thai society is considered. The increasing use of technology can be a good opportunity to access it faster to Thai citizens more information and knowledge, and it is to improve their lives are considered. The other hand, can also be a threat if the use of the technique is not suitable.



## **POLICY DIRECTIONS FOR ECONOMIC AND SOCIAL DEVELOPMENT IN THAILAND**

- ❖ To these social and economic changes of national policies and plans have been developed, such as the drive mechanisms in Thailand to a stable new socio-economic era. The X. National Economic and Social Committee Development Plan (2007-2011) is the primary plan directed social and economic development in Thailand.

## **THE DEVELOPMENT OF HUMAN RESOURCES**

- ❖ Each plan and policy emphasizes the importance of human resource development, particularly the Higher Education Master Plan, the importance of human resource development has been highlighted to react IT technological changes in many aspects.

## **TARGETED ECONOMIC AND INDUSTRIAL DEVELOPMENT (INCLUDING SERVICES):**

- ❖ The ICT industry, the high potential, namely, circuit boards, hard drives, radio and television;
- ❖ New industries, namely bio-fuels, bio-materials and dietary supplements. There are also in the service sector, which should be focused on, such as tourism, education, health and wellness, ICT, Thai film and logistics.
- ❖ Other high-potential industries, namely automotive, petrochemical, rubber and fashion

## **Social and community development:**

- ❖ The 2007 Constitution calls for greater public participation in social and community development by becoming directly involved in local development and management. The Tenth National Economic and Social Development Plan and the Public Administration Plan have clear policies regarding society and quality of life, in terms of education, life-long learning, workers' quality of life, and health.

## **BETTER GOVERNANCE**

- ❖ The Tenth National Economic and Social Development Plan places a priority on improving governance in administering the country by emphasizing transparency in both the public and private sector. It also calls for civil society to participate more in

decision-making and public administration, in order to create balance in allocating benefits from development.

### **THE STATUS OF IT DEVELOPMENT IN THAILAND**

- ❖ In the global context, the development of IT in Thailand can be considered average. However, when compared with six other countries in Asia, such as Japan, Korea, Taiwan, India, Singapore and Malaysia, it was found that Thailand was ranked below all, except India, with neighbouring countries such as Singapore and Malaysia having higher rankings than Thailand in all indices.

### **THE STATUS OF THE IT STAFF DEVELOPMENT**

- ❖ In terms of IT human resources, there has been a steady expansion in addition to expanding the use of IT. Thailand currently has a growing skilled labor in both the public and private sectors. Graduates in related fields at the tertiary and vocational level are also increasing.

### **IT DIFFUSION AND USAGE**

- ❖ The national survey conducted by the National Statistical Office, it was found that ownership and usage of ICT of the Thai people is still at a low level. Only 15.5 percent of population can access and use the internet. The majority of Thais still access and use ICT in the form of television and radio.

### **STATUS OF THE IT MARKET AND INDUSTRY**

- ❖ The IT market in Thailand has been growing continuously due to widespread and increased acceptance of technology by various users in the country, including the public sector, private sector, and the general public. There is an awakening to the greater use of technology, in accordance with global technological changes and progress, along with better functionality, greater diversity, and dropping equipment prices. This is particularly true for the private sector, which gives more importance to using IT for business administration.

## **INFORMATION & TECHNOLOGY RESEARCH AND DEVELOPMENT**

- ❖ Presently, Thailand undertakes relatively little research and development when compared with other countries around the world. The competitiveness rankings of 61 countries in 2006 by the Institute for Management Development (IMD) found that in terms of expenditure on research and development as a fraction of GDP, Thailand ranked 58, while it ranked 55 in terms of the expenditure on ICT by businesses as a fraction of GDP.
- ❖ Thailand research and development expenditure is also low. In 2003, the research and development expenditure as a fraction of GDP was only 0.24 percent, which shows that inventions and innovation are still limited in Thailand. It was therefore found that Thailand spent a great deal in foreign exchange to import technologies.

## **THAILAND IN THE FIRST DECADE OF THE 21ST CENTURY**

- ❖ Overall, except for innovation in society through the application of knowledge, many companies have recognized the long-term value creation of basic knowledge, including basic research and development, applied research and development in comparison. Given the limited national budgets, each company to find best practices that provide the greatest benefit, and then continually assess the results
- ❖ Thailand, in this first decade of the 21st Century, a variety of public policies, the IT development over the government's policy, announced to Parliament, is based. Procedures in public administration, in many respects determined by the need to reach for ministries, departments and divisions to their goals particularly urgent missions include the solution of economic, social and political problems.
  - "Internet Tambon" to infrastructure to communities in all regions,
  - "One Tambon One Product" where to improve IT and e-commerce efficiency in the management of global information "e-commerce cooperatives"
  - "Internet for Education", which is a government program offers Thais with an opportunity to access information as part of the development of human resources,
  - "promotion of IT in the manufacturing sector", especially in agriculture,
  - "Promotion of IT in order to improve the capacity of SMEs",
  - "promote IT applications" in public sector reform,

## **GOALS OF INFORMATION & TECHNOLOGY**

1. The goal for the next 10 years under the IT Policy is focused on capacity building for the use of technology for national development. UNDP technology performance index as criteria.
  - ❖ Leaders are powerful primarily developed countries with the technological innovation of their own and to have reached technological creation, distribution, and sound technological capabilities.
  - ❖ Dynamic adopters, these countries are actively adopting new technologies. Despite modern technology, older technology is distributed slowly and incompletely.
2. The second objective of the IT 2010 is developing a knowledge worker. Statistics of the International Labor Organization (ILO) criteria, the knowledge workers classified by occupation than men to use the knowledge or expertise together as a primary function of their work shows that neither knowledge workers 30% of the total workforce in most developed countries, while standing 10-20% of the total workforce in Latin America, Asia and most developing countries.

## **SWOT ANALYSIS SUMMARY OF IT DEVELOPMENT IN THAILAND**

- ❖ The analysis of the conditions related to the strengths, weaknesses, opportunities, and threats (SWOT) of ICT development in Thailand examines the environment, internal variables in terms of the strengths and weaknesses, and external variables in terms of opportunities and threats to the ICT development in Thailand. The study draws on stakeholders or those who are directly involved in ICT in the country.

## **STRENGTHS**

- ❖ The government has policies and programs to promote the ICT industry and expand ICT into rural areas. This will help build up confidence for foreign countries.
- ❖ Administrators in both the public and private sectors appreciate the importance of ICT more, thus increasing the use of ICT in the country.
- ❖ Thailand has the potential to produce software and digital content (such as animation) and entertainment companies can get contract jobs from abroad.

## **THREATS**

- ❖ The important competitor countries (Singapore, Malaysia, Vietnam, India, Philippines) have more rapid ICT development than Thailand in many respects.
- ❖ Income inequality, along with an age gap. This makes access to ICT more difficult structurally.
- ❖ Thais have low awareness of intellectual property and they do not see the value of their fellow Thais' intellectual property.

## **OPPORTUNITIES**

- ❖ The policy to develop the country as a knowledge based society will increase the need for e-learning content.
- ❖ The internet opens up business opportunities. Technological progress enables services to become more convenient and speedy, thus facilitating ecommerce.
- ❖ Opening up of free trade (FTA, WTO) will enlarge the market size, which will not be limited only to Thailand.

## **WEAKNESS**

- ❖ Basic infrastructure of ICT for education and for business development in the rural areas is still insufficient for quality development.
- ❖ The government departments lack integration and data exchange between departments.
- ❖ There is still a shortage of highly-qualified personnel such as engineers, designers, programmers, and other specialized workers as labor is limited and hard to produce.

## **INFORMATION AND TECHNOLOGY DEVELOPMENT STRATEGIES**

- 1.** The master plan aims to develop a knowledge-based society that. Consistent with the development objectives set in the National Economic and Social Development Plan Committee, the main national development framework
- 2.** The master plan includes goals and commitments Thailand has been involved in the international arena, particularly the development of information infrastructure in the explanation of the principle of the World Summit on the Information Society and APEC declaration declares Bangkok
- 3.** The master plan is to ensure continuity within the policy framework of the IT 2010 and the first ICT Master Plan continues through the development and application of ICT for e-commerce and e-industry

## **VISION, MISSION, OBJECTIVES, AND GOALS OF INFORMATION & TECHNOLOGY OF THAILAND**

### **VISION**

- ❖ Driving toward “Smart Thailand” through Information & Technology
- ❖ “*Smart Thailand*” refers to a society that develops and uses ICT in a smart manner and adheres to the principles of the sufficiency economy philosophy. People at all levels of society should be smart and information literate. This leads to benefits for themselves and society as a whole.

### **MISSION**

- ❖ Develop a labor force of adequate quality and quantity, including ICT professionals and personnel in other fields, at all levels that are knowledgeable, skilled in the efficient use of technology and information literate, in order to develop Thailand into a knowledge- and innovation-based society and economy that are sustainable and stable.
- ❖ Develop good ICT governance, with proper mechanisms, regulations, management structure, and monitoring system in place.

## **OBJECTIVES**

- ❖ To support economic sector restructuring for value creation of goods and services on the basis of knowledge and innovation by using ICT.
- ❖ To build the capacity of ICT businesses and industries by emphasizing on increased domestic value-added, research, and development and the use of local wisdom, Thai culture, and Thai identity, in order to develop Thailand into a knowledge- and innovation-based society

## **GOALS**

- ❖ Raise the ICT readiness ranking of the country to be at the top quartile group in the Networked Readiness Rankings by 2013
- ❖ Enhance the role and importance of the ICT industry in the national economy, by increasing its share of GDP to at least 15 percent by 2013.
- ❖ At least 50 percent of the population will have the knowledge and capacity to access, create, and use information in an information-literate 2 way in order to benefit education, work, and everyday life.

## **THAILAND DEVELOPMENT DIRECTION AND THE ROLE OF INFORMATION AND COMMUNICATION TECHNOLOGY**

- ❖ The Tenth National Economic and Social Committee Development Plan (2007-2011) is the primary plan directed social and economic development in Thailand. The underlying philosophies that have been applied to the plan, the Sufficiency Economy principle and the human-centered approach to development The vision of the plan is to create a "Green and Happiness Society, where Thais have both morality and knowledge, and are creating global developments
- ❖ Strengthening communities and society as a stable base for the country, so that the communities are threatened peaceful and free from poverty.

## **GENERAL INFORMATION ABOUT INDIAN INFORMATION & TECHNOLOGY SECTOR**

- ❖ Information Technology-Enabled Services (IT-ITES) industry has lead her role as the most consistent driver of growth for the economy. Service, software exports and BPO remains the mainstay of the industry. In the last five years, the IT & ITES industry has grown at a remarkable pace.

- ❖ Consider some of the key indicators of these remarkable achievements. The IT / ITES exports have grown to a staggering U.S. \$ 46300000000 in 2008-09, the IT sector currently employs 2.2 million professionals directly and another 8 million people indirectly 500 accounted for over 5% of GDP.
- ❖ The Indian IT-BPO sector including the domestic and exports segments continue to grow in strength, high levels of activity testify both onshore and offshore.
- ❖ India accounts for about 28 percent of the IT and BPO talent among 28 low-cost countries. It has a rapidly growing urban infrastructure support multiple IT centres in the country. Offshore service centres in the country are due to operational excellence with low shipping costs, quality leadership and an enabling environment spawning.
- ❖ Industry body National Association of Software and Services Companies (Nasscom) forecasts that the ITeS industry in about U.S. \$ 225 billion to bring by 2020, with 80 percent of the growth would come from the currently unused sectors and regions.

## **MARKET SIZE**

- ❖ The Indian IT & ITES industry has lead her role as the most consistent driver of growth for the economy. Service, software exports and business process outsourcing (BPO) remain the mainstay of the industry. In the last five years, the IT & ITES industry has grown at a remarkable pace. A majority of the Fortune 500 and Global 2000 corporations are sourcing IT / ITES from India and it is the first destination for the global sourcing of IT & ITES accounting for 55 percent of the global market in offshore IT services and anchoring 35 percent of the ITES / BPO market.
- ❖ India's IT and BPO sector, exports are expected to grow by 12-14 percent in FY14 touching U.S. \$ 84 billion - U.S. \$ 87 billion euros, according to Nasscom.

## **INVESTMENTS**

- ❖ Indian IT core competencies and strengths have it placed on the international screen, attracts investments from major countries.
- ❖ Between April 2000 and December 2012, the computer software and hardware sector attracted cumulative foreign direct investment (FDI) of Rs 52,377.08 billion (U.S. \$ 9.63 billion), according to the Department of Industrial Policy and Promotion (DIPP).



## **GOVERNMENT INITIATIVES FOR IT SECTOR**

- ❖ Software distribution, business and management consulting, market research services, technical testing and analysis services FDI up to 100 percent under the automatic route is allowed in data processing, software development and IT consulting.
- ❖ As part of the National Electronics Policy, the Indian government is planning to up 15 new laboratories, under Public-Private Partnership (PPP) model for hardware and software testing. The laboratories, for which the locations are yet to be decided, facilitate registration and testing of IT products before they are launched in the market.

## **DEVELOPMENT OF IT IN INDIA**

- ❖ The industry was started during early 70 s by Bombay-based conglomerates which entered the business by supplying programmers to global IT firms located overseas. During that time Indian economy was state-controlled and the state remained hostile to the software industry throughout the 1970s. Import tariffs were high (135% on hardware and 100% on software) and software was not considered as an "industry"
- ❖ In India, the software boom started in the late 1990s. Most of the Indian software companies at that time offered only limited software services such as banking and engineering software.

## **NOTABLE FEATURES OF INDIAN IT INDUSTRY:**

- ❖ Domination of software and BPO operations.
- ❖ Upward movement in the value chain
- ❖ Mainly Export driven:
- ❖ Slowly developing domestic market:
- ❖ Attracting Foreign Investment:
- ❖ Reasons for the Growth of IT industry:

## **CHALLENGES FACED BY INDIAN IT INDUSTRY**

- ❖ Still this growth is not free from some inherent problems and criticisms. **Sustainability of this growth itself is questioned by the researchers for several reasons.**
- ❖ “Too much export orientation besides the composition and direction is a cause of concern. Extreme exportorientation which inherently succumbed to international pressures is highly volatile.
- ❖ “Declining technical efficiency is explored by Reddy and Bhat (2007). There lies huge gap between actual and potential performance. On n average the Indian software industry is utilizing less than 50% of their potentiality.
  - IT not considered being the reliable employer
  - Doubts the contribution due to high opportunity cost

## **CORE PROCESSES IN IT HARDWARE**

- ❖ The IT Hardware Industry involves a wide range of activities which differ considerably across the different sectors. The activities in the manufacturing function are similar across different sectors, but the scope of sales and after-sales support, quality and development functions differ across various sub-segments.

## **IT RELATED HARDWARE**

- ❖ The IT hardware sector basically comprises of activities such as need assessment and definition, development, pre-production processes, production, sales and service support.

## **PEST ANALYSIS OF INFORMATION & TECHNOLOGY SECTOR IN INDIA**

### **1. POLITICAL FACTORS:**

- ❖ This is political factors that influence a company that may be state rules and regulations for this particular environment. For the Indian IT industry political structure is stable, but there are fears hung parliament because of a lack of a clear majority in Parliament to create fear of false investments in the minds of investors making capital.

## **2. ECONOMIC APPEAL:**

- ❖ There are a lot of economic attraction for the IT sector because of the low cost advantage and other factors. India, with its low cost advantage and emergence of several private players, represents the fastest growing market.
- ❖ It is because of this growth have made many popular brands that have not yet produced there rigid offices in the country to have it quickly to a destination in India. For example, Sun Microsystems, a global IT major, announced in Bangalore the current workforce of the company Sun India Engineering Centre (IEC) from the present 1000 to 2000 to double in the next two years.

## **3. SOCIAL FACTORS**

- ❖ These are social factors, the IT industry, the right of the employee participation, language barriers, race, nationality or other business subjects ranges. English spoken language in India has largely help in promoting the industry relationship and interaction in India and on the global stage

## **4. ENVIRONMENTAL FACTORS**

- ❖ Environmental conservation and protection is an issue which has gained prominence because of deteriorating environmental balance which is threatening the sustainability of life and nature. Largely, business is also held responsible for such situations as emissions from industries polluting the air, excessive chemical affluent drained out in water making it poisonous and unfit for use, usage of bio non-degradable resources affecting the bio-chain adversely and exposure of employees to hazardous radiations bring their life in danger.

## **SWOT ANALYSIS OF INFORMATION & TECHNOLOGY**

### **STRENGTHS**

- ❖ Recognition of our current status and a willingness and openness of county leadership, employees and the IS department to “move ahead” in technology
- ❖ A mixed staff with experience and understanding of business and technology from both private and public sector organizations
- ❖ Strong work ethic
- ❖ New team members with new ideas and a fresh set of eyes

## **WEAKNESSES**

- ❖ Governance of information technology including standard operating procedures and policies internally and externally to the department
- ❖ Knowledge and skill set both internally and externally to the department
- ❖ Inadequate cross-training and operating under tradition or “tribal knowledge”
- ❖ Operating in silo’s internally and externally to the department
- ❖ Customer service levels and satisfaction need improvement

## **OPPORTUNITIES**

- ❖ Training funds for Information Services
- ❖ Moving from silos to partnerships with several departments
- ❖ Funding to build core services and infrastructure as well as datacenter functionality to drive down TCO and increase reliability

## **THREATS**

- ❖ Limited knowledge and skills needed to implement new technologies and improve on current infrastructure
- ❖ Departmental versus county perspective when utilizing and deploying technology
- ❖ Several applications providing the same functionality duplicated through the county

## **NATIONAL POLICY ON INFORMATION TECHNOLOGY, 2011 (NPIT2011)**

- ❖ Information Technology is a key driver of an increasingly knowledge-based global economy. A knowledge economy is now a sine qua non for the lead. Given the current global position in the IT industry, India is well positioned to enhance and leverage their IT skills for this purpose. The technology has transformative power.
- ❖ India seeks a knowledge-based economy with a global role. The Indian economy has achieved a growth rate of around 8% in the last decade, and the contribution of the IT industry to this growth is substantial. The Indian IT industry. A USD 88 billion industry (2010-11) with 80% of the income from exports The Indian IT & IT sector employs more than 2.5 million qualified employees.
- ❖ India today stands on the threshold of development. The Indian workforce is young - 50% of the population under 25. The younger generation is also fast to implement new technologies. This factor is one of our core competitive strengths. Relying on this

advantage, the increased use of ICT (information and communication technologies) usher in sustained growth of the Indian economy to help.

## **VISION, MISSION & OBJECTIVE OF INDIA IT SECTOR**

### **VISION**

- ❖ To strengthen and enhance India's position as the Global IT hub and to use IT as an engine for rapid, inclusive and sustainable growth in the national economy.

### **MISSION**

- ❖ India to use its position as the global consolidation of the IT & ITES IT hub and a major contribution to GDP and employment
- ❖ To be the leading resource base for IT and ITES workforce for domestic and global markets
- ❖ To ensure a secure cyberspace to facilitate confidence and enable sustainable growth of ICT
- ❖ After transforming India into a knowledge and service economy

### **OBJECTIVES**

- ❖ To gain significant global market shares in cloud-based technologies and services, and mobile-based value-added services.
- ❖ To promote the acceptance of ICT in key economic and strategic sectors to improve their competitiveness and productivity
- ❖ To tax advantages for SMEs and startups in the key industrial sectors provide for the adoption of IT in value creation
- ❖ In order to create a pool of 10 million additional skilled manpower in ICT

### **STRATEGIES**

- ❖ To evolve new region/ market specific strategies with the ministries and industry bodies concerned in order to enter/expand new markets
- ❖ To integrate Indian IT products, services and expertise in Indian foreign aid programs
- ❖ To provide fiscal benefits to SMEs and Startups in the key industrial sectors for adoption of IT in value creation

## **EXPORT PROMOTION SCHEMES OF INFORMATION TECHNOLOGY**

- ❖ After the economic reforms 1991-92, trade liberalization, elimination of tariffs on the import of information technology products, relaxation of controls on both inward and outward investment and foreign exchange and the tax measures that individual by the Government of India and the State governments adopted specifically for IT and ITES can thrive been key factors in the industry in India
  - Software Technology Parks (STP)
  - Special Economic Zones (SEZ).

## HEALTHCARE INDUSTRY

### INTRODUCTION

- ❖ Thailand has well located itself to turn into the medical hub of Asia, with four hundred or more hospitals giving the most sophisticated treatments by a globally qualified medical workforce. The country boasts the biggest hospital in Southeast Asia and the first to receive ISO 9001 certification, and the first hospital in Asia to be approved the impressive Joint Commission International Accreditation (JCIA).
- ❖ In 2005, the figure of foreign patients coming to Thailand topped ten lacs and reached 14 lacs in 2006. The country has put a objective of 20 lac medical tourists by the year 2010. With lacs of public without health indemnity in some nations, medical tourism continues to be a development industry for Thailand.
- ❖ Thailand is one of the most popular Asian countries for relocation. The country has a rich cultural and historical background. However, there are some concerns that expatriates should be aware of, and one of these is the issue of healthcare.

### LOCAL GOVERNMENT POLICIES AND MAJOR MEASURES TO PROMOTE

- ❖ The Thai government began strategic plans since 2004 to promote Thailand as a prime medical tourism destination. Since then, the country has enjoyed a large number of visitors in this category.
- ❖ The Department of Export Promotion and the Department of Health Service Support reported a rapid growth of 16.48% during 2001-2009 for health services delivery to foreigners:

Year	No. of Foreign Patients	Estimate Income (Million Baht)
2007	1,373,807	106,640
2008	1,380,000	107,419
2009	1,390,000	108,197

Source: The Royal Thai Embassy, Washington

- ❖ Thailand is now widely acclaimed among the international community as the medical hub in Asia, with significant advantages including the availability of modern equipment and specialties, easy entrance, competitive prices, and great hospitality from service operators and personnel.
- ❖ The fact that Thailand is a superb tourist destination with serene beaches and mountains, intriguing arts and culture, food, entertainment, and shopping, make Thailand a great medical tourism destination.

## **HEALTH PROFILE**

- ❖ In 1970, infant mortality rate in Thailand was 68 per 1,000 live births, but today it is estimated at 13 per 1,000 live births. According to a 2008 study published in a medical journal called Lancet, Thailand enjoyed the highest annual rate of reduction in child mortality among 30 low and middle-income countries from 1990 to 2006.
- ❖ In 2002 when Thailand was still a lower-middle income country with a GDP/capita of \$1,900, the country achieved UHC through the three health insurance schemes created during 1970s:
  - the Civil Servant Medical Benefit Scheme (CSMBS),
  - Social Security Scheme (SSS)
  - Universal Coverage (UC) Scheme (formerly referred to as the "Bt30" Scheme.)
- ❖ The number of impoverished households dropped from 3.4% in 1996 to 0.8-1.3% between 2006 and 2009, thus contributing to poverty reduction, improved long-term livelihood security and building greater financial stability to vulnerable households. In addition, it helps Thailand to attain the principle of the right to health for all.

## **THE MOST THREE POPULAR SERVICES IN MEDICAL TOURISM CONSISTS OF**

- a.** Cosmetic and Plastic Surgery such as
  - i. Breast Augmentation (Augmentation Mammoplasty)
  - ii. Breast Lift (Mastopexy)
  - iii. Nose Surgery (Rhinoplasty)
  - iv. Liposuction (Lipoplasty)



**b.** Dentistry such as

- i. Dental Bonding
- ii. Dental Bridges
- iii. Dental Crowns
- iv. Dental Filling
- v. Dental Implants
- vi. Teeth Whitening

**c.** Generalists ranging from

- i. Blood Vessel System
- ii. Bones
- iii. Joint and Tendons
- iv. Breast
- v. Cardiology
- vi. Diagnostics
- vii. General Surgery

## **SWOT**

### **STRENGTHS**

- ❖ Thai hospitals are among the first in Asia to be approved by JCIA. Superior quality, coupled with medical advancement and globally accepted conveniences, makes great impressions of excellence in health care and care-giving services.
- ❖ Thailand gets advantage in medical expenses. The universities with faculty of medicine play a key role in serving as a specialized medical center with international reputation and have medical research projects which gain acceptance in the international medical circles.
- ❖ Thailand has world-famous medical institutions which provide the medical fraternity with top-quality health professionals such as KhonKaen University, Prince of Songkla University, Chulalongkorn University, Thammasat University, Mahidol University, and Chiang Mai University.
- ❖ Thai health and herbal products are produced with high quality standards.
- ❖ Thailand offers the most comprehensive range of medical services and facilities that serve even the most demanding needs of foreign patients.

### **WEAKNESSES**

- ❖ Lack of Physicians is the weakness of Thailand to grow further in this industry. This problem makes private hospitals compete with not only the government ones but also with other private ones by compete for the specialists in each field.
- ❖ Thailand is identified as lack of transparency, low corporate governance levels, an inadequate banking sector, insufficient minority shareholder rights, inadequate business legislation and political interference.
- ❖ The traffic in Bangkok is main obstacle in medical emergencies and unwanted delays are unavoidable. As the capability to deal with emergency procedures is very important, the developments of emergency medicines normally rely on fast access to suitable hospitals.
- ❖ The demand condition is a barrier for further development in health care service as the customers are not very demanding in general.

## **OPPORTUNITIES**

- ❖ The long waiting lists in the developed countries to get treatment under the national health care service. For those patients who have to put up with an uncomfortable waiting period, they are willing to travel to get access to immediate treatment in Thailand.
- ❖ The affordable international air fares and favorable exchange rates make it cheaper to get medical treatment in Thailand.

## **THREATS**

- ❖ Political Instability
- ❖ Development Status

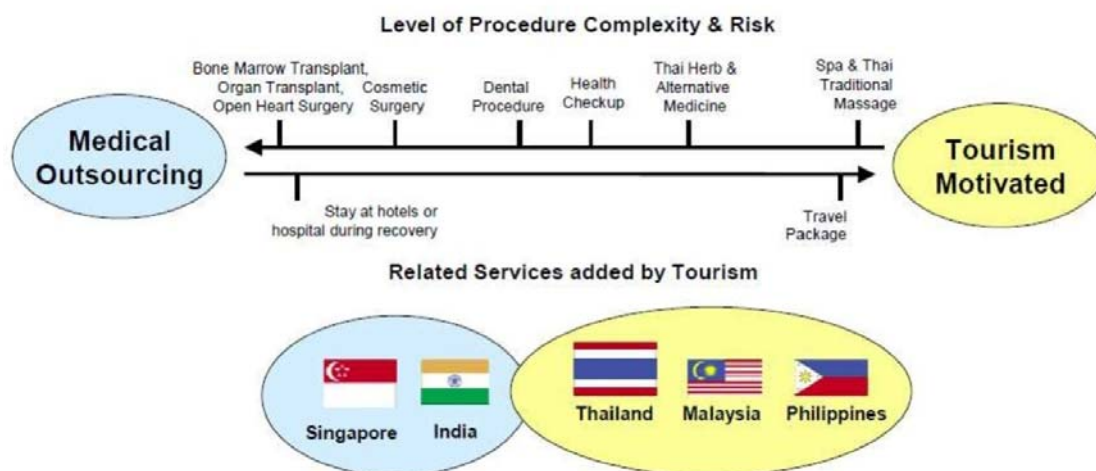
## **MEDICAL TOURISM**

- ❖ Medical tourism is a newly emerging cluster, which lies in the intersection between the tourism and medical cluster.
- ❖ Thailand has emerged as a leading medical tourism destination. The increase in the number of international patients shows that Thailand has great potential for medical tourism and the improvement of its marketing strategies.
- ❖ The tourism part of this cluster can be seen in the left and center part of the map, including the international and local transportation, tour agents and operators, hotels, restaurants and other tourism activities, attractions and entertainment.
- ❖ The medical part of this cluster spreads from the right to center part with health care providers including leading private hospitals, cosmetic and LASIK surgery, dentistry, and alternative medicine, including the famous Thai massage and herbal treatment.

## **SUPPORTING PLAYERS:**

- ❖ Medical research affiliations and certifications
- ❖ Educational Institutions
- ❖ Government Agencies

## COMPETITIVE ANALYSIS



- ❖ The MOPH is responsible and authorized for the strengthening of the public health and hygiene, preventing and controlling diseases and recovering the energy-level of the population.
- ❖ The followings are the target of MOPH's policies:
  1. To increase the capability of the medicines, public health and biology of health.
  2. To improve the organization structure, culture and the operation procedure.
  3. To develop and provide mechanism in facilitating the involvement of all concerned parties in monitoring the public health system as a whole.

## HEALTH & DEVELOPMENT

- ❖ Public health bodies: In addition to the Ministry of Public Health, other important public health bodies in Thailand include the Thai Health Promotion Foundation (“Thai Health”), Health System Research Institute (HSRI), National Health Security Office (NHSO), National Health Commission Office (NHCO), and the Emergency Medical Institute of Thailand (EMIT). Epidemiological transition: Thailand is witnessing both demographic and epidemiologic transitions.
- ❖ The total fertility rate (TFR) has dropped from 2.4 in 1990 to 1.6 in 2006 with an estimated population growth rate of 0.7% for the period 2004-2015. HIV/AIDS,

tuberculosis, malaria and emerging pathogens remain important and compounded with emerging drug resistance particularly among mobile/border populations.

## **PUBLIC HEALTH ISSUES**

- ❖ Although infectious diseases, most notably HIV/AIDS and tuberculosis, remain serious public health issues, non-communicable diseases and injuries have also become important causes of morbidity and mortality.
- ❖ Human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS) is a serious problem in Thailand. The United Nations Programmer on HIV/AIDS (UNAIDS) reported in November 2004 that the Thai government had launched a well-funded, politically supported, and pragmatic response to the epidemic.

## **MEDICAL AND HEALTHCARE SERVICES CURRENTLY PROVIDED IN THAILAND**

### **❖ Medical Services**

- Medical Examination (Chulalongkorn Hospital)
- Outpatient Department
- Nursing Department
- Dentistry
- Extended Service Clinics
- Social Security Services (Chulalongkorn Hospital/Somdej Na Sriracha Hospital)
- On-line Consultancy
- Anonymous Clinic
- Nurses at Home Project
- Medical Certificate Services (Chulalongkorn Hospital/Somdej Na Sriracha Hospital)
- Rabies Clinic
- Immunological Clinic

### **❖ Educational Services**

- Nursing College

### ❖ **New Tract Medicine Services**

- Immunological Clinic and Tourist
- Consultancy
- Biological Products
- Chula Excimer Laser Center
- Ostomy Clinic

### ❖ **Community Medicine/Community Health**

- Wednesday Club
- Anti-AIDS Campaign in Slum Communities
- Elderly Care Project, KlongToey Slum
- Community

### ❖ **Other Health related Services**

- First Aid Training
- Knowledge for Life Project
- Home Nursing Training
- Health Education for the Disadvantaged,  
○ Including inmates, no educated children
- Rabies Hot Line
- Health Restorative
- Service at Home
- Consultancy for HIV
- AIDS infected and family

### ❖ **Disaster Relief Services Consumable and Life Pack Aids**

- Mobile Medical Units
- First Aid Unit, Medical Supplies and Vehicles
- Service Coverage (Map)
- “Princess Pa Project” voluntary Project, the Thai Red Cross
- Society

## ❖ **Blood Services**

- Blood Bags manufactured by the National Blood Service Center

## ❖ **Eye Bank**

- Eye Bank process
- Cornea in Optisol
- Cornea in Glycerine
- Eye whites
- Amniotic membrane
- Fair and Equal-Opportunity Eye
- Allocation

## ❖ **Organ Donation**

- Heart,
- Lung,
- Liver Allocation
- Kidney Allocation

## ❖ **Child Aids**

- Biological Family Tracking
- Family Finding
- Child Follow-Through
- Adoption Process
- ChalermPhrakiat Child Development Center (For Thai Red Cross Personnel)

## ❖ **Humanitarian Relief**

- Consumable aids and life packs
- Mobile Medical Units
- First Aid Units
- Specialized Medicine
- Units

## ❖ **Other Services**

- Dissemination of Red Cross Principles and
- Humanitarian Laws in youths
- ChalermPrakiat 72 Pansa Iodine Nutrition Project
- Community Service Activities

## **HEALTH IMPACTS OF RAPID ECONOMIC CHANGES IN THAILAND**

- ❖ The economic crisis in Thailand in July 1997 had major social implications for unemployment, under employment, household income contraction, changing expenditure patterns, and child abandonment.
- ❖ Household health expenditure reduced by 24% in real terms; among the poorer households, institutional care was replaced by self- medication.
- ❖ Immunization spending and coverage were sustained at a very high level after the crisis.
- ❖ The impact of the crisis on health was minimal in some sectors but not in the others if the pre-crisis condition is efficient and healthy and vice versa.
- ❖ There is a serious commitment on behalf of healthcare providers and the government to ensure that international standards are met.
- ❖ In addition to the cost saving, there is also the added benefit that treatment and aftercare services are often performed in resort like settings, with a level of hospitality not found in other of the world's medical centers. Doctors are experts in their fields and nurses are registered and well trained.



## SUMMARY OF HEALTH ECONOMICS RESEARCH TARGETS

Issues	Equity	Efficiency	Quality
<b>Health Insurance</b>	<ul style="list-style-type: none"> <li>• Universal Health Insurance</li> <li>• Accessibility to Health Care</li> <li>• Health Care Behavior and Utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Types of Health Care Financing Impact on Utilization and Health Expenditure</li> <li>• Essential Package and Expenditure</li> <li>• Resource Allocation at Various Levels</li> </ul>	Assess the Standard for Quality of Care
<b>Technology Assessment</b>	<ul style="list-style-type: none"> <li>• Technology Diffusion and Distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-effectiveness for Drug, Medical Equipment and Technology</li> </ul>	Consumer Protection for Using Health Care/ and Health Services
<b>Health Manpower</b>	<ul style="list-style-type: none"> <li>• Health Manpower Distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Cost and Number of Health Manpower</li> </ul>	Quality of Personnel, Standard of Providing Care
<b>Role of Private and Public</b>	<ul style="list-style-type: none"> <li>• Impacts of GATS on Prices and Accessibility</li> <li>• Earmarked Taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Public-Private Mix</li> <li>• Optimum use of Various collaboration, i.e., Joint-venture, Contract out</li> <li>• Referral System and Network</li> </ul>	Assess the Standard and its Applications

## **THAILAND'S TWO LEADING HOSPITALS FOR MEDICAL TOURISM**

- ❖ Thailand is the world leader for medical tourism. While there are many hospitals in Thailand that cater to medical tourists, these are two full-service facilities that have strong reputations for quality and experience with foreigners.
- ❖ These two hospitals are
  - Brumrungrad Hospital
  - Bangkok Hospital
- ❖ The aspiring medical tourist should consider these two before any other Thai hospitals, even ones with a slightly lower cost, as they are the gold standard for medical tourism not only in Thailand but worldwide.
- ❖ These top hospitals charge more for their services than most other Thai hospitals, but also offer services that cannot be found elsewhere.
- ❖ Fortunately for a direct comparison, their costs are very similar across the board and the focus can be on their service and capabilities.

## **MAJOR PLAYERS OF HEALTH INDUSTRY IN INDIA**

### **APOLLO HOSPITALS ENTERPRISE LTD.**

- ❖ Apollo Hospitals Enterprise Ltd. was launched as a single hospital in Chennai in 1983 and today it has expanded its global reach with the opening of Apollo Bram well hospital in Mauritius. Apollo Hospitals secured \$50 million worth of loan from International Finance Corporation (IFC), a member of the World Bank Group, to set-up high quality hospitals in remote areas of India and is planning to add 2,000 beds within the next two years for an investment of Rs 1,500 crore to Rs 1,600 crore.<sup>8</sup> Currently it manages a network of 43 specialty hospitals and clinics with a bed capacity of 7543 across country and abroad. The Hospital chain has recently launched a health city in Hyderabad and intends on doing so pan India. It has also tied up with Indian Oil Corporation to set up pharmacies at its petrol stations.

## **FORTIS HEALTHCARE LTD.**

- ❖ Fortis Healthcare Limited, a leading healthcare delivery company in India was formed with the vision of "creating a world-class integrated healthcare delivery system in India, entailing the finest medical skills combined with compassionate patient care". Fortis Healthcare will acquire nearly 23.9% strategic stake in Singapore-based healthcare group, Parkway Holdings from TPG Capital (formerly Texas Pacific Group), in an off market deal, estimated to be around USD 685.3 million. The company's net sales and operating profit are expected to grow at CAGR of 28.67% and 48.07% from 2008 to 2011.

## **MAX HEALTHCARE**

- ❖ Max Healthcare operates 18 healthcare facilities in National Capital Region (NCR) of Delhi, has a bed capacity of around 865 beds and is expected to increase to 1,500–1,600 beds in the next few years. Has collaborated with Singapore General Hospital in the areas of medical practices, nursing, paramedical research and training. It plans to raise US\$ 85.36 million to expand its hospital.

## **NARAYANA HRUDALAYA**

- ❖ This super specialty hospital is the first of its kind offering cardiac care facilities and is located in Bangalore. It was set up by the Asia Heart Foundation with the ability to perform 25 cardiac surgeries a day. The hospital is based on a model that facilitates social inclusion by charging each patient based on his affordability.

## **TERTIARY HOSPITALS AND MEDICITIES**

- ❖ Large corporations such as the Reliance ADA Group and Aditya Birla Group have entered the industry to capitalize on the attractive growth that corporate hospital chains have been experiencing. The Kokilaben Dhirubhai Ambani Hospital and Medical Research Institute at Mumbai, a tertiary multispecialty hospital has been set up by the Reliance ADA Group. Lately, health cities aimed at catering to larger populations and the medical tourism industry by offering multiple specialties, alternative therapies, research and development centres, educational institutions and residential facilities; have been setup by corporate hospital groups. Dr. Naresh Trehan's Medicity, a large area catering to the medical and recuperative aspects for patients, is an example of health cities in India.

## COMPARISON BETWEEN HEALTHCARE IN INDIA & THAILAND:

<b>Healthcare in India</b>	<b>Healthcare in Thailand</b>
<b>Overview</b>	<b>Overview</b>
❖ Overseas health insurance in India is a significant item to explore, if a person is diversifying.	❖ When moving to Thailand, expat health cover is an essential thing to study.
❖ The healthcare system in India is complicated to plot a route with large variances among amenities.	❖ The healthcare structure in Thailand is reputable and reasonable, making it frequently a hot target for "medical tourism."
❖ Here is some information to help out better understand health insurance in India and what it means for an individual as an emigrant.	❖ Here is some information to help out better comprehend health cover in Thailand and what it means for one as an emigrant.
<b>Doctors in India</b>	<b>Doctors in Thailand</b>
❖ Check-ups, well visits, and essential illnesses and injuries are greatest reserved of hospitals and with a universal practitioner.	❖ Almost all doctors in Thailand are specialists, so one will have to resolve the kind of sickness or wound one is facing and decide the suitable specialist.
❖ Common practitioners typically have offices in health centers and can hold all essential health care. They are enclosed by most worldwide medicinal assurance in India.	❖ Most health indemnity in Thailand will cover the expert without recommendation, since they are rare.

<ul style="list-style-type: none"> <li>❖ Although discovering a doctor is not hard in urban areas, securing an engagement may be and one may get himself coming up in the workplace for a few hours to be seen.</li> </ul>	<ul style="list-style-type: none"> <li>❖ If anyone requires support, a classified hospital can help out to select an suitable doctor to make a meeting with. Because of their specialties, the majority doctors don't call one private clinic or hospital home base, as an alternative spending various days or weeks at a number of area amenities as desirable.</li> </ul>
<ul style="list-style-type: none"> <li>❖ There are also small groups of specialists should one has a constant concern that requires protection.</li> </ul>	<ul style="list-style-type: none"> <li>❖ One may have to take a trip a bit if he/she needs to carry on seeing the same expert, and a few services they work in may not allow expat health insurance in Thailand.</li> </ul>
<ul style="list-style-type: none"> <li>❖ Doctors in rural areas are inadequate and do not have reach too much tools of medication.</li> </ul>	<ul style="list-style-type: none"> <li>❖ One also should be conscious that social traditions in Thailand manipulate health care; doctors here are more by the reserve and the "wait and see" approach is taken frequently.</li> </ul>
	<ul style="list-style-type: none"> <li>❖ If one has questions, by all resources ask, but identify with a neighboring patient would never question a doctor's recommendation, so a physician may be taken aback or not understand faltering.</li> </ul>
<b>Hospitals in India</b>	<b>Hospitals in Thailand</b>
<ul style="list-style-type: none"> <li>❖ India's hospitals differ very much and should be researched prior to visit. Public hospitals are worthwhile for necessary health care only.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Thailand is home to equally civic and private hospitals, both of which are open to foreigners.</li> </ul>

<ul style="list-style-type: none"> <li>❖ If a person has to visit a public hospital for more than an outpatient process, he or she should bring his/her own foodstuff, water, and linens to make sure that these are reserved clean and germ-free.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Thailand people are settled free healthcare from the government throughout civic hospitals. It means that these can be overfull and have extended funds.</li> </ul>
<ul style="list-style-type: none"> <li>❖ On the other hand, private hospitals are extra modern and secure and assemble traditional Western principles. They also happen to be much more luxurious, but in general admit any global health indemnity in India.</li> </ul>	<ul style="list-style-type: none"> <li>❖ Personal hospitals have improved access to medicine and equipment, but, charge extra. These are more frequently the purpose of foreigners as the procedure is more Western-style and many employees and doctors speak English.</li> </ul>
	<ul style="list-style-type: none"> <li>❖ Civic hospitals may not agree to expat health indemnity in Thailand, so one has to be certain to verify and obtain pricing for treatments earlier, if feasible.</li> </ul>
	<ul style="list-style-type: none"> <li>❖ Expats are allowable to use civic hospitals, will have to disburse for services provided straight in spite of their health indemnity in Thailand.</li> </ul>
<ul style="list-style-type: none"> <li>❖</li> </ul>	<ul style="list-style-type: none"> <li>❖ One should check if the ability takes his/her international health cover in Thailand before agreeing to any cure.</li> </ul>
	<ul style="list-style-type: none"> <li>❖ Hospitals which have had billing issues with Thailand expat health indemnity companies in the past may decline patients with that treatment.</li> </ul>

<b>Emergencies</b>	<b>Emergencies</b>
❖ The phone number for an emergency ambulance in India is 102. If one exists in a big city, this can be a feasible alternative.	❖ Large and new hospitals in Thailand have ambulance fleets ready with medicinal tools; there is not an extensive crisis reply system.
❖ While, in rural areas the ambulances may acquire hours to turn up and have no medical tool on plank. If feasible, it can be desirable as an alternative to utilize a cab to call a trustworthy community or personal hospital.	❖ If one wishes to call for help the emergency number in Thailand is 191; nevertheless, if one can call a cab or friend, they may be the quickest form of transport to local hospital.
❖ One more option is to get in touch with a close by personal hospital directly; several have their own ambulances that can turn up speedily and start cure in transportation to the ability. This may or may not be enclosed by abroad health indemnity in India.	
<b>Prescriptions in India</b>	<b>Prescriptions in Thailand</b>
❖ Most over-the-counter and prescription drugs accessible in the West are obtainable in India exclusive of a instruction, even though the regulations are varying and more pharmacies need a doctor's note.	❖ Most over-the-counter and instruction drugs obtainable in the West are accessible in Thailand without a recommendation, counting antibiotics and antidepressants.
❖ Pharmacists are not extremely skilled, but can regularly tip in the correct way if anyone doesn't know what medication he/she require.	❖ Pharmacists are not extremely skilled, but can frequently point in the correct track if one is not aware what medicine you want.
❖ Because of this practice, one may not be capable to maintain all medications during his/her global health insurance in India.	❖ Because of this practice, one may not be capable to maintain all medications during expatriate health cover in Thailand.

❖ One should check with his/her plan supplier for more information.	
❖ One should constantly be certain to buy medicine from an approved pharmacy.	
❖ There is a heavy black market in India for medicines and many of them can be reasons for severe health issues.	
<b>International Health Cover</b>	<b>International Health Insurance</b>
❖ With hit or ignored treatments, one will want to keep away from minor, less contemporary public amenities in India.	❖ With changeable regulations and dealings per facility and within a broad variety of price tags, health care in Thailand can run from reasonable to costly.
❖ One should choose for abroad medical cover in India and admission to personal services.	❖ Help out to maintain expenses downward and convenient by purchasing expat health indemnity while in Thailand.
❖ One should help out maintain expenses down and convenient by purchasing universal health cover in India.	❖ Contrast and opt from over 3,000 health insurance policies for treatment available as an expat.



## **DOING BUSINESS IN THAILAND**

- ❖ India has many opportunities for doing business with Thailand.

## **KEY OPPORTUNITIES IN HEALTH SECTOR**

- ❖ Thailand in key and emerging opportunities for Indian companies in the healthcare include:
  - (1) Medical equipment and instruments
  - (2) Specialist treatment technology
  - (3) Ageing Population
  - (4) Standard Certification
  - (5) Accident Emergency
  - (6) E-Health
  - (7) Getting into the market

## HEALTH STATISTICS (INDIA VS. THAILAND)

### ❖ Population, Total

	1961	1991	2001	2011
<b>India</b>	456949783	891910180	1071374264	1241491960
<b>Thailand</b>	28149653	57711519	63898879	69518555

### ❖ Age dependency ratio (% of working-age population)

	1961	1991	2001	2011
<b>India</b>	78.629073074	71.046414544	62.838518106	54.337713768
<b>Thailand</b>	85.75731916	52.05868779	44.291722869	41.38579335

### ❖ Birth rate, crude (per 1,000 people)

	1961	1991	2001	2011
<b>India</b>	40.947	30.788	25.424	21.82
<b>Thailand</b>	42.679	18.597	14.44	11.859

### ❖ Death rate, crude (per 1,000 people)

	1961	1991	2001	2011
<b>India</b>	20.659	10.437	8.876	7.969
<b>Thailand</b>	12.451	5.086	6.428	7.462

### ❖ Life expectancy at birth, total (years)

	1961	1991	2001	2011
<b>India</b>	43.095707317	58.615682927	61.968780488	65.478268293
<b>Thailand</b>	55.838829268	72.499780488	72.641439024	74.091195122

❖ **Immunization, DPT (% of children ages 12-23 months)**

	1991	2001	2011
<b>India</b>	57	60	72
<b>Thailand</b>	90	96	99

❖ **Immunization, measles (% of children ages 12-23 months)**

	1991	2001	2011
<b>India</b>	43	55	74
<b>Thailand</b>	79	94	98

❖ **Improved sanitation facilities (% of population with access)**

	1991	2001
<b>India</b>	18	26
<b>Thailand</b>	85	94

❖ **Improved water source (% of population with access)**

	1991	2001
<b>India</b>	71	82
<b>Thailand</b>	87	92

❖ **Fertility rate, total (births per woman)**

	1961	1991	2001	2011
<b>India</b>	5.856	3.838	3.054	2.589
<b>Thailand</b>	6.151	2.054	1.695	1.559

❖ **Adolescent fertility rate (births per 1,000 women ages 15-19)**

	<b>2001</b>	<b>2011</b>
<b>India</b>	102.1302	76.997
<b>Thailand</b>	44.0292	38.2324

❖ **Incidence of tuberculosis (per 100,000 people)**

	<b>1991</b>	<b>2001</b>	<b>2011</b>
<b>India</b>	216	216	181
<b>Thailand</b>	132	173	124

❖ **Tuberculosis case detection rate (% , all forms)**

	<b>1991</b>	<b>2001</b>	<b>2011</b>
<b>India</b>	81	47	59
<b>Thailand</b>	58	45	76

❖ **Tuberculosis treatment success rate (% of registered cases)**

	<b>2001</b>
<b>India</b>	54
<b>Thailand</b>	75

## **TEXTILE INDUSTRY**

### **GENERAL INFORMATION ABOUT THE PERFORMANCE OF THE INDUSTRY**

- ❖ Indian textile industry places a significant role in the economy of India as well as International textile economy. The contribution goes as industrial production 20%, excise collections 9%, employment in industrial sector 18%, country's total export 20% and textile industry contributes 9% of GDP and foreign exchange earnings of 35%, Indian share in global exports is of 3% where as the countries which are ahead of India are China's 13.75%, Korea 6% and Taiwan 5.5%, while countries which are slightly behind from India are Turkey 2.9% Thailand 2.3% and Indonesia 2%.
- ❖ Fort gloster near Calcutta was the place where first textile mill was establish in 1818. In cloth and yarn trade at Chinese and African markets and home, the Parsi merchants were engaged in the handiwork. The Indian cotton textile industry gets stimulated because of the World War I and II and the Swadeshi movement. The cotton textile industry was affected by the partition of the country.
- ❖ Pakistan and different other countries were there from whom Indian mills had to import. The growing awareness the strengths and weakness need to exploit the opportunities and come out of the threats in the industry, the government has initiated many policy measures like Technology Upgradation Fund Scheme (TUFS), Garments Export Entitlement (Quota) Policies 20002004, Long Term Textiles etc. India is one of the world's largest sector in the textile sector, it is today divided into 3 segments: Cotton Textiles 73%, Synthetic Textiles and other like Wool, Jute, Silk etc. Because of operational efficiency high in spinning and weaving, skilled labor with low-cost, domestic market growing and is large, raw materials availability is easy, etc the domestic production and exports has been growing.
- ❖ The small-scale industries, spinning through non-integrated, weaving, finishing, and making-apparel enterprises comprises in Indian textile industry. The 1.2 million people are employed through woolen industry itself. India contributes silk production of 18% to the global production securing the position of the second in the production of silk in the world. Jute industry occupies an important place in Indian economy, it is one of the prominent industries in West Bengal. Indian traditional crafts employment of approx 7.5 million people is made by the handloom sector as it contributes 13 % to cloth production.

- ❖ **Textiles are one of the most important** features of Thai heritage and culture. Modernization of the clothing and textile industry, with the adaptability of the individual companies, is the success of Thai government initiatives which largely determine textile industry as a part of the economy. The transformation into an income generating activity from a self-supporting role is been encouraged by National Thai development policy as almost 50% of textile base handicrafts produced in Thailand.
- ❖ The textile and clothing production is running from the history of Thailand. Other east and Southeast Asian countries were prior to Thailand in the production of modern garment and textile industry. From Germany in 1936 the first textile machinery was imported by the ministry of defense for the use military purposes. Second World War was the reason of textile shortages so private textile mills came into existence. Production suffered low cost cotton textile imported from Pakistan, which greatly expanded by the 1950's, which results into import restrictions through government protection.
- ❖ Textiles are the second largest commodity of export in the country registering over U.S.\$ 5.2 billion in 1999, after computers and its parts exports. Thai textile industry gives employment to over 1 million workers as it consists of approx. 2000 garment firms, 250 weaving firms and 150 spinning companies. Export of textiles and garments from Thailand is heavily influenced if the firm is the member in the Multi-Fiber Agreement (MFA) and Agreement on Textiles and Clothing (ATC). Entrance in Canadian, American or European markets the textile export license for products is granted to the Thai exporters through textile quota allocation by The Department of Foreign Trade administrators.
- ❖ The available quota is divided into two parts: the basic quota and the residual quota. The future of textile depends much more upon modernization and change, though the textiles and clothing industry in Thailand was first founded on the basis of labor at low cost. As for Thailand, there seems to be more pessimism rather than optimism that the country is likely to lose its competitiveness and hence its export markets for textile and clothing products – which generated around 7 percent of GNP and employed 1,083,700workers in 2000.
- ❖ Top companies in Textile industry in India: Bombay Dyeing was establish in the year 1879 as a small company having Indian spun cotton yarn hand dip-dyed and today the company has grown as one of the top textile companies in India. Towels, home

furnishings, leisure clothing, Stylish linens, kid's wear they are the respected and the trusted brand in the textile industry.

- ❖ Fabindia outlet was set up in 1961 by John Bissell to provide a platform for traditional artisans and printers to market their produce & to showcase diverse craft traditions of India having headquartered in Delhi. Garments for men and women, Accessories, Home Linen and Furnishings are its produces.
- ❖ In 1976 1st retail outlet was established, New Delhi. A wide range of rural employment is developed as Fabindia acts as a link between rural producers which are craft base and modern urban markets, which is maintaining the Indian tradition. The development of the textile industry in Tamil Nadu and southern parts is because of Lakshmi Mills was established in the year 1910.
- ❖ LMC exports cotton yarn and grey cloth to the UK, Germany, Italy, Bangladesh and Japan. With the aim of investment in very sophisticated technology and manufacturing the high-end superfine fabrics Arvind Limited was establish in year 1931. The company has 12 private brands including Newport, Ruff and Tuff and Lee and international brands like US Polo, FM, Arrow and iconic premium men's jeanswear label Energie. SRF is a multi-business entity which is based on industrial intermediates, manufacturer of chemical, was established in 1970 as a nylon tyre cord fabrics manufacturer, it has been diversified and grown into an international enterprise. Now they are into Packaging Films, Technical Textiles, Chemicals and Engineering Plastics.
- ❖ Top caompnies of Thailand: Bulliontex Co.,Ltd was founded in 1998 to meet the increasing demand for fashion fabric in Thailand. The board of directors wanted to create a company that would fill the gap between high quality fashion garment manufacturers and the world class fabric suppliers. Products like Textiles, Textile Machinery, Interlining, Pongee, Polyester, Satin, Curtains, Silk, Chiffon, Taffeta is being produced. Double Star Industry Co., Ltd.(DSI) started off with a few modified looms and a confined manufacturing area in 1989.
- ❖ Today DSI has grown into a vertical manufacturing facility, with more than 120 computer-controlled looms and a manufacturing base of 680,000 square feet, from spinning till packing. 100% terry cotton towel, seasonal towel, beach towel, hotel towel, sports towel, kitchen towel, zero twist towel, oven/pot mitt, etc.Erawan Textile was founded in 1971. Erawan Textile spins cotton yarns and manufactures greige woven fabrics for the domestic and export markets.

- ❖ Yarn Types: Carded, Combed, and Airjet. One of the most sophisticated woven fabric manufacturer in Thailand of today is Erawan Textile. Atlantic Mills (Thailand) established on 24 June 1998 is one of the fastest growing denim mills around the world. With a worldwide distribution and network, Atlantic Mills reaches to over fifty countries. Central garment co ltd was established in 1972. They are into production of clothes like jeans and sportswear. Wrangler, John Henry are brands of them.

### THAILAND’S RECENT ECONOMIC AND TRADE DEVELOPMENT

- ❖ Thailand’s recent economic and trade developments. The GDP increased gradually from 2,941.74 billion of baths in 2005 to 3, 072.61 billions of bath in 2007.
- ❖ The balance of trade was fluctuated between 2005 and 2010 from surplus of 8.9 billions of US dollars to deficit of 8.6 billions of US dollars. The balance of payment was surplus of 7.2 billions of US dollars in 2005. There was a considerably balance of payment deficit of 10.6 billions of dollar in 2007. The balance of payment was obviously fluctuated from surplus of 4.6 billions of US dollars in 2008 to surplus of 5.4 billions of US dollars in 2010.
- ❖ Textiles and apparel is considered the second-most important industrial segment for employment. Some 4,300 firms employ more than 1.05 million workers.

#### Recent Data on Thailand Garments and Textiles

Category	Textiles and Garments
Total Workers	1.05 million
Export Total (2012)	\$6.444 billion
% of World Market	1.04%
Five most popular exports (2011)	Value and Market Share
T-shirts	\$404 million 1.41%
Synthetic filament yarn	\$391 million 2.51%
Lingerie	\$356 million 3.41%
Sweaters, pullovers	\$323 million 3.28%
Synthetic staple fibers	\$289 million 5%
Average Wage	\$1.75-1.80 per operator hour



## **WTO**

- ❖ Textiles and clothing goods were returned to GATT policy over the 10-year time. This happened gradually, in four steps, to allow time for both importers and exporters to adjust to the new circumstances.
- ❖ India was a signatory of the General Agreement on Tariffs & Trade (GATT), and as a part of the commitment we had to change several law and policy.
- ❖ GATT was only an agreement and there was no enforcing bureau to strictly execute the clauses and punish the nation which breaks the clauses. Thus the impact was limited.

## **LEGAL ASPECTS/BARRIERS APPLICABLE TO THE TEXTILE INDUSTRY**

### **INDIA**

- ❖ The textile and clothing sector is of vital importance for the Indian economy, employment and exports. It is based mainly on two raw materials, cotton and jute.
- ❖ The textile industry developed significantly over the last 15 years in terms of capacity, yarn production and cloth output.
- ❖ India's share in world trade of yarn is 22%, fabrics 3.2%, apparel 2%, made-ups 9%, and over all it is 2.8%.
- ❖ Indian industry is facing some problems. It is suffering from a lack of investment. Trade liberalization has mainly benefited to Asian countries more than to the EU.
- ❖ Foreign private capital is mostly linked with ITP/OTP operations. Italy is the main EU partners. Some investments or joint ventures have been recently created.

Tariff Barriers	Non-Tariff Barriers
<ul style="list-style-type: none"> <li>❖ Basic duty (tariff). It is levied on the assessable value (value of goods: CIF + landing charges).</li> <li>❖ In addition, Indian customs implement various import levies and taxes.</li> <li>❖ Additional taxes to the Basic duty: <ul style="list-style-type: none"> <li>○ Special customs duty of 5%.</li> <li>○ Countervailing duty: It is equivalent to a VAT.</li> <li>Safeguard duty;</li> <li>○ Antidumping duty;</li> <li>○ Anti-subsidy duty</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>❖ Visas, documents required for clearance <ul style="list-style-type: none"> <li>○ Commercial invoice,</li> <li>○ Packing list</li> <li>○ Clearance delays</li> <li>○ Customs valuation</li> </ul> </li> <li>❖ Minimum import price</li> <li>❖ Import licensing</li> </ul>

#### Standards and Other Technical Requirements

- ❖ Quality and conformity controls
- ❖ Marking, labeling, packaging requirements.

#### THAILAND

Tariff Barriers	Non-Tariff Barriers
<p>The tariff in force is based on the Harmonized System (HS) adopted par the World Customs Organization (WCO) in 1988.</p> <p><b>Type of product applied duty:</b></p> <p>Yarns 10%</p> <p>Fabrics 10 to 40%</p> <p>Clothing products 30 to 60 %</p>	<p><b>Visas, documents required for clearance</b></p> <ul style="list-style-type: none"> <li>- Invoice,</li> <li>- Inventory list,</li> <li>- import license (when required),</li> <li>- Insurance,</li> <li>- A certificate of payment must be presented for all imports above 40 000 THB,</li> <li>- Product composition (in case of IPT),</li> </ul>

<p><b>Tariffs predictability (bindings)</b></p> <p>In the tariff, the columns “1995”, “1999” and “2004” indicate the tariff levels to which Thailand is committed at the WTO. The WTO consolidated rate for Thailand is 30% (15% for some Positions) and should be achieved in 2004.</p>	<p>- Registration number of the importer.</p> <p><b>Clearance delays</b></p> <p><b>Customs valuation</b></p>
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**Standards and Other Technical Requirements**

- Certification / Mutual recognition
- Sanitary requirements
- Marking, labeling, packaging requirements.
- Export restrictions
- Foreign exchange measures

## **PRESENT TRADE POLICIES IN TERMS OF IMPORT EXPORT FOR TEXTILE INDUSTRY**

### **INDIA**

- ❖ Duty free import of specified trimmings, embellishment etc. Should be available at 3% on exports of polyester made-ups in line with the facility available to sectors like Textiles and Leather.
- ❖ Ready-to-wear Garment sector granted enhanced support under MLFPS for a period of additional 6 months from October, 2010 to March, 2011 for exports to 27 EU countries

### **TRADE ISSUES**

- ❖ Despite the huge labor cost differential between those countries and Indian industry remains competitive due to higher productivity, and competitive strengths such as innovation, quality, creativity, design or fashion.
- ❖ Nevertheless, INDIAN industry managed to export, in 1999, 17.4% of its turnover to third country markets, which made it the second largest world exporter of textile and clothing products after China.
- ❖ Imports show a constant increase, reaching €79.2 billion in 2008. The main suppliers were China (39%), followed by Turkey (14%), Bangladesh (6.3%) and Tunisia (3.6%).
- ❖ Exports after a slow down in the nineties have increased in the recent years reaching €5.7 billion in 2008. Russia has become the first export market of INDIAN textile and clothing (T&C) products (11.9% of total exports) followed by the Switzerland (11.7%), US (10.7%), Turkey (5.6%) and Tunisia (5%). Morocco and Ukraine are also important export markets for T/C products.
- ❖ In total, 15% of INDIAN exports are oriented to the med area where INDIAN industry developed outsourcing strategies for labor intensive operations.
- ❖ Based on market access analysis, as well as analysis of NTBs notified to the WTO carried out by the Commission services, a number of main barriers have been identified which are of relevance for the multilateral negotiations on Non-Agricultural Market Access (NAMA).
- ❖ Regarding Intellectual Property Rights violation, brand and product piracy is one of the biggest threats to the Indian industry. According to OECD estimations, fake

products have a share of about 8% of the global trade. Apart from legislative and political measures and awareness raising, Commission's Customs Action Plan as well as bilateral action program and Dialogues with non-Indian countries could help in this matter.

## **PRIORITIES OF TRADE POLICY**

- ❖ **Market access** constitutes a priority of Community trade policy in the textile and clothing sector.
- ❖ The Indian monitors **compliance with the requirements** for its trading partners to eliminate barriers and open up their markets by means of trade policy instrument available.
- ❖ In the circumstance of lawsuit procedures, the Indian services closely monitor and comment any announcement on technical set of laws submitted to WTO by its Members.
- ❖ **Anti-dumping and anti subsidies** policies constitute a major priority for the India which has repetitively demonstrated its compliance with the rules and regulation of world trade and it expects to take delivery of the same conduct from its trading partners.
- ❖ **Intellectual Property Rights** : Brands and product piracy is one of the biggest threats to Indian textile industry. The fact that quality, design, creativity and fashion are crucial competitive strengths of Indian textile industry explains the priority that is given by the Commission to the fight against counterfeiting, pirating of copyrights, trademarks, patents, and industrial design rights.
- ❖ **Combating fraud**: In recent years, the sector has been confronted with a wide diversity of deceptive behavior by which economic operators have tried to:
  - Get around commercial policy measures (such as anti-removal measures);
  - Unlawfully advantage from superior tariff treatment (such as that decided in the structure of the indiscriminate system of preferences, gsp);
  - Mislead Indian consumers (e.g. by claiming an Indian derivation of foodstuffs that in reality have been produced somewhere else).

## THAILAND'S IMPORT AND EXPORT INDICATORS AT A GLIMPSE (2010)

- ❖ **Total amount of exports:** US\$191.3 billion
- ❖ **Primary exports - commodities:** textiles & footwear, rice, fishery products, rubber, jewelry, electrical appliances, computers and automobiles.
- ❖ **Primary exports partners:** US (10.9 % of total exports), China (10.6 %), Japan (10.3 %)
- ❖ **Total value of imports:** US\$156.9 billion

## THAILAND-INDIA FTA (FREE TRADE AGREEMENTS)

- ❖ It covers trade in investment, services, mutual recognition agreements, trade facilitation and other economic-cooperation measurements.
- ❖ The agreement particularly refers to “significantly- all-trade” & “substantial-sectorial-coverage” criteria in GATT Article XXIV and GATS Article V correspondingly.
- ❖ India and Thailand decided an early-harvest liberalization package, it will abolish tariffs on 82 (mainly manufacturing and some agricultural) stuff by September 2006.
- ❖ The larger India - Thailand FTA conference have made very little development. The 2005 march deadline for the goods negotiations has arrived and left, and the 2006 January target for investment and service is not likely to be met.
- ❖ Disagreements over policy of beginning bedevil the goods negotiations: Thailand wants a simple 40% local-content standard (as in AFTA); India desires more complex and uncertain wants.
- ❖ Thailand wants to excuse around hundred items from tariff removal by 2010; the list of India runs to about thousand items, many of them are of agriculture. There is also a Thai complaint about Indian SPS boundaries, and taxes and surcharges forced by Indian states.

## IMPORT POLICIES

- ❖ Thailand's high tariffs remain an impediment to market access in many sectors.
- ❖ According to the WTO, its average applied MFN tariff rate was 10.5 percent in 2007 with some tariffs as high as 80 percent. Under the WTO Agreement, Thailand has bound only 74.7 percent of its tariff lines.
- ❖ A binding establishes a tariff rate that generally, under WTO rules, cannot be exceeded.

- ❖ According to the WTO, Thailand has bound its tariffs on agricultural products at an average of 42.7 percent.
- ❖ Duties on imported processed food products typically range between 30 percent and 50 percent, the highest among Association of Southeast Asian Nations (ASEAN) members.
- ❖ Thailand's tariff rates for textiles imports are high, ranging from 20 percent to 30 percent for most fabrics and 30 percent for most clothing and other made-up textile products.
- ❖ Thailand also applies specific duties on more than one third of all textile tariff lines, which make effective rates even higher.

## **GOVERNMENT PROCUREMENT**

- ❖ An explicit set of rules, commonly referred to as the Prime Minister's Procurement system, governs public zone procurement for ministries and state-owned enterprise.
- ❖ While these set of laws require that evenhanded treatment and open opposition be accorded to all impending bidders, state enterprises and ministries characteristically apply additional procurement policy and practices.
- ❖ privileged handling is provide to domestic suppliers, which includes subsidiary of U.S. firms registered as Thai companies, through an routine 7% price advantage over foreign bidders in initial bid round evaluations.
- ❖ Government agency and state enterprises reserve the right to accept or decline any or all bids at any time and may also adjust the technical requirements during the command process if corruption is supposed.
- ❖ This allows considerable flexibility to government agencies and state-owned enterprises in organization procurements, while deny bidders recourse to challenge procedures. There are common allegations that the Thai government makes changes to technical necessities during the course of procurements.

## TECHNOLOGICAL FACTORS

- ❖ Technological changes in the textile industry during the last forty years can be broadly divided into three phases.
- ❖ High-speed rotating frames then looms, with reduced shaking levels, were developed in the 1950s and initial 1960s.
- ❖ The most radical alterations in the core technology of spinning and weaving came in the late 1960s and throughout the 1970s, with the introduction of rotor spinning and shuttle less appears.
- ❖ The changes in the textile industry of the developed countries have been characterized by the introduction of microelectronics based technology and the automation of industrial processes.
- ❖ The pace of technological innovation in the garment industry was slow up to the beginning of the 1980s. The main inventions before 1980 were in embroidery technology, with faster and more durable machines and the development of attachments for particular tasks, which later resulted in the emergence of job-dedicated machines. In the pre-assembly phase the overview of fast, automated cutters in the late 1970s replaced the operator-driven hydraulic die cutting machine.
- ❖ The overview of computer-based technology has increased the cost of clothing machinery enormously, yet nearly sixty advanced CAD systems are already in Hong Kong, the Republic of Korea and Thailand alone, with over 60 per cent of these having been installed in the last three years.
- ❖ Overall, technology levels in the textile industry in the three countries have not changed much since the 1960s. Technological stagnation is most obvious radical Bangladesh. There is as yet no sign of automation in the large-scale mills, and old-style handloom weaving predominates in the informal sector, though semi-automatic Chittaranjan looms have been introduced on a modest scale.
- ❖ Technology levels in the garment industry are on the whole comparatively low. Most Thai and Indonesian firms still use standard industrial stitching machines, and only the large Thai establishments producing high-quality clothing have introduced computers for design, special sewing operations and record control. Garment production in Bangladesh uses simple operator-guided electric apparatuses, although some firms in Export Processing Zones (EPZs) are beginning to use computerized add-ons. Local establishments make extensive use of second-hand machinery.

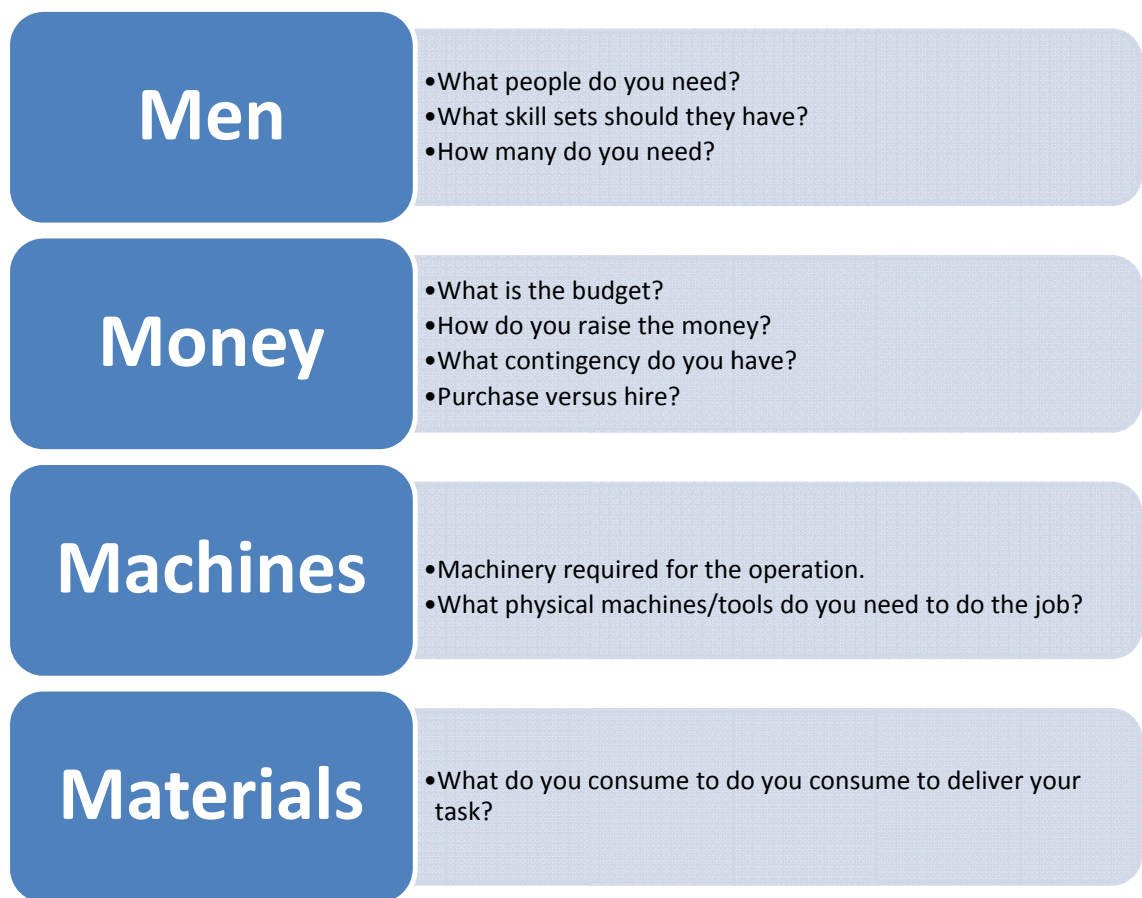


- ❖ Thai researchers have been among the leaders in the textile and fashion manufacturing, developing such innovations as anti-bacterial fabrics made from polyester mixed with coconut charcoal powder; anti-bacterial, anti-dust mite, herb-coated divan sheets; anti-bacterial nylon socks; solar-powered jackets; heart rate monitoring jackets; and special jackets for extremely cold weather. In addition, several Thai mills are meeting the demands of various industries by rolling out technical textiles such as geotex (used in erosion control), agrotex (for crop protection), meted (used in implants, dressings and other medical purposes), protex (to make protective clothing and masks), mobiltex (to create fabrics used in the automotive, atmosphere, railway, and marine sectors), and indutex (aimed at canopies, tarps, filters, and other industrial purposes).
- ❖ The textile industry is the largest industry of modern India. It financial records for over 20 percent of industrial production and is closely linked with the agricultural and rural economy. It is the single main employer in the industrial sector employing about **38 million people**. If employment in allied sectors enjoys ginning, agriculture, pressing, yarn trade, jute, etc. are added then the total employment is estimated at **93 million**. The net distant exchange earnings in this sector are one of the highest and, composed with carpet and crafts, account for over 37 percent of total export earnings at over US \$ 10 billion. Textiles, alone, explanation for about 25 percent of India's total forex salaries
- ❖ The earliest technologies primarily used human hands as the main tools. These were supplemented by other ancillary tools as revealed by archaeological diggings, which yield artifacts made of stone, bone etc. A thorough study of the techno history of one of the most
- ❖ India is rich in archaeological material and continuation of traditional technologies in contemporary societies. This delivers us ample opportunities to reconstruct the techno-historical perspective of any hand based technology. This becomes more important once we are attempting to study and record making of materials like textiles, which remained biodegradable. Archaeological evidence reveals that animal skin was used as cover for human body prior to the discovery of natural fiber derived from the plant/insect/ animal hair.
- ❖ All of the companies had introduced some information technology in accounting and general administration. It is not possible toward draw firm conclusions on the basis of

such a small sample, but it does appear that companies which had introduced new technology more systematically, and had practical it to the production stages, consumed also been better able to face the shock of losing the ex-Yugoslav market: the quality level of their production was sufficient to enable them to gradually increase exports to industrialized countries

- ❖ Thailand is usually thought of as an agrarian powerhouse, its textile and apparel industry continues to make a large contribution to the country's economic growth.

## REQUIREMENT OF RESOURCES



### Significance of Four M's

- ❖ Because man was champion in the industrial revolution, each company using these four M's: human, material, machinery, money and run with success. Any company without one of these M's are just embarking on a journey of success. It is pure entrepreneurial hara-kiri to even attempt to economize. Nobody should even think to do that. It does not wait for the companies involved.

- ❖ It will also not be terrible for organizations to function and successfully the M's to organize for business success. That in itself is a different story. None of the M is useless whatever point it out. A meta-analysis of organizations that have survived over time showed that not careful regard to one of the five resulted in economic failure, with some even affecting global business. When man took the time the work of two great wars to perform, there were economic downturn as precious time was spent to right.

### **DOING BUSINESS IN THAILAND (ROYAL THAI EMBASSY, 2013)**

- ❖ The Thai government has long believed in a free and open economy and is known for its transparency in dealing with foreign investors. Thailand is ranked 13th of 181 countries on the ease of doing business by the World Bank in its 2009 report, the first ranking goes to Singapore. The same report ranked 44th on starting a business, 56th on employees, 11 for the protection of investors, 10th for trading across borders, and 25 on the enforcement of contracts.
- ❖ In general, foreign investment is welcome in Thailand, although restrictions on a number of major companies, exemptions for companies given investment incentives. The main legislation governing foreign investment is the Foreign Business Act, which the nature of the companies open to foreigners, as well as regulations and restrictions. For certain specific sectors, such as financial institutions, business, insurance, and real estate, foreign participation is set out under specific laws.
- ❖ Many incentives are granted by the Board of Investment (BOI), the Industrial Estate Authority of Thailand (IEAT), and the Petroleum Act which require special attention and fiscal incentives to target groups and priority companies and products. Furthermore, the BOI and IEAT can grant investment incentives and exemptions to legal restrictions relating to priority or target sectors.

### **OPTIONS AVAILABLE OF DOING BUSINESS IN THAILAND (ROYAL THAI EMBASSY, 2013)**

- ❖ Foreigners in business can go through one of the following business structures, however, the limited liability company is the most commonly used structure by foreigners. All types of business entities 100% owned by foreigners, but companies that deal with limited business activities are subject to foreign participation restrictions which generally provides for up to 49% foreign ownership.

## **MAN POWER THAILAND**

### **❖ Labour and Employment**

- In Thailand the working conditions regulated by law more than by collective agreements with trade unions, and Thai labor law allows great freedom in respect of employment.
- The Labour Protection Act B.E. 2541 (1998) is the main legislation relating to employee benefits to be provided by the employer, including the maintenance of employment, working hours, leave, termination of employment, dismissal, and the welfare of the employees fund. The Act applies to all companies and all employees, except domestic employees not covered by the definition of the law of employee.

### **❖ Scarcity of Highly Qualified Personnel and Skilled Labour**

- The majority of the textile industry in Thailand is very labor intensive. However, there is an insufficient supply of staff, from managers, engineers, technicians to ordinary employees. The inevitable error in marketing management in Thailand comes from lack of marketing knowledge managers. While the rapid changes in production technology and machine stresses the need for local technicians and engineers highly skilled and qualified maintenance skills. But most technicians and engineers in the textile industry are not textile specialists so they need much time to fix the machines and sometimes they do not. Moreover, there is a lack of personnel specialized and highly experienced in chemical textile dyeing, printing and finishing subsector. Another challenge relates to the training of workers and managers. The introduction of new technology in the workplace is changing the methods and skills needed in the labor market of the industry's strength.

The shortage of skilled labor can be explained by several factors

- ❖ Most of the staff is not educated, trained and specialized in the textile industry. According to the Thailand Development Research Institute (TDRI), only 5.5% of the workforce in the textile industry has a bachelor's degree or higher, of which only 0.86% are engineers and scientists and R & D staff .58 %.
- ❖ There is a high turnover of staff leading to a lack of skill (in particular in the clothing industry that a lot of labor used)
- ❖ Environmental problems such as noise, a large part of the labor move supplies to other types of industries that less noise, such as electronics industry, etc.

## **LAND AND REAL ESTATE**

- ❖ The Land Code prohibits foreigners from outright ownership of land, except unless granted promotional privileges or business where companies are owned by a majority of the Thai nationals.
- ❖ However, there are alternatives to unconditional ownership of the land. One option is for foreigners to take out leases on the desired country. Leases for properties for industrial and commercial purposes a period of up to 50 years.

## **COMPARISON**

- ❖ According to the research of Werner International, labor costs in the textile industry in Thailand are low compared to other countries. The average wage in Thailand in 2001 was approximately U.S. \$ 1.18 per hour. Thailand, China, Vietnam, Indonesia, Italy, France, Hong Kong, the position of the Thai textile industry can be defined as "Comparative Nutcracker" or in the transition between the upper and lower markets.
- ❖ There is strong competition in both markets, for example in the upper and mid-market competitors are Hong Kong, France and Italy, which have a competitive advantage as a result of owning brands with internationally renowned design and quality, while for the lower market there is a stiff competition from China, Vietnam and Indonesia -34 - labor costs in Thailand is lower than the more developed countries, South Korea (\$ 5.73/hr), Taiwan (\$ 7.15/hr) and Hong Kong (\$ 6.15 / hr), but is much higher than China (\$ 0.41/hr), India (\$ 0.57/hr), Vietnam (\$ 0.39/hr) and Indonesia (\$ 0.50/hr).

## **MATERIAL AVAILABILITY IN THAILAND**

- ❖ Thailand was classified as one of the world's ten largest cotton importing countries, and cotton had very high rank (the fourth) input value of the main agricultural products of Thailand in 2006, 2010 (Agricultural Information Centre, 2009).
- ❖ Total cotton imports were 349,653 tonnes in 2009, as a result of the steady decline of the cotton growing areas of the country over the past 10 years, from 45,515 hectares in 2001 to 1,677 acres today with only about 1,000 tons of cotton lint. The biggest problem in the production of cotton is cotton pests, especially cotton bollworm and jassid, resulting in a large number of insecticide sprays and the high cost of production and very low profit or return on investment.
- ❖ Therefore, most cotton farmers stopped growing cotton growing and other competing crops, including sugar cane. During the past three years, the government policy

encouraged farmers to energy crops such as sugar cane and cassava in spite of the requirement of cotton for the textile industry rose grow. Therefore, more than 95% of total cotton fiber annually imported to the textile industry demand, particularly from the U.S., China, Australia and Brazil.

- ❖ Currently, most domestic cotton cultivars were normal or not genetically modified (GM) upland cotton (*Gossypium hirsutum* L.) in the medium and long staple fibers, but some farmers in some areas in the north of Thailand still grow short staple fibers hairy and jassid resistant cotton (*G. arboretum* L.) for their local or household or handicraft textile, not for the modern textile industry.

### **MACHINERY IN THAILAND**

- ❖ The majority of the country textile industry still uses outdated technology. This applies in particular to the mid-stream industries, where the machines are usually over 20 years old. The shuttle less Table 5.6 shows the number of types of textile products exported to Japan in 2000 and 2002.
- ❖ China and Italy exported more than 1000 kinds of products. Apart from Hong Kong, the more advanced textile economies such as South Korea and Taiwan imported more than 500 kinds of products. Thailand exported about 597 kinds of products in 2002, which increased from 463 products in 2000.
- ❖ Indonesia and Vietnam have also maintained a high growth in the number of types of products, which has increased by about 50% for Vietnam and 20% for Indonesia. -38 - Machines higher efficiency so that a product with a high quality. Moreover, there is less labor that is a way to decreasing the costs of labor.
- ❖ Therefore, the general consensus is that the use of shuttle less equipment is an upgrade of the quality of the fabric and in turn increases the competitiveness of the nation. As discussed in section 5.3, the Thai weaving sub-sector is not competitive compared to key competitors. The poor performance of the mid-stream industry also causes problems further downstream.

## CASE DETAILS

- ❖ SRF India is a multi-business entity engaged in the manufacture of chemical based industrial intermediates. Beginning its journey in 1970 as a manufacturer of nylon tyre cord fabrics, the company has, over the years, diversified and grown into an international enterprise. Today, its business portfolio covers Technical Textiles, Chemicals, Packaging Films and Engineering Plastics.
- ❖ The synthetic industrial yarns are made of different polymers like nylon, polyester, polypropylene, hdpe, viscose, lyocell, aramid, carbon, PVA etc. Industrial yarn is used in the textile industry for its aesthetic features. SRF also has a unique distinction of backward integration with its own Polyester Industrial Yarn unit. The company has facilities for manufacturing a wide range of designs and products customised to specific requirements of customers. SRF supplies belting fabrics to belt majors across the globe.
- ❖ Erawan Textile Co., a subsidiary of the Saha Pattana Group, whom is the largest consumer supply in Thailand in Textile and garment products including food and home products. Moreover, Erawan Textile is the key supplier to most of leading brands for shirting, fashion blouses, dresses, jacket and pants throughout the world directly thru garment manufacturers such as Arrow, Guy Laroache, DAKS, GAP, BANNANA REPUBLIC, etc.
- ❖ Annual production of synthetic is 43% of it total capacity.

## DEMAND OF POLYESTER YARN IN INTERNATIONAL MARKETS

- ❖ India, China (Mainland), Pakistan, Turkey, United States, Egypt, Syrian Arab Republic, Iran, Hong Kong, Bangladesh, Canada, Indonesia, Russian Federation, Taiwan, Morocco, South Africa, South Korea, Thailand, Brazil, Italy
- ❖ Thailand is considered one the best investment locations within Southeast Asia due to its stability which is greatly influenced by
  - The stable monarchy,
  - Abundance of cheap labor,
  - Encouraging investment policies and its private enterprise economy
- ❖ Thailand's tariff rates for textiles imports are high, ranging from 20 percent to 30 percent for most fabrics and 30 percent for most clothing and other made-up textile

products. Thailand also applies specific duties on more than one third of all textile tariff lines, which make effective rates even higher.

- ❖ Thailand maintains few restrictions on exports, except when related to national security, environmental protection and cultural concerns, or pursuant to trade agreements (such as international commodity agreements, agreements governing the textile and apparel trade, agreements on subsidies and dumping, etc.). The Ministry of Commerce is authorized to subject products to export control.

## CONCLUSION

	Demand	Supply
<b>Thailand</b>	<b>8,75,215</b>	<b>6,10,119</b>
<b>India</b>	<b>14,77,573</b>	<b>19,21,120</b>

- ❖ From these details we can conclude this, in Thailand the demand of yarn is 8,75,215 tons and supply is only 6,10,119 tons. So, there is a gap of around 2,00,000 tons. And in India demand is around 14,77,573 tons and supply is around 19,21,120 tons.
- ❖ In India, we can find the best manufacturing facilities for yarn production. And import policies of Thailand country are very supportive. So we can export it to Thailand.
- ❖ And another way to enter in Thailand is merger. Indian companies can go for merger as foreign laws of Thailand allow to do so. And also in Thailand demand is more than supply so there is a great chance to expand the business opportunities for Indian companies.
- ❖ Also in Thailand policies are made in a way that encourages various business leaders to invest in Thailand. Thailand economy is not fluctuated very frequently, so this is also one of the strongest reasons as Thailand economy is a stable economy.
- ❖ Government of Thailand also invites foreign businesses. We can also find cheap labor their as compare to other countries. These are the various reasons that encourage various business tycoons for investing in Thailand.



Telecommunication is the word derived from the greek prefix “tele” means far off and latin “communicare” means to share. Currently the word is used for the transmission of the signals and data for long distance to share information. In early days people uses the means of the communication such as flag, smoke signal, pigeons etc. Emerging from such humble beginnings, the means now a day involve sophisticated high-speed, submarine optical cables laid under ocean floors and simulated satellites circling the Earth in space. As the demand for signal transmission has improved, the speed of transmission has also increased. Recently, scientists at Karlsruhe Institute of Technology in Germany have succeeded in transmitting 26 terabits (equal to about 700 DVDs or about 4 million average paperback books) of data per second at the distance of 50 kilometers.

The telecommunications industry has impact on each and every aspect of human beings, from the humble reality of enabling telephonic communication among people in different places to enabling supply-chains to work flawlessly across continents to create products and accomplish demands. Telecommunication services are now known as a key to the rapid development and modernization of the economy and an vital tool for socio-economic growth for a nation.

# TELECOMMUNICATION INDUSTRY

## OVERVIEW OF TELECOMMUNICATION INDUSTRY

### THAILAND

- ❖ The subscriptions of the Thai mobiles double every five years in last decade. Penetration was 113% coming into 2012. What was once a supreme duopoly - AIS and DTAC - still take over the bazaar despite the entry of a number of new players. Number 3 in the market, True Move, is the only one to contest the big 2 in any fashion, however. The market is still in need of demanding change and the will to speak to this will be a big reason in shaping the potential market.
- ❖ In this regard, after a long gap the market at last greeted the creation of the National Broadcasting and Telecommunications Commission (NBTC). This new controller must go rapidly to take out the compulsory reform. The auctioning of 3G licenses' and the consecutive mercantile rollout of 3G networks, in specific, will be experiential with huge poster.
- ❖ **Key developments:** The NBTC set out supervisory principle for the 2100MHz 3G auction it future towards the end of 2012; the NBTC had previous permitted a frequency portion master plan that allowed it to legally hold the projected 3G auction; the NBTC lawful AIS and then both DTAC and True to carry out 4G LTE mobile hearings using already agreed incidences. The commission was leading a re-evaluate of foreign possession rules for telecom operators, with important cost for the mobile segment.
- ❖ Thailand's telecom industry has profited greatly from remote sector participation for over a period. Competition among private sector businesses has resulted in a cellular boom that has decidedly improved the connectivity of the overall public. In contrast, the fixed-line roll-out has been forced by the conditions stipulated in the franchises, which limited the number of lines that private concessionaires may roll out, and by the lack of new contestants into a sluggish market. However, given the frequent network licenses handed out by NTC over the past six years, more rivalry is expected in all marketplaces if pro-competitive controlling rules are properly applied to facilitate effective new entrance.

## INDIA

- ❖ India is another main in the world founded on the entire number of telephone user. It has one of the lowermost call tariffs in the world allowed by the mega telephone systems and hyper-competition among them. It has the world's third-largest Internet user-base with over 137 million as of June 2012. Major segments of the Indian telecommunication industry are telephony, internet and television broadcasting. The total revenue of the Indian telecom sector rose by 7% to ₹283207 crore (US\$52 billion) for 2010–11 monetary year, while revenues from telecom apparatus segment stood at ₹117039 crore (US\$22 billion).
- ❖ Investment opportunity of \$22 billion across many areas such as Telecom Devices and Software for Internet, Broadband and Direct To Home Services Gateway exchange, Set top box, Modem, Mobile handsets and consumer premise equipment, Gaming devices, EPABX, Telecom Software, Telecom Services for voice and data via a range of technologies.
- ❖ With the rapid growth of the telecom system, there are further occasions to expand the telecom substructure and investigation and growth.
- ❖ The Department of Telecommunications (DOT) under the Ministry of Communications and Information Technology is the concerned specialist for all matters relating to telecom. The division is responsible for formulating the growing policies; conceding licenses for various telecom services; promoting correction, research and development as well as private asset in the sector. An self-governing regulatory body called as the Telecom Regulatory Authority of India (TRAI) was recognized in 1997, under the Telecom Regulatory Authority of India Act, 1997. 74% to 100% FDI allowed for various telecom services. FIPB sanction required for foreign investment beyond 49% in all telecom services. 100% FDI allowed in telecom apparatus manufacturing on instinctive approval basis.

## MAJOR PLAYERS OF TELECOM INDUSTRY

### THAILAND

#### ❖ TOT

Public Company Limited was established on July 31, 2002, following incorporation of the former Telephone Organization of Thailand in accordance with the State Enterprise Corporatization Act of 1999. Business of TOT is basically divided in the 2 branches, 1<sup>st</sup> is the fixed line services with around 67,08,339 subscribers and the 2<sup>nd</sup> is mobile phone network and international telephone services. The other services provided by the company are data communication, multimedia and broadband services consisting of leased line and leased circuits, ADSL services, MetroLAN service, Wi-Fi and Wi-Max services.

#### ❖ **CAT Telecom Public Company Limited**

CAT is the public-sector company that runs Thailand's global telecommunications substructure, including its worldwide gateways, satellite, and submarine cable networks connections. As of February 2008, it had 5,562 personnel and is grounded in Bangkok. Until recently, CAT had a monopoly on universal telephony and CDMA mobile telephony. CAT is joined with TOT to provide the GSM mobile facility "ThaiMobile". In enterprise with Hutchison, it provides a CDMA2000 1X mobile service in 25 central provinces, and functions its own CDMA2000 1xEV-DO in a further 51 provinces. CAT also delivers data communications and applications services, such as Leased Line, Fiber-to-the-Premises (FTTx), Gigabit Ethernet, xDSL, Live TV Broadcast, e-Commerce, e-Auction, and e-Security. Over half of CAT's income comes from its mobile business contracts, Total Access Communication (TAC, dtac Brand), True Move (TM), and Digital Phone Company (DPC, GSM1800 Brand).

#### ❖ **Total Access Communication Public Company Limited,**

usually known as **DTAC** is the following chief GSM mobile phone provider in Thailand (after AIS). DTAC is retained by Telenor both directly and indirectly. As of 31 December 2011, DTAC had 23.2 million subscribers with the market portion of subscriber at about 30%. As of 23 June 2010, the Company's listed capital was ฿4,744,161,260 of which ฿4,735,622,000 was paid-up wealth and divided into 2,367,811,000 ordinary shares with a par value of ฿2. DTAC claims to have the next

widest exposure nationwide, compared to its main rival AIS, with 8,300 base stations connected as of 2008 on the 800 MHz and 1800 MHz bands. As of 2010 DTAC is offering both GPRS and EDGE facilities on its postpaid and prepaid products “DTAC Happy”.

❖ **Advanced Info Service(AIS) PCL**  
 is Thailand's major GSMmobile phone operator with 31 million clientele as of September 2011. Started in April 1986 and In October 1990, it launched analog 900 MHz mobile phone amenities with a 20 year monopoly business from the Telephone Organization of Thailand, and later converted the first company permitted to operate on the GSM 900 frequency. The highly lucrative company is controlled by the InTouch plc (formerly Shin Corporation), controlled by Temasek Holdings, a Singapore government owned agency. AIS is listed on the Stock Exchange of Thailand on November 5, 1991. As of 23 December 2011, InTouch plc holds 40.45% of the entire shares of the company and Singapore Telecommunications (also majority held by Temasek together) composed with Thai Trust Fund and OCBC Nominees holds a 23.32% stake. Its subsidiaries are Advanced Contact Center Company Limited (ACC), Advanced Data network Communications Company Limited (ADC), Data Network Solutions Company Limited (DNS) and Digital Phone Company Limited (DPC).

❖ **True Corporation Public Company Limited**  
 (TRUE) is a communication multinational in Thailand. True wheels, Thailand's largest cable TV provider and True Visions, its largest ISP and **True Internet** and its third-largest mobile operator **True Move**. The company retitled itself True Corporation in 2004 and rationalized its operations with holdings AsiaInfonet (renamed True Internet) and Orange (renamed True Move in 2006) between others. It operates fixed-line (as a concessionaire of TOT Plc), wireless, Cable TV, IPTV and Broadband facilities amongst others. The company has violently pushed itself as an Internet service provider, a broadband and ADSL network. With more than 1 million subscribers, it is now Thailand's largest ISP. True Corporation comprises the following holdings such as True move (Mobile Phone Operator), True move (2G Mobile Phone Operator), True move-H (3.5G/4G Mobile Phone Operator), NC True (In order with 60% deals with NCSOFT Corporation), True Online, True Digital Plus, True Money (Pay by phone service cash card and Pay Station) and True Visions (Subscriber TV service).

## INDIA

### ❖ **Bharti Airtel Limited,**

**BAL**, usually known as **Airtel**, is an Indian conglomerate telecommunications services corporation headquartered at New Delhi, India. It works in 20 countries across South Asia, Africa and the Channel Islands. Airtel has GSM network in all nations in which it operates, providing 2G, 3G and 4G facilities depending upon the country of action. Airtel is the world's third largest mobile telecommunications company with around 261 million subscribers transversely 20 countries as of August 2012. It is the largest cellular service provider in India, with 183.61 million subscribers as of November 2012. Airtel is the third largest in-country mobile operative by subscriber base. Business Portfolio of Airtel consisting of Broadband and Telephone Services, Enterprise Services, Mobile Services, Airtel Prepaid, Airtel Postpaid, Blackberry Wireless handheld, Value Added Services, Instant Balance Enquiry, 24hr Recharge Facility, Caller line Identification, Call divert, wait and hold, MMS, Airtel Live Portal and SMS based Information Service. On 18 May 2010, the 3G spectrum auction was accomplished and Airtel compensated the Indian government ₹ 122.95 billion (US\$2.24 billion) for spectrum. Airtel 3G facilities are presented in 200 cities through its network and in 500 cities through intra-circle roaming provisions with other operators. Airtel had about 5.4 million 3G clientele.

### ❖ **Vodafone India,**

**Vodafone**, formerly **Vodafone Essar** and **Hutchison Essar**, is the second largest mobile network operator in India after Airtel by subscriber base. It is based in Mumbai, Maharashtra. It has approximately 140.84 million customers as of November 2011. Vodafone India provides 2.75G services based on 900 MHz and 1800 MHz digital GSM technology. Vodafone paid ₹11617.86 million for 3G spectrum in 10 circles.

### ❖ **Reliance Communications Ltd.**

(Commonly called **RCOM**) is an Indian broadband and telecommunications company headquartered in Navi Mumbai, India. RCOM is the world's 15th largest mobile phone operator with over 150 million subscribers and India's 2nd largest telecom operative in India, after Bharti Airtel. Recognized on 2004, a subsidiary of the Reliance Group. The company has five segments: Wireless segment; broadband segment; Global segment; Investment segment and other segment consists of the

customer care activities and direct-to-home (DTH) activities. Reliance Communications paid ₹5864.29 crores for 3G spectrum in 13 circles.

❖ **Aircel group**

Aircel is an Indian mobile network operator headquartered in Chennai, that offers wireless voice, messaging and data services in India. It is a joint undertaking among Maxis Communications Berhad of Malaysia and Sindya Securities & Investments Private Limited. India's fifth largest GSM mobile service provider and seventh largest mobile service provider with a subscriber base of over 63.35 million.

❖ **Bharat Sanchar Nigam Limited**

**BSNL** is an Indian state-owned telecommunications company headquartered in New Delhi, India. It is the major provider of fixed telephony and 4<sup>th</sup> largest mobile telephony provider in India, and is also a provider of broadband facilities. It had a customer base of 95 million as of June 2011. The main telecom services provided by BSNL are Universal Telecom Services, Cellular Mobile Telephone Services, WLL-CDMA Telephone Services, Internet, Intelligent Network (IN), 3G, IPTV, FTTH, Helpdesk, VVoIP and WiMax. BSNL has the largest 3G network in India.

❖ **Idea Cellular**

Idea, commonly referred to as **Idea**, is an Indian mobile network operators based in Mumbai, India. By the end of year, 4,000,000 Indians were on the company's network. Idea paid ₹5768.59 crores for 3G spectrum in 11 circles. Idea has also threw a Dual-SIM Android smartphone in India on June 15, 2012 called as Idea ID-918 at a price point of Rs.5,994 (\$108 approx.) It features Android v2.3 OS, 3.2-inch capacitive touchscreen, 3G, Wi-Fi and 3.2 MP rear facing camera. On 5 March 2013 Idea launched a another 3G smartphone named Idea Zeal 3G which is a Dual SIM phone with 3 Megapixel camera.

❖ **TATA DOCOMO**

DOCOMO is part of the Indian multinational Tata Group. The company received authorizations to operate GSM services in nineteen telecom circles and was agreed spectrum in eighteen of these circles and tossed GSM services. Tata DOCOMO had about 42.34 million users at the end of December 2010. Tata Docomo ltd compensated ₹6964.29 crores for 3G spectrum in 22 circles. Docomo had about 1.5 million 3G subscribers as of May 2011.

❖ **Uninor**

Uninor is an Indian mobile network operator based in Gurgaon, India. The company holds Unified Access Service (UAS) authorizations to offer mobile telephony facilities in each of India's 22 telecom circles. The company is a joint venture among Telenor Group, a telecommunications company headquartered in Norway, and Unitech Group, an Indian real estate company. Offers mobile voice and data services grounded on the GSM technology, presently on a 5.4 MHz spectrum. As of December 2011, Uninor has 36 million customers.

❖ **Videocon Telecommunications Limited**

Videocon is a Videocon Group company that bids GSM mobile services under the brand tag Videocon, in India. It is headquartered at Gurgaon, Haryana. The Videocon Group is a global business multinational with a strong existence in Household Consumer Goods, Oil & Gas, Retail, Telecom, DTH and the Power sector.

**WTO AND GENERAL TRADE IMPLICATIONS:**

- ❖ The WTO contracts on telecommunications finished mid-February '97 are constructed on a regime in which of progression trade, and related notions about trade, is the groundwork. The now-well recognized GATS terms, which have been force-fit onto the telecoms contract, demonstrate all too awkwardly. An outstanding guide to this story, *Liberalizing International Transactions in Services*:
- ❖ A Handbook even sets the problematic in a bit of historical perspective. Its first chapter traces briefly, the evolution of some of these ideas. The demonstration makes clear (if not explicitly) the cumulative non-fit – between notion and phenomenon – as GATT moved to GATS, to WTO, and lastly to telecom services. The instinct to community is the force behind the ills which the WTO telecoms contract is aimed to mend – and community is also the motive for telecommunications networks, to be some physical 'connecting tissue' between community associates. The contract only covers 19 percent of the world's populace. As well underlining how our network technology is radically limited to only the few rich populates, this stark difference suggests that any actual, long-term modification must win the sentiments and minds of a sea of humanity vastly bigger than us.
- ❖ The **General Agreement on Trade in Services** has three elements: the main text containing general responsibilities and punishments; annexes dealing with instructions



for specific segments; and individual countries' precise commitments to deliver access to their markets, with indications of where nations are briefly not applying the "most-favoured-nation" norm of non-discrimination.

- ❖ General obligations and disciplines: The agreement covers all internationally-traded services — for example professional services, banking, telecommunications, tourism, etc. It also describes four ways (or "modes") of swap services:
  - Services supplied from one nation to another (e.g. international telephone calls), publicly known as "**cross-border supply**" (in WTO jargon, "mode 1")
  - Consumers or firms making usage of a service in another nation (e.g. tourism), publicly "**consumption abroad**" ("mode 2")
  - A foreign company setting up holdings or branches to offer services in another nation (e.g. foreign banks setting up processes in a country), officially "**commercial presence**" ("mode 3")
  - Individuals roaming from their own nation to supply services in another (e.g. fashion models or consultants), officially "**presence of natural persons**" ("mode 4").
- ❖ **The telecommunications sector** has a double role: it is a distinct sector of economic action; and it is a fundamental means of delivering other economic goings-on (for example electronic money transfers). The addition says governments must guarantee that Foreign Service providers are given entrée to the public telecommunications networks without discernment.

## LEGAL ASPECTS APPLICABLE TO TELECOM INDUSTRY

### THAILAND

- ❖ The Ministry of Transport and Communications (MOTC) grips all the telecommunications power in addition supervises three main agencies, namely: **the Post and Telegraph Department (PTD), the Telephone Organization of Thailand (TOT), and the Communications Authority of Thailand (CAT)**, under the Act of each organization. **The National Economic and Social Development Board (NESDB) and the MOTC** obligate a key responsibility in drafting the chief telecommunication plan. PTD controls and manages radio frequencies, regulates and coordinates domestic communication via satellite through integrated ground stations. TOT operates and oversees all domestic telephone and communication services. CAT provides and regulates the international telecommunications and postal services. **Private sector in Thailand has a certain limited participation. The monopoly exists under current laws that allow the private sector joining the state telecom agencies in term of the Build- Transfer-Operate (BTO) contract.**
- ❖ Laws related to telecommunication services in Thailand, so far, are primarily monopolistic, as The Telegraph and Telephone Act 1934, The Postal Act 1934, Telephone Organization of Thailand Act 1954, Radio-communication Act 1955, The Communications Authority of Thailand Act 1976 and Radio Broadcast and Television Broadcast Act 1955, 1959, 1979 & 1987.
- ❖ **The new Telecom Regulatory Act** is to establish the independent agency to administer all the mass communication and telecommunication activities. The organization of this agency has been split up into two parts, namely: The National Broadcasting Commission (NBC) and The National Telecommunications Commission (NTC).
- ❖ New area of authority and responsibility of the NBTC according to the new law are Liberalization, satellite services, monitor and evaluate regulations, broadcasting regulations, decentralization of license system, shift to digital television, increase in direct access, policy making which consists of The Radio Frequency Master Plan, The Telecommunications Master Plan and The Broadcasting Master Plan.
- ❖ The objectives of Telecommunications Master Plan are to ensure free and fair competition, Ensure effective licensing process and operation of telecoms business, Manage telecoms resources efficiently, Promote universal access of telecoms services

in rural areas and for specific target groups, Promote consumer protection and regarding the preparation towards the ASEAN Economic Community (AEC) in 2015.

## INDIA

- ❖ According to the TRAI act amended in 2000, the functions of the original TRAI have now been divided between two separate bodies namely: The Telecom Regulatory Authority of India (TRAI) and The Telecom Disputes Settlement and Appellate Tribunal. The Recommendatory and Regulatory functions are vested with the TRAI while dispute settlement functions are handled by the Appellate Tribunal. **Recommendatory Functions of TRAI** are Need and timing for introduction of new service provider, Terms and Conditions of license to a service provider, Revocation of license for Non-compliance with its terms and conditions, Measures to facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services, Technological improvements in the services provided by the service providers, Type of equipment to be used by the service providers after inspection of equipment used in the network, Measures for the development of technology and any other matter relatable to telecommunications industry in general and Efficient management of available spectrum.
- ❖ **Regulatory Functions of TRAI** are it can either issue directions or Recommend termination of license for non-compliance; Fix the terms and conditions of inter-connectivity between the services providers; Ensure technical compatibility and effective inter-connection between different service providers; Regulate arrangements amongst service providers for sharing their revenue derived from providing telecommunication services; Lay down the standards of quality of service to be provided by the service providers; Lay down and ensure the time period for providing local and long distance circuits of telecommunication between different service providers; Maintain register of interconnection agreements and of all other matters as may be provided in the regulations; Ensure effective compliance of universal service obligation; Levy fees and other charges at such rates and in respect of such services as may be determined by regulations and Notwithstanding anything contained in the Telegraph Act 1885. **The functions of the Telecom Disputes Settlement and Appellate Tribunal** are to adjudicate disputes between a licensor and a licensee, two or more service provider and a group of consumers; to hear and dispose of appeal against any direction, decision or order of the TRAI.

## **TECHNOLOGICAL ADVANCEMENTS TAKING PLACE IN THE TELECOM INDUSTRY:**

### **THAILAND**

- ❖ The technical test for 4G technology today at "DTAC house" shows that 4G mobile signal is capable of transferring data at the speed of 150 mbps, or 5 times quicker than 3G and over 200 times quicker than 2G. The demonstration test is part of the technical trials recently thrown by Total Access Communication PLC or DTAC in the neighborhood of Siam Square and Chamchuri Square, which is also houses the head bureau of DTAC or the, so-called, "DTAC house".

### **INDIA:**

- ❖ India has confirmed its supremacy as a technology key provider. Efforts are being endlessly made to develop reasonable technology for masses. Pilot plans on the existing and developing technologies have been started including Wi-Max, 3G etc. The proposed welfares from the R&D initiatives by the Government are:
  - Pre-eminence of India as a technology solution provider.
  - Comprehensive security infrastructure for telecom network.
  - Tested infrastructure for enabling interoperability in Next Generation Network.
- ❖ There are about 900 million mobile handlers in India which makes it 2nd major in the world. As far as internet is concerned it is third largest with 108 million users. Introduction of **Aakash Tablet** has given us yet another thing to be honored of as it is the world's low-priced tablet.
- ❖ India is also making its mark in the pitch of space research. Megha Tropiques is a joint strength of ISRO and CNES (France) to study the tropics mostly for water cycle in the context of weather change. It is a satellite which was effectively deployed in October 2011 by a PSLV rocket. It has close circular peculiarity and an orbital period of 101.93 minutes. Astrosat is India's first astronomy satellite which was launched in 2012. It was launched with PSLV-XL. Astrosat is mainly focusing on monitoring the X-ray sky, multi-wavelength monitoring, sky surveys in UV bands and hard X-ray. It also focuses on broadband spectroscopic studies and periodic and non-periodic variability of X-ray sources. India has a huge claim of power supply and by 2020 the present demand is likely to dual. Nuclear technology came to its rescue. India has information of fast devices and Thorium fuel cycle which takes it to one of the

frontrunners' positions in nuclear technology. Concepts like e-governance and UIDAI or Aadhar cards are being executed. There is a long way to go but these projects will absolutely bring a lot of command and transparency in the way India is being administered.

## **INVESTMENT PATTERNS OF TELECOM COMPANIES**

### **THAILAND**

- ❖ **AIS** the biggest and first mobile operator of Thailand is the subsidiary company of Shin Corp. it is joint venture between Singapore Telecom and Shin Corp. InTouch plc holds 40.45% of the total shares of the company and Singapore Telecommunications (also majority held by Temasek together) together with Thai Trust Fund and OCBC Nominees holds a 23.32% stake.
- ❖ **DTAC** has Telenor as strategic partner. It is the second largest digital mobile telecoms operator in Thailand. The company is now focused on preparing its network for data services to various applications. DTAC is becoming the second mobile provider in the world to offer Sony Ericsson's EDGE PC card, which allow users to connect their notebooks to the internet via a mobile network. DTAC has joint ventured with Telenor group of Norway. As of 23 June 2010, the Company's disclosed capital was ฿4,744,161,260 of which ฿4,735,622,000 was paid-up wealth and divided into 2,367,811,000 ordinary shares with a par value of ฿2.
- ❖ **ORANGE of TRUE corp.** belongs to CP Group. The French Orange was pulled back all its investment from Thailand in late 2003. True Corporation was established in 1990 as TelecomAsia. The firm had a strategic partnership with Verizon. In 2001, TelecomAsia set up a mobile phone subsidiary with Orange SA. Orange sold off its stake in the venture in 2003 but the Orange brand was still used until 2006. In an effort to converge all its existing telecommunications related business into a single brand, the company renamed itself True Corporation in 2004 and streamlined its operations with subsidiaries True Internet and Orange.
- ❖ **TOT Public Company Limited** is a Thai state-owned telecommunications company. Originally established in 1954 and corporatized in 2002, TOT used to be known as the Telephone Organization of Thailand and TOT Corporation Public Company Limited. The Telephone Organization of Thailand was founded by the Thai government in 24 February 1954. A state enterprise under the Ministry of Transport and

Communications, it incorporated the Telephone Technician Unit under The Post and Telegraph Department. It originally had 732 staff members and a budget of 50 million Baht. And now TOT represented "Telecom of Thailand" to become National Telecommunication Company still hold 100% by Ministry of finance and controlled by Ministry of Information and Communication Technology.

- ❖ **CAT Telecom Public Company Limited** is the state-owned company that runs Thailand's international telecommunications infrastructure, including its international gateways, satellite, and submarine cable networks connections. Over half of CAT's revenue comes from its mobile concession contracts, Total Access Communication (TAC, dtac Brand), True Move (TM), and Digital Phone Company (DPC, GSM1800 Brand).

#### **INDIA:**

- ❖ **Bharti Airtel Limited**, commonly known as **Airtel**, is an Indian multinational telecommunications Services Company headquartered at New Delhi, India. It operates in 20 countries across South Asia, Africa and the Channel Islands. Airtel has GSM network in all countries in which it operates, providing 2G, 3G and 4G services depending upon the country of operation. Airtel is the world's third largest mobile telecommunications company with over 261 million subscribers across 20 countries as of August 2012. Stock holding by parent company is 52.7% and SingTel 15.57%. In May 2008, it emerged that Bharti Airtel was exploring the possibility of buying the MTN Group, a South Africa-based telecommunications company with operations in 21 countries in Africa and the Middle East. The Financial Times reported that Bharti was considering offering US\$45 billion for a 100% stake in MTN, which would be the largest overseas acquisition ever by an Indian firm. On August 11, 2010, Bharti Airtel announced that it would acquire 100% stake in Telecom Seychelles for US\$62 million. Bharti Airtel completed its \$10.7 billion acquisition of African operations from Kuwaiti firm.
- ❖ **Aircel group** is an Indian mobile network operator headquartered in Chennai, that provides wireless voice, messaging and data services in India. It is a joint venture between Maxis Communications Berhad of Malaysia and Sindya Securities & Investments Private Limited, whose current shareholders are the Reddy family of Apollo Hospitals Group of India, with Maxis Communications holding a majority stake of 74%.

- ❖ **Bharat Sanchar Nigam Limited** (abbreviated **BSNL**) is an Indian state-owned telecommunications company headquartered in New Delhi, India. It is the largest provider of fixed telephony and fourth largest mobile telephony provider in India, and is also a provider of broadband services.
- ❖ **Idea Cellular**, commonly referred to as **Idea**, is an Indian mobile network operators based in Mumbai, India. When Birla-AT&T brought Maharashtra and Gujarat to the table, the merger of these two entities was a reality. Thus Birla-Tata-AT&T, popularly known as Batata, was born and was later rebranded as IDEA. Telekom Malaysia, invested Rs 7,000 crore for a 14.99% stake in Idea. Just around then, Idea's subsidiary, Aditya Birla Telecom sold a 20% stake to US-based Providence Equity Partners for over Rs 2,0000 crore. the Aditya Birla Group announced its acquisition of the 48.18% stake held by the Tatas at Rs. 40.51 a share amounting to Rs. 44.06 billion. While 15% of the 48.14% stake was acquired by Aditya Birla Nuvo, a company in-charge of the Birlas' new business initiatives, the remaining stake was acquired by Birla TMT holdings Private Ltd., an AV Birla family-owned company. Currently, Aditya Birla Group holds 49.1% of the total shares of the company. Malaysia based Axiata controls a 14.99% stake in the company.
- ❖ **Reliance Communications Ltd.** (commonly called **RCOM**) is an Indian broadband and telecommunications company headquartered in Navi Mumbai, India. In July 2011, the company announced it was buying US-based managed ethernet and application delivery services company Yipes Enterprise Services for a cash amount of ₹1200 crore (the equivalent of US\$300 million). The deal was announced of the overseas acquisition, the Reliance group has amalgamated the United States-based Flag Telecom for \$210 million. It is self-started initially by Reliance Corporation.
- ❖ **Tata Teleservices Limited (TTSL)** is an Indian broadband and telecommunications service provider. In November 2008, Japanese telecom giant NTT Docomo picked up a 26 per cent equity stake in Tata Teleservices for about ₹ 130.7 billion (US\$2.38 billion) or an enterprise value of ₹ 502.69 billion (US\$9.15 billion).
- ❖ **Uninor** is an Indian mobile network operator based in Gurgaon, India. The company holds Unified Access Service(UAS) licences. The company is a joint venture between Telenor Group, a telecommunications company headquartered in Oslo, Norway, and Unitech Group, an Indian real estate company. Telenor owns a controlling majority stake in the company (67.25%), which has been branded Uninor in the Indian market.

- ❖ **Videocon Telecommunications Limited**, is a Videocon Group company that offers GSM mobile services under the brand name Videocon. It is self-start business.
- ❖ **Vodafone India**, formerly **Vodafone Essar** and **Hutchison Essar**, is the second largest mobile network operator in India after Airtel. On July 2011, Vodafone Group agreed terms for the buy-out of its partner Essar from its Indian mobile phone business. The UK firm paid \$5.46 billion to its Indian counterpart to take Essar out of its 33% stake in the Indian subsidiary. It will leave Vodafone owning 74% of the Indian business, while the other 26% will be owned by Indian investors, in compliance with Indian law. On 11 February, 2007, Vodafone agreed to acquire the controlling interest of 67% held by Li Ka Shing Holdings in Hutch-Essar for US\$11.1 billion, pipping Reliance Communications, Hinduja Group, and Essar Group, which is the owner of the remaining 33%. The whole company was valued at USD 18.8 billion.



## CASE STUDY

### THAILAND

- ❖ **Advanced Info Service PCL** is Thailand's largest GSMmobile phone operator with 31 million customers as of September 2011. AIS started off as a computer rental business. In October 1990, it launched analog 900 MHz mobile phone services with a 20 year monopoly concession from the Telephone Organization of Thailand, and later became the first company allowed to operate on the GSM 900 frequency. The highly profitable company is controlled by the InTouch plc (formerly Shin Corporation), headed by Temasek Holdings, a Singapore government owned agency. As of 23 December 2011, InTouch plc holds 40.45% of the total shares of the company and Singapore Telecommunications (also majority held by Temasek together) together with Thai Trust Fund and OCBC Nominees holds a 23.32% stake. Temasek bought AIS brand through the 2006 acquisition of the then known - Shin Corporation.

### SUBSIDIARIES

- ❖ Advanced Contact Center Company Limited (ACC) - Operate AIS Call Center 1175
- ❖ Advanced Datanetwork Communications Company Limited (ADC) - Provide Online Data Communication service via telephone lines under the name "Datanet", licensed by TOT
- ❖ DataNetwork Solutions Company Limited (DNS) - Provide Online Data Communication service via telephone lines under the name "Datanet" in the provincial area.
- ❖ Product Offerings:-
  - 900 MHz GSM Network
  - 1800 MHz GSM Network
- ❖ Opportunities:
  - Increasing demand for 3G and 4G services
- ❖ Strengths:
  - Market leadership position, 44% subscribers from market & 54% of total revenue shaing.
  - Largest GSM service provider in Thailand
- ❖ Future plan:
  - Plan to acquire 2.1GHz license to operate high-speed 3G technology

## **INDIA**

### **BHARTI AIRTEL**

- The owner of the BHARTI AIRTEL is Mr. Sunil Bharti Mittal.
- Formerly the company was known as Bharti-Tele Ventures Ltd. (BTVL), when started.
- It was a joint venture between Singtel and Bharti Telecom.
- It was providing GSM services in all the 23 circles.
- Airtel offers broadband and telephone services in 94 cities all around the country.
- Airtel was the first to start up Cellular showrooms known as “Airtel Connect”. Airtel is the first mobile company to install a second mobile switching centre.
- Airtel owned by Mr. Mittal is the tenth largest telecom company in the world.
- ❖ **Bharti Airtel Limited**, commonly known as **Airtel**, is an Indian multinational telecommunications Services Company headquartered at New Delhi, India. It operates in 20 countries across South Asia, Africa and the Channel Islands. Airtel has GSM network in all countries in which it operates, providing 2G, 3G and 4G services depending upon the country of operation. Airtel is the world's third largest mobile telecommunications company with over 261 million subscribers across 20 countries as of August 2012. It is the largest cellular service provider in India, with 183.61 million subscribers as of November 2012. Airtel is the third largest in-country mobile operator by subscriber base.

## **FINDINGS**

### **OPPORTUNITIES FOR INDIAN TELECOM COMPANIES**

- ❖ Airtel and other companies are having the higher opportunities to enter into the Thai Telecom Market.
- ❖ Indian telecom companies can fill the existing GAP of the 3G and 4G high-speed non-voice data services of Thailand.
- ❖ AIS plans to launch high-speed 3G services in the near future by acquiring license of 2.1GHz bandwidth.
- ❖ By the mode of joint venture with the AIS, the Indian Company Airtel and the others such as Vodafone, idea can enter the Thai Telecom Market.
- ❖ Airtel can also launch its High-tech Tablets in the Thailand market.
- ❖ Thailand is the one of the most searched destination for the tourism the joint venture (JV) between this two players also can made the strongest position among the prevailing competitors in Thailand.
- ❖ As we know Thailand is the tourism destination the JV can set up Wi-Fi zones on famous and public locations.
- ❖ As Thailand having uncertain climatic conditions and typical topology such natural calamities arises as flood, Tsunami, earthquake. And during this period the Thai Population turns to use of mobile non-voice services for information and rescue purpose. So if high-speed 3G and 4G services made easily available than it can also work as the part of the social responsibility.
- ❖ Thailand is also the hub of the Electronic Gadgets so the companies can also generate revenues by selling the electronic Telecom Gadgets of lower prices.
- ❖ The Thailand is the land of natural uncertainties so the companies can do business only by mode of joint venture. There are also rules which restrict the operation of industries because of pollution and other reasons.
- ❖ Private sector in Thailand has a certain limited participation. The monopoly exists under current laws that allow the private sector joining the state telecom agencies in term of the Build- Transfer-Operate (BTO) contract, so it is preferable to make Joint Venture with the Thai Companies to doing business in Thailand.

## GEMS AND JEWELLERY

### INTRODUCTION OF THAI GEMS AND JEWELLERY

- ❖ Thailand is known worldwide for its proficiency in cutting and polishing diamonds, precious stones, and colored stones, and Bangkok is recognized as a hub of high quality jewelry production and excellent craftsmanship.
- ❖ Thailand's gems and jewelry industry is a major employer and important contributor to the economy, with gems and jewelry being surrounded by the country's top exports.
- ❖ Chantaburi, a bustling town in Eastern Thailand, once was home to a mine celebrated for its rubies & sapphires. While the mine no longer operate, gem traders from all corners of the world often visit Chantaburi to bargain for stones.
- ❖ The 1997 currency devaluation/crisis presented a big challenge for the Thai jewelry industry. The crisis resulted in a giant cash flow problem for gem buyer, and the supply of gems through Bangkok mostly desiccated.
- ❖ Rough gems were routed to competing cutting countries such as China, Vietnam, Sri Lanka & India, even though they lack the same infrastructure and market control that stay alive here. Since then, the jewelry industry has been gradually recovering with the start of the Thai Gemology Institute at Chula, the gradual recovery of lost markets in gems, & a gradual return of gem merchants to Bangkok. Unexpectedly, Thailand has become a leader in selling gems over the internet, much to the credit of Thai gems.
- ❖ Several Thai universities teach jewelry design, & Her Royal Highness Princess Maha Chakri established a school inside the Royal Palace to teach the traditional Thai art of royal jewelry creation. The Golden Jubilee Royal Goldsmith College attracts students from throughout Thailand and aims to maintain the earliest tradition of jewelry making while training students for jobs in today's market. The school gives priority to admit disadvantaged people.
- ❖ The district consists of four following part :-
  - **Mahesak:** Mahesak is the destination of choice for foreign wholesalers looking for gem stones and semi-precious colored stones
  - **Silom:** Bustling Silom Road is where international buyers rendezvous for diamonds. The area has supplementary than 395 stores

- **Charoen Krung:** Charoen Krung, an area whose name means “prosperous city,” is the place to buy exclusively designed silver jewelry and accessories.
- **Yaowarat:** Goldsmiths in Yaowarat are hailed for their superb craftsmanship. The major road in Bangkok’s Chinatown district, Yaowarat has the country’s greatest focus on gold shops
- ❖ The Thai government’s ZERO VAT initiative exempts the 7% Value Added Tax for all imports of rough gems stones and raw materials into Thailand for manufacturing. This government policy strengthen Thailand’s position as the ‘World’s Gems and Jewelry Hub’.

### **HOW TO CHOOSE A GEMSTONE & A PIECE OF JEWELRY NATURE OF GEMSTONES**

- ❖ Thailand is one of the world's most important sources of Corundum. The collective gemological name for expensive stones like Ruby and Sapphire.
- ❖ First, it is essential to have the basic knowledge about the characteristics, colors, clarity, cutting style & the weight of the gemstones you are selecting. Generally speaking, there are two category of gemstone - precious and semi-precious.

### **PRECIOUS STONES ARE**

- ❖ Diamond
- ❖ Ruby
- ❖ Blue Sapphire,
- ❖ Yellow Sapphire And the Semi-precious stones be Tourmaline, Peridot, Tazanit, Garnet. Opal, Spinel, Zircon, Aquamarine, Moonstone, Agate, Pearl, Sunstone, etc.

### **THAI JEWELLERY COMPANIES:**

- ❖ Feminine Jewelry Co. Ltd.
- ❖ Yoo Lim Co. Ltd.
- ❖ GemsTV Holdings Ltd.
- ❖ Premier Gems Trading Co. Ltd.
- ❖ Natasha Creations Co. Ltd
- ❖ Pranda Public Company Ltd.
- ❖ Amorn Gems International Co. Ltd.
- ❖ Master Diamond Co. Ltd.
- ❖ Wazako Gems Stone
- ❖ Siam Fashion Jewelry Co. Ltd.
- ❖ Wisirint Company Limited

### **THAI JEWELRY DESIGNER**

- ❖ In Thailand, designers are mostly poorly paid and undervalued. As such, there is little incentive for clever Thais to enter the design field. There are, however, some brilliant Thai designers including some who have studied at famous design schools abroad.
  - Aranee Sutumratanakul
  - Tai-Kultirat Meesaiyati
  - Suwaluck Mahantakhun
  - Matina Sukhahuta
  - Matina Amanita

## **GEMS AND JEWELLERY INDUSTRY IN INDIA**

- ❖ Expensive metals and gemstones have been an integral part of the Indian civilization since its evidence history. The gems and jewellery sector has been one of the fastest-growing sectors in India in the past few years. The two major sector in India are gold & diamond. India has the attribute of being the first country to introduce diamonds to the world. The country was also the preliminary to mine, cut & polish and trade in diamonds.
- ❖ The Indian Gems & Jewellery industry is highly fragmented with a large number of domestic private sector companies. There is great demand for G & J industry.
- ❖ Before the liberalization of the Indian wealth in 1991, only the Minerals and Metals Trading Corporation of India (MMTC) and the State Bank of India (SBI) were allowed to import gold.
- ❖ In 2001, India had the highest demand for gold in the world; 855 tons were inspired a year, 95% of which was used for jewelry
- ❖ The gems and jewellery industry has an important role in the Indian economy. Further, India has emerge as the largest cutting and polishing industry for diamonds in the world.
- ❖ In fact, the two major segments of the gems & jewellery business in India are gold and diamond jewellery as said by an Exim Bank report.
- ❖ Gold and precious gems have played a pivotal role in the Indian social fabric & economy. Precious gems & jewelry are a part and parcel of Indian traditions & customs.
- ❖ India's G&J industry is highly unorganized & fragmented with 96 percent of the total players being family owned businesses.

## **MARKET CHARACTERISTICS**

- ❖ Unorganised Sector:
- ❖ Labour-Intensive:
- ❖ Working Capital-Intensive:
- ❖ Raw Material-Intensive:

## VALUE CHAIN

- ❖ Diamonds surpass through a series of processes by they are finally sold in the trade market. . Diamonds are source during three ways, open pit mining, underground mining and taking out from alluvial deposits. The uneven diamonds that are required from mining are then sort in different category according to the superiority, shape, shade, and size. Diamonds are sorted, graded, and appreciated at this evaluate and then sent for extra processing.
- ❖ These process diamonds are then exported or sold in domestic markets as finished diamonds or as diamond-studded jewellery. Once the diamonds are process, they are then sold to manufacturers straight or through registered diamond exchanges. The jewellery that is manufactured from the diamonds is sold either through a trader or straight in the retail market, domestically or globally.
- ❖ Gold mining, the process of mining gold out of the earth, is done through the subsequent methods: solid rock mining, gold ore processing, placer mining and by-product gold mining. The gold that is extract from mines is in contaminated form, and it is obtain in its purest form through a series of chemical process called refining. The gold that is sophisticated is converted into cast bars/gold bars through fabrication. The fabricated gold is then old for either making jewellery or for making coins, industrial products & dental products — jewellery fabrication garners the highest share among the value chain activities
- ❖ India get most of its diamonds from De Beers/CSO diamonds, the Rio Tinto-controlled Argyle mine in Western Australia and from side to side a small but growing illicit trade in diamonds smuggled out of Russia.
- ❖ Though India is not a key producer of precious metals and gemstones, it does have important reserves of gold, ruby, diamond, emerald, sapphire & other valuable stones. States such as Andhra Pradesh, Chhattisgarh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan and Tamil Nadu are the centres of various variety of gemstones in India. Andalusite, apatite, beryl, brown sunstone (feldspar), chrysoberyl (including alexandrite), diamond, diopside, emerald, fluorite, garnet, hessonite, idocrase, iolite, korerupine, kyanite, quartz (amethyst, rose quartz), ruby, rhodolite, sapphire, sillimanite, sphene, spinel, tourmaline and zircon are the varieties of gemstones found in India.



- ❖ The Deccan region in the southern India has one of the richest deposits of gold. Further, India has around 9% of the global gold reserves; however, it hardly produces around 0.4% of its total gold use. Karnataka, Andhra Pradesh and Gujarat are the gold-producing centres in India and there exists fabulous potential for further gold exploration.
- ❖ The Indian gems and jewellery segment employ approximately 1 million people directly and indirectly. The sector is mainly concerted in Maharashtra and Gujarat, and Mumbai and Surat are the most significant diamond-cutting-and-polishing centre in both states, correspondingly. Mumbai is an significant export-import hub for gems and jewellery and Surat is an important hub for processing diamonds. Furthermore, Gujarat account for 80% of the entire diamonds process in India and 72% of the diamonds process in the world — almost 8 out of the 10 diamonds process in the world are process in Gujarat.
- ❖ The Indian administration has set up gems and jewellery parks in special economic zones (SEZ) in Mumbai and Surat to encourage the diamond business. The low rate of labour for cutting and polishing of diamonds has made India an striking destination for diamond processing. The true strength of the jewellery industry are its striking handcrafted article that are intricate and equivalent to world-class design plus the Indian craftsmen who have achieved fineness in this art. , India is well-known for processing very small diamonds that require enormous skill, which the Indian artisans seem to have developed over the years.
- ❖ Gold demand has been increasing in India in the last only some years because of enlarged purchasing parity of the middle class and the escalating income levels. Gold demand grew by 7% to 769 tonnes in 2007 as compared with 722 tonnes in 2006.
- ❖ Over the last only some years, there has been a surge in the number of working women. This tendency has not only empowered women monetarily but also has transformed their general approach; as a result, there has been a escalation in purchase of gems and jewellery by this segment, mainly for jewellery that can be worn at work and for social occasions. Over the last only some years, there has been a surge in the number of working women. This tendency has not only empowered women monetarily but also has transformed their general approach; as a result, there has been a escalation in purchase of gems and jewellery by this segment, mostly for jewellery that can be worn at work and for social occasions

- ❖ The government has set up various training institutes to be a focus for quality personnel, to provide to the global market and to focus on constant novelty of globally-acceptable designs. Under the KPCS, import or export of all rough diamonds in India is allowed only if the shipment is accompanied by the Kimberley Process Certificate, which has not only improved the credibility of diamonds processed in India in the worldwide market but also has boosted its exports.
- ❖ Various initiatives are being undertaken by major diamond producer, retailers and industry body about portraying diamonds as glamorous as well as affordable. The government has set up a variety of SEZs to provide special incentives to the highly export-oriented sector. The development of SEZs for gems and jewellery has facilitated the growth and has enhanced the trade potential for the sector.
- ❖ The Indian G&J industry can be classified into a range of sub-segments like diamonds, colored stones, gold and silver jewelry, pearls, etc. GJEPC strives to focus on penetrating new emerging markets in the world, with special attention on India and China, to promote diamonds and increase consumer self-confidence. The colored gemstones segment includes residual forms of jewellery which include precious gemstones like emeralds, sapphires, rubies and tanzanite; and semi-precious gemstones like silver, pearls, etc.

#### **KEY DOMESTIC & FOREIGN PLAYERS OF GEMS AND JEWELLERY**

- ❖ Oysterbay
- ❖ Shrenuj and Company Ltd
- ❖ Vaibhav Gems Ltd (VGL)
- ❖ Hindustan Diamond Company
- ❖ Hindustan Diamond Company
- ❖ Suashish Diamonds Ltd. (SDL)
- ❖ Intergold

## **PRESENT TRADE WITH GUJARAT IN GEMS & JEWELLERY INDUSTRY**

- ❖ Liberalization of the Indian economy in 1991 had its fair share of impact on the gems and jewellery business which was earlier regulated and few specific agencies could import gold.
- ❖ Today, India is one of the eight important world markets, in league with USA, UK, Middle East, Japan, Italy, Turkey and China.
- ❖ Gujarat is the leading state in India in gems and jewellery sector, as it contributes to about 72% of the total exports of India.
- ❖ The gems and jewellery sector in India is highly labor-intensive, export-oriented and a major contributor to the foreign exchange earnings; thus prompting the Indian government to declare it as high priority for export promotion. The gems and jewellery sector in India is engaged in manufacturing, and processing, which involves cutting, polishing and selling precious gemstones and metals such as diamonds, gold, silver, platinum and other precious stones.
- ❖ The main characteristics of the sector are its unorganized nature with majority of the players in the family-owned businesses, working capital and labour intensiveness and dependence on foreign countries for raw material like diamonds and gold.
- ❖ According to a report of Exim Bank, the sector faces problems such as impact of recession, competition from China and other competing nations, increase in prices, low level of technology absorption, product development and R&D.

## **LEGAL ASPECTS AND BARRIERS OF GEMS AND JEWELLERY**

### **❖ CUSTOMS DUTY ON GOLD AND SILVER**

Customs duty on serially numbered gold bars (other than tola bars) and gold coins to be increased from Rs 100 per 10 gram to Rs 200 per 10 gram. Customs duty on supplementary forms of gold to be increased from Rs 250 per 10 gram to Rs 500 per 10 gram.

### **❖ Central Excise Duty**

Excise duty on identified articles of jewellery to be reduced from 2% to nil.

## **FIVE FORCE ANALYSIS**

### **❖ Threat of Substitute Products:**

The actual substitute products for Thai gold jewellery exporters are gold jewellery items with different materials and stone setting techniques. The shift in jewellery setting trend and stone preference is the main threat for Thai exporter.

### **❖ Threat of the Entry of New Competitors**

Thailand is facing a difficult time with new entrants from China, Singapore, Malaysia and India. These countries have low labour costs because main production bases are located in India and China. They are very aggressive in term of marketing and well supported by their governments.

### **❖ Intensity of Competitive Rivalry**

There is a high level of competition in the fine gold jewellery industry which has been intensified by the reduced demand caused by the current economic crisis. The intensity of competition has filtered a large amount of fine gold jewellery companies out of the market due to lack of competitiveness.

### **❖ Bargaining Power of Customers**

The bargaining power of buyers is getting higher due to the competition between rivals. The high level of competition leads to higher benefits for buyers. In the future, industry players may need to come up with a better approach in order to survive in the market.

### **❖ Bargaining Power of Suppliers**

Thailand has the same level of bargaining power toward stone and diamond suppliers as Hong Kong since the major stone and diamond suppliers are Indian. From the research, most jewellery factories do not have much bargaining power with respect to gold suppliers. They must pay cash on delivery and there are very few volume discounts on gold.

## **THE NATIONAL DIAMOND OF COMPETITIVENESS**

### **❖ Factor Conditions:**

#### **❖ Land Factor**

#### **❖ Labour Factor**

Thailand has expertise in manufacturing and exporting fine gold jewellery with genuine gems when compared with competing countries due to the skilled work force that is specialized in setting techniques, especially for high end setting style.

#### ❖ **Capital Factor**

The majority of fine gold jewellery manufacturers in Thailand are small and medium sized enterprises. They have limited capital and knowledge on about financial management.

#### ❖ **Technology factor:**

The fine gold jewellery industry is one industry that relies on new technology development. The research discovered that Thailand has been lagging behind in terms of research and development in this area.

#### ❖ **Related and Supporting Industries**

Thailand has a complete range of supporting industries for the fine gold jewellery industry from materials, production and all others. For materials, Thailand is a major world stone trading hub, which means that Thai fine gold jewellery manufacturers have more chance to gain access to a variety of stones at reasonable prices.

#### ❖ **Demand Conditions**

From the interviews conducted, it appears that demand conditions in Thailand are different from other export markets in criteria such as percentage of gold used and design techniques. The only local demand that match with export market is jewellery store target at tourist customer.

#### ❖ **The Role of Government**

The Thai government pay attention to the gem and jewellery industry and there are many projects that support exporters. Thai customs has decreased import duty and tax from time to time to help Thai exporters. For example, the diamond import tax was 8.2–16.2% for the year 1995 and only 1% in the year 1999.

## **TRADE POLICIES IN TERMS OF IMPORT EXPORT**

- ❖ At present, the Indian government allows 100 % foreign direct investment (FDI) in gems and jewellery through the automatic route.
- ❖ For discovery and mining of diamonds and precious stones FDI is allowed up to 74 per cent under the automatic route.
- ❖ For discovery and mining of gold and silver and minerals other than diamonds and precious stones, metallurgy and processing, FDI is allowed up to 100 per cent under the automatic route.
- ❖ Import of gold of 8k & above is allowed under replenishment scheme subject to import being accompanied by an Assay Certificate specifying purity, weight and alloy content.
- ❖ Duty Free Import Entitlement [based on Free On Board (FOB) value of exports during previous financial year] of consumables & tools, for:
  - ❖ Jewellery made out of:
    - Precious metals (other than gold & platinum) - 2 per cent
    - Gold and platinum - 1 per cent
    - Rhodium finished silver - 3 per cent
    - Cut and polished diamonds - 1 per cent
    - Duty free import entitlement of commercial samples shall be US\$ 6187.9.
    - Duty free re-import entitlement for rejected jewellery shall be 2 per cent of FOB value of exports.

## **SWOT**

### **STRENGTHS**

- ❖ One million craftsmen linked with it.
- ❖ Abundance of cheap and skilled labor.
- ❖ Excellent marketing network widen across the world.
- ❖ Supportive government industrial/ exim policy.

### **WEAKNESSES**

- ❖ Small firms missing technological/ export information expertise.
- ❖ Low efficiency compared to labor in china, Thailand and srilanka.

### **OPPORTUNITIES**

- ❖ Growing order in South Asian & Far East countries.
- ❖ Industry affecting from a phase of consolidation.
- ❖ Tax rule to be structured to develop country as a global hub for gems and jewellery.

### **THREATS**

- ❖ China, Sri Lanka and Thailand's entry in small diamond segment.
- ❖ Infrastructure bottlenecks, absence of latest technology.
- ❖ Fluctuation in currency, especially pleasure of rupee against the dollar.
- ❖ Change in fashion trends.

## **PEST**

### **POLITICAL FACTORS**

- ❖ FDI approval: India is now the third most favored destination for Foreign Direct Investment (FDI); Government of India may permits 49% of FDI in the Diamond industry. FDI of \$ 2 billion are invest in terms of working capital in the industry.
- ❖ Government policies and taxation: From January 1, 2008. It has finished the import of polished diamonds completely duty free. To reduce the business cost for the diamond sector, testing ability at International Diamond Laboratory (IDL), Dubai, has been included in the list of laboratory/certifying agencies.

### **ECONOMIC FACTORS**

- ❖ Per capita consumption: Per capita consumption power of customers may highly affect diamond jewelry purchase. India`s per capita returns is likely to grow more than double over the last seven years, to Rs38,084 in the contemporary fiscal, reflecting improvement in the living standards of the average Indian.
- ❖ Per capita profits, according to the advance estimates for national income is expected to grow by 14% during the current fiscal. However, after discount for inflation, per capita income is likely to rise to Rs 25,661 on behalf of an increase of 5.6%.

### **SOCIAL FACTORS**

- ❖ Emergence of retail org: Makes people conscious about diamond and gold as a luxury product or an investment option.
- ❖ Emergence of substitute: Diamond is preferred by consumers with increase in the price gold.
- ❖ Changing consumer preferences: with the increase in standard of living consumer preference change from gold to diamond, it's also considered for status symbol.

### **TECHNOLOGICAL FACTORS**

- ❖ As Gem & Jewellery industry try to moving up in to the value chain they are focusing more on they use high end equipments.
- ❖ The Special Economic Zones & Diamond Parks developed in various states offer technology-enabled environments that are conducive to growth and quality production.



## COMPETITOR COUNTRIES

- ❖ China
- ❖ India
- ❖ Italy
- ❖ Turkey
- ❖ Israel
- ❖ Belgium
- ❖ Colombia
- ❖ Japan

## TECHNOLOGY USED IN GEMS AND JEWELLERY

- ❖ Virtually all gemstones undergo some sort of treatment after being cut. Polishing, of course, takes care of any surface blemishes. Some stones, such as emeralds, have lots of fractures that detract from their beauty, while rubies & sapphires have many inclusion, or dark spots, caused by impurities on the inside of the stones. General treatment process for the four precious stones is as follows.

Gem	Treatment	Purpose	Industry outlook
Ruby	Heating	Reduce inclusions	Accepted, permanent
Sapphire	Heating	Reduce inclusions	Accepted, permanent
Emeralds	Oiling, Waxing	Hide fractures	Accepted, care required when cleaning
Pearls	Dyeing	Improve the color	Not accepted, not permanent

## **MAJOR PLAYERS OF IMPORT EXPORT IN THAILAND**

- ❖ Thai gem centre
- ❖ ABC stone co. Ltd
- ❖ SWD import export co ltd.
- ❖ AKARA import export

## **MAJOR PLAYERS OF IMPORT EXPORT IN INDIA**

- ❖ MANDANI GEMS
- ❖ KRUPALI GEMS
- ❖ VIREN GEMS
- ❖ RENAISSANCE JEWELLER

# TOURISM INDUSTRY

## PLAYERS OF KINGDOM OF THAILAND

### 1. Oriental escape restricted

- ❖ ORIENTAL ESCAPE LTD may be a full service Thailand agency providing quality Thailand and Indochina travel services. we tend to specialise in tiny cluster tours throughout geographical region. we offer many in an elaborate way pre-designed tour packages, ground transfer, native guide, tours, and that we additionally give tailored travel service that's organized in step with your specific desires and needs.
- ❖ Now on a daily basis Oriental Escape becomes knowledgeable agency specialised not solely in Kingdom of Thailand however enlarged to different Indochina Country as our travel merchandise and services are extended to Kampuchea, Laos, Union of Burma and Vietnam.
- ❖ We offers tailored visits and tour packages across the countries for versatile costs, most assured and quality services with our own skilled tour guides, new vehicle and trendy communication systems

### 2. Thai travel Dreams

- ❖ Thaitraveldreams originates from associate degree interest in giving individual holidays in Kingdom of Thailand to destinations far-off from mass business enterprise. In 2001 we tend to started with specialised tours through Is an and different destinations far-off from mass business enterprise.
- ❖ Travel program with daring mountain tours, nightlong stays with hill tribes, elephant rides, bamboo rafting tours, relaxed looking tours to cities and temples, nightlong stays with a Thai host family still as beach holidays.
- ❖ They have three equivalent websites in English, German and Dutch. These are rigorously designed to show our travel program during a skilled approach.

### 3. Asia World Enterprise Co. Ltd.

- ❖ Over the past fifteen years, Asia World has up because the leading high-end travel company in geographical region, with attention on luxury travel programs throughout Kingdom of Thailand.
- ❖ This winning formula has allowed United States of America to expand our operations from our base in Kingdom of Thailand, with offices in Bangkok, Chiang Mai, Chiang Rai, Phuket, Samui, Pattaya, Krabi and HuaHin, to a veryinternational network.

## **INDIAN TRAVELS ENTERPRISE FIRMS**

### 1. Kesari Travels

- ❖ Kesari powerfully believes and follows the thought of Kaizen "change for the better", refers to philosophy of continuous improvement of processes which is able to give most satisfaction to our Guest. and keep United States of America versatile in dynamic surroundings to serve them higher. Kesari believes in providing innovative vacation concepts to its guests.

### 2. Paradise Tour Company

- ❖ Established in 1981, Paradise Tour Company may be a full-fledged broker & Tour Operator with professionally trained workers having average expertise of ten years placed within the heart of recent Delhi. Paradise Tour Company is recognized by Govt. of India, Ministry of business enterprise and square measure active members of prestigious Travel associations like, Indian Association of tour Operators (IATO), Travel Agents Association ofAsian country (TAAI), Pacific Asia Travel Association (PATA), broker Federation of Asian country (TAFI), International transport Association (IATA).

### 3. Sita Tours and Travels

- ❖ Under the leadership and entrepreneurial experience of Roger Mahal and Mok Singh, the company's Chairman and President, Sita has steady magnified its market price since early 1980. The annual enlargement of a novelproduct and therefore the increasing variety of partnerships created with numerous organizations and associations nationwide, have contend instrumental roles within the development of

a whole that's absolute tobring Sita success for years to come back.

Destinations Include:

- Africa
- Australia and New Zealand
- China and therefore the Orient
- India
- South America
- Greece
- European and Russian River Cruises

### **LEGAL BARRIERS**

- ❖ Tourist Visa Exemption
- ❖ Visa on Arrival
- ❖ Tourist Visa
- ❖ Alcohol
- ❖ Customs
- ❖ Medical Treatment

### **THAILAND BUSINESS ENTERPRISE CONSTRAINTS**

- ❖ Deteriorating conditions at sure traveler attractions.
- ❖ Transportation constraints
- ❖ Immigration constraints
- ❖ Personal constraints
- ❖ Safety and Security constraints
- ❖ Industry organization constraints
- ❖ Government support constraints
- ❖ Legal and restrictive constraints

## **PROBLEMS IN DEVELOPMENT IN BUSINESS ENTERPRISE OF INDIAN COUNTRY**

1. .Non Implementation Of Legislative Law
2. .Lack of Facilities To traveler like H2O,Waiting space, Clock Room,Food & Beverages
3. Lack of business enterprise info to each the someone still because the Community members there square measure ample of web sites that may be developed however owing to either cognitive content or negligence of lack of initiative they're not promoted.
4. Lack of economic support.
5. Communication and culture downside.

## **TECHNOLOGY ADVANCEMENTS IN KINGDOM OF THAILAND**

- ❖ Thailand is upgrading supply facilities and technology infrastructure to extend the nation's freight handling capability and assure quicker, a lot of economical wares movement. variety of comes square measure recurrent, together with the development of a replacement international landing field, the enlargement of Thailand's premier sea port, enhancements in multi-modal linkages, the proliferation of e-logistics and a move toward paperless customs procedures.
  - Advances in Air Freight
  - Developments in E-Logistics

## **TECHNOLOGICAL ADVANCEMENT IN INDIAN COUNTRY**

### **E-COMMERCE**

- ❖ All those internet sites and portals launched by government still as non-public organizations would supply a good vary of business enterprise merchandise and services like airlines, hotels, restaurants, camp-sites, tours, activity centers, concerts, festivities, searching and plenty of a lot of with choicest of assortments of services.
- ❖ Advance technologies in business enterprise trade instead of .Com & e-commerce, travel and business enterprise trade is longing for answer like E-Business or U-Business (Universal Business) solutions.
  - Customer relationship management
  - Value chain integration
  - Knowledge Management Systems
  - Use of advance technologies

## **WTO – TRADE IMPLICATIONS OF KINGDOM OF THAILAND**

- ❖ The number of tourists coming back to Kingdom of Thailand has grown up steady. In 2010, there have been just about fifteen.93 million international traveler arrivals, up from 14.14 million in 2009, that was such an associate degree enlargement of twelve.63% from the previous year.
- ❖ **WTO Trade Implications in Asian country**  
To promote business enterprise interests, the planet business enterprise Organization (WTO) organized South Asian Ministerial Summit on Joint Promotion and selling of business enterprise ‘with support from the South Asia Travel and business enterprise Exchange (SATTE), on Gregorian calendar month twenty three, 2001 in national capital. The Ministerial Summit was presided over by the Minister for Culture and business enterprise, Shri Ananth Kumar.
- ❖ It absolutely was control at intervals the framework of SATTE 2001. the most important meeting is yet one more manifestation of the commonness among the South Asian nations to any promote the region on collective basis within the primary supply markets.

## **INVESTMENT PATTERN OF BUSINESS ENTERPRISE IN ASIAN COUNTRY**

- ❖ The Indian business enterprise sector is one in every of the biggest service industries within the country in terms of its contribution to the Gross Domestic Product (GDP) and exchange Earnings (FEE), still as for providing employment to millions. the world in truth is anticipated to get around US\$ forty two.8 billion (INR one,897.7 billion) by 2017, in step with associate degree trade analysis note by auditing and consulting company Deloitte Touche.
- ❖ Business enterprise in Asian country is witnessing widespread growth on the rear of accelerating arriving business enterprise by the burgeoning Indian class, rising influx of foreign tourists and prospering government campaigns for promoting ‘Incredible India’. Infrastructure development holds the key to India’s sustained growth within the business enterprise sector.

## COMPARATIVE ANALYSIS OF INDIAN AND THAILAND

- ❖ Indian business enterprise trade desires improvement in terms of behavior, honesty. It's been seen that in Kingdom of Thailand the traits of behaviors were too sensible. Major determinative issue like politeness, modesty, temperament to assist and settle for individuals has promoted their business enterprise. The higher than activity traits need to be strong and bolstered in Asian country. Asian country has robust earth science and diversity in climate and culture.
- ❖ Asian country may be a giant country and has nice potential for growth in business enterprise. The economic process will be increased with the growth in business enterprise. As well as this trade guarantees sensible infrastructure development and high employment.
- ❖ We tend to live in country that additionally commands "Atithi Devo Bhav". currently it's time let's apply that row.



## **PESTLE**

### **POLITICAL IMPACT ON BUSINESS ENTERPRISE INDUSTRY**

- ❖ The globally televised attack, coming back throughout a world economic slump, contributed to associate degree eight % fall in traveler arrivals this year. In Kingdom of Thailand, tens of thousands of anti-government protesters arranged beleaguering to Bangkok's airports late last year, primarily housings over 350,000 travelers within the country for every week. Before that shock had worn off, some months later, another cluster of protesters diode violent riots in Bangkok.

### **ECONOMIC IMPACT ON BUSINESS ENTERPRISE INDUSTRY**

- ❖ The service economy is driving growth in most OECD countries. It represents an oversized a part of economic activity and its importance continues to grow.
- ❖ Tourism, a large, advanced and fragmented trade that remainsterrribly tough to outline and live, may be a key element of the service economy.
- ❖ Technological impact on business enterprise trade  
The term "technology" will simply decision to mind scientific achievements, laptop graphic skills, lighting tricks and different engineering-related pictures. However, "Tourism Technology" encompasses the integrated fields mentioned within the previous paragraph, statistics, social control and socio-cultural ability, and skills that the business enterprise trade will adopt to style, produce, and market numerous business enterprisemerchandise.

### **ENVIRONMENTAL IMPACT ON BUSINESS ENTERPRISE INDUSTRY**

- ❖ The quality of the surroundings, each natural and synthetic, is important to business enterprise. However, tourism's relationship with the surroundings is advanced. It involves several activities that may have adverse environmental effects.
  - Three main impact areas: natural resources, pollution, and physical impacts
  - Environmental impacts at the world level
  - Other trade impacts on business enterprise
  - How business enterprise will contribute to environmental conservation

## **SOCIAL IMPACT ON BUSINESS ENTERPRISE INDUSTRY**

- ❖ All parties concerned (the voters, the business enterprise trade and therefore the visitors) have unconditional interest within the management of the environmental resource base associate degraded an obligation to try and do their half to support this management. If the surroundings is degraded all parties stand to lose - guests can fail to come back (or are going to be caning to pay less) and therefore the countries will lose a very important supply of economic profit. In different words the surroundings can turn out reduced economic, ecological, and agreeableness edges. Microeconomic theory is basically the study of the equitable distribution of scarce merchandise or edges.
- ❖ During this example the scarce profit is that the Jamaican beach business enterprise product. The theory provides approaches to creating the demand and provide of those scarce edges a lot of economical. Demand of the 'good' during this case is that the 'beach-lust' (sun, sand, sea) business enterprise of Jamaica. this is often in distinction to the 'wonder-lust tourism' like safaris, rock climbing, cultural and heritage business enterprise that's determined in different elements of the planet. The 'good' is provided at a price which might embrace the normal prices of, labour and capital etc. but once the price of the availability of the nice doesn't take into consideration negative externalities like environmental harm, this leads to market failure. If this market failure isn't corrected it'll lead to a loss in welfare (dead-weight loss).

## CASE STUDY

### THAI TRAVEL DREAMS

- ❖ Privacy Policy/statement: Protecting your privacy is vital to United States of America. We tend to hope the subsequent statement can assist you perceive however Thai travel dreams collects, United States of America and safeguards the non-public info you give to us on our computing device.
- ❖ Information Collection: When you use your browser to browse computer network.thaitraveldreams.com you browse anonymously. Personal info like your name, address, sign or E-mail address isn't collected as you browse. Thaitraveldreams doesn't capture and store any personal info regarding people UN agency access this computing device, except wherever you voluntarily value more highly to provide United States of America your personal details via email, or by victimisation associate degree electronic type, or enquiring regarding any of our services.
- ❖ Information use: In order to supply you with a specific product or service on-line, we tend to could request that you simply voluntarily provide United States of America with personal info, together with your E-mail address, for functions like correspondence. we tend to could use info you've got given within the following manner, give a service, live client interest in our numerous services and inform you regarding merchandise and services.
- ❖ Declining E-mail Offers: Thaitraveldreams provides customers with a simple suggests that to decline/unsubscribe from receiving E-mail offers. we tend to acknowledge the importance of providing you therewith selection. every E-Mail supply we tend to send includes a chance at rock bottom of the E-Mail to unsubscribe from this service.

### INDIAN TRAVELER COMPANY.

## SOTC – India's Leading Tour operator

- ❖ SOTC is Kuoni India's key outward travel whole. SOTC, India's leading outward tour operator, was nonheritable by Kuoni Travels – World's leading premium Tour Operator within the year 1996 and may be a leader altogether travel segments specifically Escorted Tours, Free Individual Travel and Domestic Holidays amongst others. SOTC company Tours is that the leader in Incentive, Trade honest tours and Sports. we've got served travelers for years and won their smiles and hearts. SOTC's large array of vacation services is taking holidaying to a wholly new level.
- ❖ SOTC Holidays of Asian country
- ❖ SOTC company Tours
- ❖ SOTC Trade honest Tours
- ❖ Awards for Excellence
- ❖ Privacy Policy
- ❖ SOTC Services

Thoroughly researched destinations

Special relationship managers

The expertise of a pacesetter - over 5000 MICE activities union

custom-made itineraries & programs

Identification of location choices & reservation

Venue choices & reservation

Planning, organizing and arming location with all facilities and materials

Specialised exclusive theme dinners

Shows and special recreation

Arrangements for aerial and surface transportation

Security & influential person reception and arrangements

Visa applications

## **CASE STUDY**

## **ROLE OF YOGA AND SPIRITUALITY IN INDIAN BUSINESS ENTERPRISE**

- ❖ People from across the planet currently come back to Asian country for writing, yoga and meditation in Rishikesh, Uttaranchal that's practiced since centuries. In truth Asian country has quickly emerged as a healthbusiness enterprise destination owing to these. Since past, Asian country has been glorious for its spirituality, laic} and yoga tolerance and its secular character. Asian country is termed the "Yoga-Bhoomi" and therefore the tree to the heavens.
- ❖ Asian country is internationally noted for its ancient healing practices and different therapies. For over thousands of years currently, we've got followed our own native healing systems and medicative practices like writing, treatment, and Pranic Healing to call simply some. It's no surprise then that individuals from everywhere the planet square measure turning to the Indian sub continent for steering towards a a lot of spiritually satisfying approach of life.
- ❖ Majority of foreign tourists visiting Rishikesh believe that spiritual places provides a peace of mind and that they feel spiritually happy. That's why they like to create their visits to spiritual places instead of daring, historical or exotic sites.
- ❖ Drink :Water may be a necessity for everyone. However the on the market water at Rishikesh is unhealthful. The guests had to shop for a drinking water bottle daily.
- ❖ Help offices :The poor accessibility of traveler offices at Rishikesh was another issue, that cropped up as a haul for the foreign tourists.
- ❖ Facility of a guide Poor accessibility of a guide was yet one more downside long-faced by them (especially by those from France and Russia). Unusualness with native language and lack of knowledge were the issues long-faced by traveler owing to the non-availability of a bilingual guide UN agency will converse with them in their language.
- ❖ Misguiding tour operators Most of the tourists complained that the tour operators duped the tourists by misguiding them regarding the assorted transport facilities on the market.

## **Findings**

## **BARRIERS**

- 1) Trade barrier
- 2) Running a corporation in Kingdom of Thailand
- 3) Tax matters
- 4) Labour problems
- 5) Stay and add Kingdom of Thailand

## **Conclusion**

### **OPPORTUNITIES IN KINGDOM OF THAILAND**

#### ❖ MARKET CHANCE

Thailand's economic process has created opportunities for U.S. firms during a variety of infrastructure sectors, together with power, telecommunications, and renewable energy. Thai customers square measure making opportunities for brand spanning new sales of U.S. medical merchandise, cosmetics, security instrumentation, food supplements and academic services. Kingdom of Thailand additionally continues to seem for U.S. suppliers of automotive accessories, defense instrumentation, broadcast instrumentation, food process and packaging instrumentation, and environmental technology.

### **Overseas Business Risk – Kingdom of Thailand**

#### Political and Economic

- ❖ Political scenario: A election was control in Kingdom of Thailand on three Gregorian calendar month 2011. The election happened while not serious incident however there remains some risk that political developments could result in instability. we tend to advise you retain up so far with the FCO travel recommendation, monitor the native media, keep to bear along with your travel company if you've got one and avoid demonstrations. The political scenario in Kingdom of Thailand is unpredictable and generally volatile. Over recent years there are instances of civil and political unrest leading to large-scale demonstrations and, in some cases, violence. British nationals ought to exercise

caution throughout Kingdom of Thailand and avoid demonstrations or giantgatherings, which can flip violent.

- ❖ Economic scenario: On-going reforms since the 1997 Asian money Crisis have place Thailand's economic fundamentals on a a lot ofstable footing. Attitudes towards risk-taking are a lot of measured since these reforms. company and unit debt levels stay moderate, money establishments square measure stable, the property-market isn't heating, public finances square measure sound (public debt/GDP is moderate at forty first and principally funded from long-run sources), and governance has improved. Ample foreign reserves and a sturdy currency add stability. moneysector exposure to monetary unit banks square measure least still.

## **OPPORTUNITIES OF BUSINESS IN INDIAN COUNTRY**

- ❖ Tourism may be a booming trade in Asian country. With the amount of domestic and international tourists rising once a year, this is often one hot sector entrepreneurs should specialize in. Asian country with itsvarious culture and wealthy heritage includes a heap to supply to foreign tourists. Beaches, hill stations, heritage sites, life and rural life, Asian country has everything tourists square measure longing for.
- ❖ But this sector isn't well union. Asian country lacks trained professionals within the business enterprise andwelcome sectors. Any business during this sector can thrive within the long-standing time because thedemand injure to grow once a year. Foreign traveler arrivals throughout January-March were fifteen.63hundred thousand with a rate of twelve.8 percent, compared to thirteen.86 hundred thousand throughoutthe primary 3 months last year.

## **OVERSEAS BUSINESS RISK — INDIAN COUNTRY**

### Political and Economic

- ❖ Political summary: The Indian Constitution provides a system of parliamentary and cupboard government each at the centre andwithin the states. The Indian Parliament consists of the President, presently President Pranab Mukherjee, (elected for a five-year term because the constitutional head of the executive) and 2 Houses: The Lower House - Lok Sabha ('House of the People') - directly elective on the

premise of universal adult suffrage; and therefore the higher House - Rajya Sabha ('Council of States') - indirectly elective by the members of state legislative assemblies.

- ❖ Economic summary: India's US\$1.8trn economy world's eleventh largest, third in PPP terms) supports one.2bn individuals however average gross domestic product per capita of US\$1400 masks extremes of difference wherever nearly seventieth of the population continue to exist but \$2/day. The economy enjoyed robust growth within the latter half the last decade averaging over eight.5% pa driven by a rise in investment and sustained consumption. but growth has decelerated to six.5% in 2011-12 as a result of associate degree industrial holdup and sluggish investment on the rear of domestic policy uncertainty.



## FOOD INDUSTRY

- ❖ India is the world's second largest producer of food next to China, and has the potential of being the biggest with the food and agricultural sector. With a huge agriculture sector, abundant livestock, and cost competitiveness; India is fast emerging as a sourcing hub of processed food. India's food processing sector covers fruit and vegetables; spices; meat and poultry; milk and milk products, beverages, fisheries, plantation, grain processing and other consumer product groups such as confectionery, chocolates and cocoa products, soya-based products, mineral water, high protein foods etc.
- ❖ The Indian food industries sales turnover is Rs 140,000 crore annually as at the start of year 2000. The industry has the highest number of plants approved by the US Food and Drug Administration (FDA) outside the USA. The most promising sub-sectors includes -Soft-drink bottling, Confectionery manufacture, Fishing, aquaculture, Grain-milling and grain-based products, Meat and poultry processing, Alcoholic beverages, Milk processing, Tomato paste, Fast-food, Ready-to-eat breakfast cereals, Food additives, flavors etc. A well-developed food processing industry is anticipated to increase farm gate prices, reduce wastages, ensure value addition, promote crop diversification, generate employment opportunities as well as export earnings.
- ❖ In order to facilitate and exploit the growth potential of the sector, the government on its part has initiated broad reforms i.e. Amendment of the Agriculture Produce Marketing Committee Act, rationalization of food laws, implementation of the National Horticulture mission etc. To promote private sector activity and invite foreign investments in the sector the Government allows 100% FDI in the food processing & cold chain infrastructure.
- ❖ The Indian food processing industry accounts for 32 per cent of India's total food market. Estimated to be worth US\$ 121 billion, it is one of the biggest industries in India, and is ranked fifth in terms of production, consumption and exports.
- ❖ India is the world's biggest milk producer, accounting for around 17 per cent of the global milk production, according to RNCOS research report titled, 'Indian Dairy Industry Analysis'. The food processing industries pulled foreign direct investments (FDI) worth US\$ 1,661.85 million from April 2000 to September 2012, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).

## **SOME OF THE KEY SUBSECTORS OF THE INDIAN FOOD INDUSTRY**

- ❖ Fruits & Vegetables the total market size of fruits and vegetables was Rs 2, 05,920 crores (US \$ 47 billion) in the year 2006-07 and is estimated to grow up to Rs 3, 28,516 crores (US \$ 75 billion) by 2015.
- ❖ Dairy the total market size of the dairy industry was Rs. 1, 98, 000 crores (US \$ 45billion) in the year 2006-07 and is estimated to grow up to Rs. 3, 66,484 crores (US \$ 83 billion) by 2015.The organized sector of the Dairy industry is growing faster than the unorganized sector.
- ❖ Marine & Fish The total market size of marine & fish industry was Rs 38,200 crores (US \$ 9 billion) in the year2006-07 growing at 4 percent per annum. It is estimated to grow up to Rs. 52,279 crores (US \$12 billion) by 2015.
- ❖ Non-Alcoholic Beverages The fruit juices and fruit-based drinks account for Rs. 5,000 crores (US \$ 1.13billion) with the annual growth rate of 35-40 percent and the market size of carbonated drinks is estimated at Rs. 6,000 crores (US \$ 1.36 billion) with the annual growth rate of 10-12 percent. India is the largest producer of tea in the world accounting for 28 percent of the total global production.
- ❖ Alcoholic Beverages the total market size of the beer and wine industry was Rs. 10,000 crores (US \$ 2.3 billion) in 2006-07 and is expected to grow up to Rs. 23,955 crores (US \$ 5.4billion) by 2015.
- ❖ Buffalo Meat and Poultry Products The total market size of buffalo meat and poultry products was Rs. 24,382 crores or US \$ 5.54 billion (Rs.9,422 crores or US \$ 2.2 billion for buffalo meat and Rs.14,960 crores or US\$3.4billion for poultry products) and is expected to grow up to Rs. 49,860 crores or US \$ 11.3billion by 2015.
- ❖ Packaged Foods the market for packaged food has grown from Rs. 4,005 crores or US \$ 0.9 billion in2002-03 to Rs. 11,440 crores or US \$ 2.6 billion in 2006-07. It is expected to grow ten times its current size in the coming decade.
- ❖ Staples and Other Products the major food grains produced are paddy, wheat, maize, barley, jowar, bajra and ragi. India is the second largest producer of the wheat and rice in the world.

- ❖ Bakery & Biscuit Sector The bakery in India is one of largest segment of the food processing industry in which the annual turnover in value terms is approximately Rs. 3,960 crores or US \$ 0.9billion.
- ❖ Functional Foods are foods designed to provide a specific and beneficial physiological effect on health, performance and well-being extending beyond the provision of simple nutrients. This industry is said to comprise of functional beverages and teas, fortified cereals and breads, soya foods, functional snacks foods like cholesterol lowering enriched foods.
- ❖ The various basic food ingredients used across all food and beverages are antioxidants, antimicrobial, color and flavor, enzymes, emulsifiers, stabilizers and pro-biotic, and sweeteners. This sector has witnessed a sharp growth over the past few years.
- ❖ The major Indian players have invested in the food processing sector. Some of them include ITC, HLL, Cargill, Venky's India, Godrej, Marico, Priya Foods, MTR, Surya Food & Agro and Haldiram's. Total investments worth US\$ 750 million in 2012, about US\$ 165 million has gone into only front-end retail, such as fast moving consumer goods (FMCG), food and beverage firms.
- ❖ The challenges for the food processing sector are diverse and demanding, and need to be covered on several fronts to derive maximum market benefits. A combination of uncontrollable and controllable factors has affected the growth of the sector and has acted as a hindrance in achieving its potential. Major challenges in this sector are Inadequate Infrastructure facilities as the topmost concern hindering the growth of the sector account for 44.25% of weighted response. Absence of Comprehensive national level policy on food processing sector India urgently needs a national food processing policy which incorporates tax breaks for the sector. Food Safety Laws & Inconsistency in State and Central policies due to that food sector in India is governed by a number of different statutes rather than a single comprehensive enactment.
- ❖ Thailand has become one of the world's biggest and most advanced producers and exporters of processed food products. Thailand is the sole net food exporter in Asia. Thailand dominates a number of food export sectors, ranking first in the world in 2010 for rice, cassava and tapioca, canned pineapples and seafood products fishery products. The 2010 merger of a Thai company and EU distributor of canned tuna fish resulted in a Thai takeover of distribution in the European Union. Thailand's food

exports to the rest of the world are balanced between major regions. The US was Thailand's largest market with 15% of total food exports by value, followed by Japan with 14%. Thailand's total food ingredients export value was US\$ 407 million. Instant curry showed the highest value of export at US\$ 40 million, followed by chili sauce (US\$ 38 million), fish sauce (US\$ 37 million), oyster sauce (US\$ 18 million), soya sauce (US\$ 15 million) and tomato sauces (US\$ 5 million).

- ❖ **Key players in Thailand:** are Saha Pathana Inter Holding Ltd, Patum Rice Mill & Granary, Royal Friesland Foods NV, Unilever Group, Thai Union, Dole Thailand, Charoen Pokphand Group, Betagro, Saha Farms, Thai Beverage PLC, Kellogg's, Kraft, PepsiCo, Del Monte, Procter & Gamble, Ajinomoto, Ef-fem food.

### **KEY MARKET SEGMENTS IN THAILAND**

- ❖ **Dairy Products** Sales of dairy products reached \$1.7 billion in 2009 expected to be worth \$2.2 billion by 2014.
- ❖ **Sauces, Dressings and Condiments** Sales reached \$938.4 million in 2009 expected to reach \$1.1 billion by 2014.
- ❖ **Dried Processed Food** Sales reached \$907.4 million in 2009 expected to be worth \$1.1 billion by 2014 and overtake sauces as the second largest packaged food by value, with 13.6% of total sales.
- ❖ **Sweet and Savoury Snacks** Sales reached \$658.6 million in 2009 expected to be worth \$860.8 million by 2014.
- ❖ **Baby Food Sales of baby food** reached \$632.6 million in 2009 expected to be worth \$804.5 million by 2014.
- ❖ **Bakery** Sales of bakery goods reached \$630.3 million in 2009 expected to be worth \$760.6 million by 2014.
- ❖ **Noodles** sales reached \$470.8 million in 2009 expected to be worth \$584.7 million by 2014.
- ❖ **Confectionery** sales reached \$371.1 million in 2009 expected to be worth \$462.9 million by 2014.
- ❖ **Food laws and Regulations** assure the safety and suitability of food for consumers, in some countries; also govern food quality and composition standards.

- ❖ The Indian Parliament has passed the Food Safety and Standards Act, 2006 which include: The Prevention of Food Adulteration Act, 1954, The Fruit Products Order, 1955, The Meat Food Products Order, 1973, The Vegetable Oil Products (Control) Order, 1947, The Edible Oils Packaging (Regulation) Order, 1998, The Solvent Extracted Oil, De oiled Meal, and Edible Flour (Control) Order, 1967, The Milk and Milk Products Order, 1992, Essential Commodities Act, 1955 relating to food.
- ❖ Bureau of Indian Standards (BIS) & Directorate of Marketing and Inspection (DMI) are deal with voluntary standardization and certification systems in the food sector.
- ❖ Management Systems for Quality and Food Safety are ISO 9000 Quality Management Systems Plant Quarantine and Order Export (Quality Control and Inspection) Act, 1963.
- ❖ Other Government Regulations are Industrial License, Foreign Investment, Foreign Technology Agreements, Import of Capital Goods and Import of Second Hand Capital Goods.
- ❖ India is an original Member of the WTO. India's trade policy objectives are stipulated in its Foreign Trade Policy (FTP), which is issued every five years. In its 2004 09 FTP, India highlighted to double India's share of global merchandise trade within five years; and to use trade expansion as a policy to promote economic growth and employment generation. The long term objective is to accelerate export growth to 25% per annum and double India's share in global trade by 2020.
- ❖ Food safety becomes a major concern in Thailand. Food Control Division has responsibilities for protecting consumer's health from hazardous and deteriorated foods. In Thailand, the **Food Act of B.E.2522 (1979)** is the major law aimed at protecting and preventing consumers from health hazards occurring from food consumption.
- ❖ In Thailand food Act classified in three categories Specially Controlled Foods (Registrations are required for foods), Standardized Foods (do not require registration) and Other Foods.
- ❖ Producers of the Food Industry in Thailand require Product Registration, Labeling, Manufacturing License, Good Manufacturing Practices (GMP), and Advertisements at Pre- Marketing Control Stage.Regular Inspections, Suspected or Petitioned Inspections and other activities occur at Post- Marketing Control Stage.
- ❖ Thailand recognizes that the global trading system has become much more liberalized so to chart the future direction Thailand continues to support free and fair trade that

gradually introduces changes and to promote progressive liberalization. Government insists close collaboration with the private sector in order to maintain the momentum of export growth.

- ❖ India believes that trade can contribute significantly to economic growth and employment generation. Nearly 14 million jobs directly or indirectly were created due to the increase in exports in the period 2004-09. The Foreign Trade Policy (FTP) 2004-09, set out with the objective of doubling India's percentage share in total global merchandise trade, contributed to the use of trade as an effective instrument of economic growth and employment generation. Long term policy objective of the FTP is to double India's share in global trade by 2020. Special economic zones (SEZs) are developed to increase infrastructure facilities, generate additional economic activity, promote exports of goods and services, promote investment from domestic and foreign sources and create employment opportunities.
- ❖ Being the original member of WTO, India accepted the Fourth and Fifth Protocols and is a Member of the Information Technology Agreement. It is a strong advocate of the multilateral trading system and has historically been party to few regional agreements.
- ❖ India's trade policy objectives are stipulated in its Foreign Trade Policy (FTP), which is issued every five years, but revised periodically, through the issuance of notifications, to take into account internal and external factors. . India's short term objective, in accordance with the latest FTP, is to achieve annual export growth of 15%; the long term objective is to accelerate export growth to 25% per annum and double India's share in global trade by 2020. Government is aiming to improve infrastructure to increase exports. In the latest Budget, the authorities have further expressed the need to promote market and product diversification.
- ❖ Measures to attract foreign direct investment (FDI) have included gradually increasing the number of sectors in which FDI is permitted and reducing sector restrictions. A recent consolidation of all prior regulations on FDI is aimed at clarifying India's FDI policy and provides for better understanding and predictability of the foreign investment rules among foreign investors and sector regulators.
- ❖ Till the 1990s, Indian F&B companies used traditional methods of production technologies. Rigid licensing norms made it even more difficult for these companies to adopt the latest technologies used by the counterparts in other parts of the world.

- ❖ Wide variety of processed food is available in the market currently. This is due to technological up gradation in food processing and packaging technologies e.g. Tetra packs and aseptic carton packs. Manufacturers of traditional Indian food and snacks have also adopted the latest technology for packaging their product to ensure longer shelf-life.
- ❖ There are two types of food processing technologies to process raw food materials into preserved or consumable products -chemical conversion like use of preservatives, emulsifiers, stabilizers, antioxidants or physical methods like milling, grain polishing, flaking, puffing, popping, pasteurization, crushing. One of the unavoidable consequences of food processing or cooking is that there is a loss of nutrients like vitamins and others, thermally unstable. Frozen foods are preferred due to the fact that, possibility of spoilage is reduced at sub-zero temperatures nutrients due to increase in its stability.
- ❖ Fermented foods which are derived by the action of beneficial micro-organisms belong to a group of products evolved historically over centuries of human civilization e.g. wines, whiskey, gin, rum and vodka, bread, yogurt, cheese, Indian idli and dosa. The process involves the use of one or more micro-organisms with assured safety. There are many processes employed by the food industry using enzyme preparations.
- ❖ Food preservation can be done using Bacteriocin class of Bio-preservatives, natural antibiotics. This is called Bio-processed food.
- ❖ Organic food is gaining popularity amongst large number of population due to increasing awareness about ill-effects of harmful chemicals, additives, pesticides and other substances, which are known to destroy the natural goodness of fruits and veggies.
- ❖ India, for years, has exercised organic farming, until the need to serve the food requirements of an independent India required adopting practices that hurt the environment.
- ❖ To Understand the Food Industry closely economic factor is more important as compare to any other factor for any country. Economic factors and policies are developed by the Govt. of the country. So the Economic Policies are influenced by Political situation of the country.

- ❖ The Government of India (GOI) is currently promoting investment in food processing to accelerate economic growth by allowing a provision to allow 51 percent foreign direct investment (FDI) in multi-brand retail.
- ❖ For uniform standards of weights and measures regulating trade in weights, and other goods rules have been established known as The Legal Metrology Act, 2009, and the Legal Metrology (Packaged Commodities) Rules, 2011.
- ❖ For the importation of livestock and related products to India the GOI has established procedures under the Livestock Importation Act, 1898. 4.1.3 Plant Quarantine (Regulation of Import into India) Order, 2003 for prohibiting and regulating the imports into India of agricultural articles....” and became effective January 1, 2004. For Labeling of the food product general requirements are as per the products category.
- ❖ General information required to be mention on the labels are the trade name or description of the food item, List of ingredients, except for single ingredient foods, Nutritional Information, Veg. and Non veg. declaration. For liquid products required to be mention on the labels are Declaration regarding food additives (colors/flavors), Name and complete address of the manufacturer, Net content by weight, volume or number; drained weight (for food packed in liquid medium), Distinctive lot number or code number or batch number, Date, month, and year of manufacturing or packing, Best before and Use by date.
- ❖ There are special labeling requirements for certain packaged food items, such as infant foods, condensed milk, milk powder, edible oils and fats, permitted food colors, etc. The country of origin of the food shall be declared on the label of food imported into India. When food article manufactured outside India is packed name of the country of origin of the food article and the name and complete address of the importer and the premises of packing.
- ❖ For the Packaging and Container Regulations All weights or measures are to be reported in metric units according to the Legal Metrology (Packaged Commodities) Rules, 2011. For Pesticides and Other Contaminants the Ministry of Agriculture regulates the manufacture, sale, import, export and use of pesticides through the ‘Insecticide Act, 1968’.
- ❖ Indian copyright law is now on par with the most modern laws in the world. Trademarks are protected under the Trade Marks Act, 1999 and the Trade Marks Rules, 2002 (in force since September 2003).



- ❖ Documentation: Importers must provide an import declaration in the prescribed Bill of Entry format, disclosing the value of the imported goods including certificate.
- ❖ After verifying samples by FSSAI port officers' clearance is given. This clearance procedure standard for different products is developed.
- ❖ After the economic crisis faced by Thailand, they have developed effective policies which simplify and speed up customs clearance procedures for imports of many industrial products. According to the Thai policy of open trade, the majority of products imported into Thailand are free. Thailand under the WTO Agreement on Agriculture is currently only 23 kinds of agricultural products subject to tariff quota management. Import and Export Act (1979) provided the legal basis for the prohibition of imports. Thailand's import and export law import permit must be obtained the consent of the Ministry of Commerce to get to Hong Kong after the goods.
- ❖ In the past few years, the major export control measures are the export registration, Export quotas (export quota), and export licensing (export licensing), the export tax and Export support.
- ❖ Globalization permits Integration of economies through inter- national trade has been acquiring great momentum during these days. The unprecedentedly higher number of in king's of bilateral Free Trade Agreements (FTAs) rationalizing international trade relations among nations is certainly looking to increase the cross- border ex- change of goods and services. Free Trade Agreements (FTAs) play a significant role in reducing the trade barriers between different nations. General Agreement on Tariffs and Trade (GATT) framework have cut tariffs on trade from an average level of 40 per cent in 1947 to the present level of 3 per cent in addition to phasing out different non-tariff barriers (Cherunilam, 2010).
- ❖ **India's Export to Thailand** after the Framework Agreement shows that export between India to Thailand increase from 16. 94% (2004) to 60.49% (2011). India's Exports to Thailand and Total Exports after the Framework Agreement are increase from 21.1 to 40 4.49 (In Percentage). India's Imports from Thailand prior to the Framework Agreement are 14.90 to (- 10.42) (In Percentage). India's Imports from Thailand after the Framework Agreement are 42.17 to 45. 73 (In Percentage).

## **INVESTMENT PATTERN BY THE MAJOR COMPANIES IN THAILAND IS**

- ❖ Nestle SA: Self Start SBU
- ❖ Royal Friesland Campina NV: Joint venture and Acquisition
- ❖ The Thai Dairy Industry Co: Joint venture
- ❖ Dutch Mill Co Ltd: Self-start
- ❖ Ajinomoto Co Inc: Self-start (SBU)

## **INVESTMENT PATTERN BY THE MAJOR COMPANIES IN INDIA IS**

- ❖ HUL: Merger
- ❖ ITC: Public conglomerate
- ❖ Britannia: Self-start (SBU)
- ❖ Cadbury: Self-start (SBU)
- ❖ Nestle: Self-start (SBU)

Thailand is one of self-sufficient country as far as food is concerned and big food exporters on the world market (biggest tapioca exporter).

## **MAJOR RESOURCES ON WHICH FOOD PRODUCTION RELY ON IN THAILAND ARE**

- ❖ **Land Resources-** 65% of Thailand's total area (51.3 million hectares) is endowed with cultivable land. Of the total farm holding land, 50.2% is paddy land, 24.2% is for upland crops, and 13.2% is for fruit tree and tree crops. But crop yields in Thailand are showing a decreasing trend, both in irrigated and rainfed areas partly due to unsuitable farming systems, physical, chemical and biological degradation of soils, and poor management. Due to this, Land use planning and zoning to increase land productivity will become increasingly critical to future efforts to secure food for the Thai people and to maintain food exporter status.
- ❖ **Water Resources-** Thailand rainfall - on average 1,550 millimeters per year (800 billion cubic meters) - suggesting that water supply is unlikely to be short. But it is uneven and inequitable both in spatial and temporal distribution. There is also lack of adequate maintenance and inefficient use of water resulting from incomplete systems, unregulated flows, and inadequate or outdated control structures. The 1977 Groundwater Act, an attempt to ensure the safe yield of the aquifer and to prevent land subsidence and saltwater encroachment, unfortunately, is enforced only around

the Bangkok metropolitan area. Thus Thailand needs to adopt a more co-ordinated approach to water resources management from the food security point of view.

- ❖ **Fishery Resource-** Thailand has a huge coastline of 2,615 kilometers at Gulf of Thailand and the Andaman Sea, and the 3,750 square kilometers of inland water area (20 rivers, 4 natural and more than 11,010 large and small man-made reservoirs). It is main source for fisheries. But all these coastlines are over-exploited to yield fishes. Moreover small-scale coastal fishermen use outdated technology and hence they are in constant conflict with the large scale trawlers. While Thailand has increased the sea under her jurisdiction by 50%, Thai fishermen have lost about 300,000 square miles of the sea that they once utilized.
- ❖ **Food Production-** Throughout its history, Thailand's exports of agricultural commodities and food products have far exceeded its food imports in terms of cash value. In 1981, Thailand earned 74.161 billion baht from food exports, constituting 48.6% of total earnings, while importing only 5.963 billion baht of food products (2.7% of total imports).
- ❖ **Rice-** Thailand is of the world's largest exporters (34.6% of world market in terms of quantity, and ranked first in 1986). However, due to very low input usages in terms of machinery, fertilizer and other factors, rice productivity had been among the lowest with average yields per Rai of 320-330 kilograms during 1983-1987
- ❖ **Other Food Crops-** Thailand was not only the world largest exporter of rice, but also cassava (34.6% and 89.2% of the world market respectively). Other major food crops whose estimated value exceeded 10 billion baht were maize, sugar cane, and combined oil seeds i.e. soybean, coconut, ground nut etc. Demand for soybean oil and soybean cake for animal feed has increased tremendously during a decade. Hence, soyabean has experienced significant changes in its production pattern.
- ❖ **Livestock and Dairy Products-** Thailand's livestock production has increased very slowly during the decade. Less than 10% of cattle and buffalo are commercially produced. Thailand produced only 152,888 tons of milk in 1990 (or approximately 3 liters of milk per person per year), an increase from less than 50,000 tons in the early 1980s. There was a slow rise of milk export from 54.84 to 79.45 billion baht
- ❖ **Poultry and Broiler Industry-** The broiler industry has undergone significant structural changes during the past two decade. The export amount and revenue of frozen boneless chicken or duck rose to 97,420 tons and 4.999 billion baht in 1988. Thailand exports enormous amount of protein food sources i.e. frozen boneless

chicken or ducks, and approximately 0.6 million ton of fishery products valued at more than 41 billion baht in 1988.

## INDIA

- ❖ India is one of the biggest producers of wheat and rice and Coconuts, cashew nuts, ginger, turmeric and black pepper in some parts of India. It is second largest producer of groundnuts, fruits and vegetables and it accounts for about 10 per cent of the world's fruits production with the country topping in the production of mangoes and bananas and Milk and related products account for 17% of India's total expenditure on food. Agriculture sector contributes one-fourth of the country's GDP.
- ❖ Basmati exports in FY2005 grown to USD 596 million from USD 432 million in previous year. Agriculture output expected to grow by 3% in 2005-06, compared with 1% in 2004, as per a Confederation of Indian Industries.

## GUJARAT

- ❖ Gujarat is the second biggest producer of fish in the country. It contributes 22.07 per cent of the total production of marine fisheries and 1.41 per cent of the inland fisheries of the country. It has 13 cold storages, and 4 shark liver oil extracting centres. The total fish production has been estimated at 8.23 lakh tonnes worth of Rs.4889.97 crore in the year 2009-10.
- ❖ Gujarat is the largest milk producing state in India. The largest dairy co-operative in India popularly known as Amul, is situated at Anand. It has 16,100 co-operative members with 3.20 million milk producers contributing milk twice a day. The number of milk societies formed and run by women has jumped from 800 to 2,250.
- ❖ **Livestock Meat-** Total meat produced collectively from buffaloes, goats, sheep and pigs is calculated at 3894.899 metric tonnes in 38 registered slaughter houses.
- ❖ **Poultry meat-** Total poultry meat production is estimated at 1254.004 metric tonnes from desi birds, 3583.411 metric tonnes from improved layers and 26553.987 metric tonnes from broiler birds.
- ❖ **Meat-** Meat is also an important nutritious product available from Livestock & layer. It is depending upon the source as origin which is classified in two type of meat viz. Livestock meat & poultry meat.

## FINDINGS

- ❖ From the data collected through various sources it has been revealed that there is enough opportunity for INDIA to incept trade with THAILAND as far as food Sector is concern.

The data or statistics which supports the above statement is as follows:

	INDIA			THAILAND		
	Production	Consumption	Excess/Deficit	Production	Consumption	Excess/Deficit
	In Tonnes			In Tonnes		
<b>MILK</b>	1121114290	80040900	1041073390	840691	1505940	-665249
<b>MEAT</b>	6270000	3944600	2325400	2403000	1840150	562850
<b>SEA FOOD</b>	8000000	10890000	-2890000	4200000	2310000	1890000

- ❖ Milk is very much essential for the human being and Thailand does not meet their requirement and they need to import it. This creates a good opportunity for India to have a trade with Thailand for not only milk but for several other dairy products such as cheese butter, etc.

## OPPORTUNITY FOR INDIA

Leading Dairy products Companies in India

- ❖ Amul and Gujarat Cooperative Milk Marketing Federation Ltd
- ❖ The Orissa State Cooperative Milk Producer's Federation Limited (OMFED)
- ❖ Andhra Pradesh Dairy Development Co-operative Federation Limited
- ❖ Haryana Dairy Development Cooperative Federation Ltd
- ❖ Choco~a`la Carte
- ❖ Dynamix Dairy Industries Ltd
- ❖ Kream Kountry
- ❖ Mother Dairy
- ❖ Vasudhara Dairy
- ❖ Thailand dairy companies are not having much product offerings or variants to offer to their people. Indian companies can catch hold up this opportunity to offer several flavors in milk, butter and other dairy products.

- ❖ Amul is a leader in India having a strong connection with Gujarat. Gujarat is second highest producer of milk in India so there is a lot of potential for Amul to expand their business in Thailand.
- ❖ Amul is right now only exporting their products to various neighboring countries and they don't have their establishments in any country and the data collected shows that majority of the firms enter in Thailand with collaborations or Joint Venture as the internationalization strategy, so Amul could also find the right organization in Thailand to offer their Products using such strategy.
- ❖ Not only Amul, any of the above dairy company can use the opportunity to establish their operations in Thailand to expand their business.
- ❖ Thailand also consumes lot of seafood as compared to India with population as reference. There is a wide scope for frozen seafood in Thailand.
- ❖ Per capita consumption of Seafood in Thailand (35 kg) is much higher than that of India (9 kg). This creates potential market of frozen seafood in Thailand for the Indian Companies.
- ❖ Leading Frozen seafood companies
  - Forstar Frozen Foods Private Limited
  - Sterling Foods
  - Petonia Foods Private Limited
  - Ovobel Foods
  - Hak Agro Foods
- ❖ These companies also have an opportunity to set their structures in Thailand as per capita production of seafood is also higher in Thailand than in India so availability of raw material is quite easy for them.
- ❖ Only two companies of the above are exporting their products to the other countries and majority of them are having only domestic operations so for them there is huge opportunity to expand their operation by exporting their offering in Thailand.
- ❖ Exporting can be used as international strategy at start and then slowly they can establish themselves over there by finding more opportunity in future.
- ❖ Gujarat also produces 8 lakh tonnes of seafood so there is also a good scope for several seafood processing industries in Gujarat to take advantage of the opportunity to have a trade with Thailand.

## AGRICULTURAL INDUSTRY

- ❖ Thailand is the **thirteenth-largest exporter** of agricultural and food products in the world, with a marketplace of 2.2 percent of world food exports.
- ❖ Thailand is the largest exporter of rice, **rubber, cassava, shrimp, and canned tuna**, also one of the major exporters of **sugar, canned pineapple, chicken, fruits and vegetables, and animal feeds.**(Poapongsakorn, September 2011)
- ❖ Thailand's huge comparative advantage in agriculture is because of Thailand's high export growth. Thailand is a major food-exporting country. Its food and beverages subsector is one of the largest subsectors in the country's manufacturing sector. The food subsector is provides the largest employer in the manufacturing sector, employing 1.7 million workers in 2009. From the three subsectors (i.e., food, beverages, and simple agricultural processed products), beverages is the major. The profit share is highest in fishmeal and feed, oil products, and meat products and lowest in beverages.
- ❖ **Thai agriculture is abundant land comparative advantage for Thailand.** Thailand has comparative advantage in land-intensive crops (e.g., rice, some field crops and permanent trees, particularly rubber). Rice is grown in every region; Southern Thailand is dominated by rubber trees, oil palm, and, to a lesser extent, fruit trees. Eastern Thailand focuses in fruit trees.
- ❖ Thailand's agricultural transformation can be divided into four periods:
  - the golden growth period of 1960—85,
  - the period of declining comparative advantage in 1985—96,
  - the crisis in 1997—98, and
  - The growth revival period in the 2000s.
- ❖ **Rice, rubber, and cassava are the major exports of Thailand.** The major markets for traditional agricultural exports are generally developing countries and the food exports are mainly with developed countries. (Country Profile: Thailand, July 2007 )
- ❖ India ranks second worldwide in farm output. Agriculture and allied sectors like forestry, logging and fishing accounted for 18.6% of the GDP in 2005, employed 60% of the total workforce. India is the biggest producer in the world of **milk, cashew nuts, coconuts, tea, ginger, turmeric and black pepper.** By first rank in

the production of banana and sapota, India accounts for 10% of the world fruit production. Prior to the **mid-1960s** India relied on imports and food aid to meet domestic requirements. However, two years of severe drought in 1965 and 1966 convinced India to **reform its agricultural policy**,([http://agritech.tnau.ac.in/sustainable\\_agri](http://agritech.tnau.ac.in/sustainable_agri))

- ❖ Rice are the **products** offered by the agricultural industry in **Thailand**, the nation's major crop, was grown by about three quarters of all farm households in the early 1980s. Two main types were cultivated: dry, or upland, rice, grown predominantly in the North and Northeast; and wet rice, grown in irrigated fields throughout the central plain and in the South. About half the 1986 production of 19 million tons was grown in the central plain and major valleys in the North; another two-fifths was produced in the Northeast; and about 6 % came from the South, which was a rice deficient area. The Malay Peninsula introduced the plantation of **Rubber** trees, where for the Rubber cultivation the soils and climatic conditions highly suited.
- ❖ In the mid-1970s Thailand had about 1.6 million hectares in rubber, of which about 10 percent were located in an area along the Gulf of Thailand southeast of Bangkok. **Maize** was grown all over Thailand, but the uplands around the central plain were especially suitable. Weather conditions usually permitted commercial growers to produce two crops a year. **Sugarcane** has long been widely grown. Thailand's market-responsive farmers expand cropped areas. Virginia flue-cured **Tobacco** had been produced. Some burley and oriental (Turkish) tobacco was also grown. About half of the commercial tobacco was grown in the North and another quarter in the Northeast. Production of **Coffee** beans is mostly done in the South (Thailand's Agricultural Sector and Free Trade Agreements, December 2006)
- ❖ There are various types of Food Crops that are cultivated in **India** throughout the year as well as seasonally. West Bengal, Punjab and Uttar Pradesh, Tamil Nadu, Karnataka, Orissa, Haryana, Bihar, Chhattisgarh, Assam was rice is producing and Maharashtra also produces rice. **Wheat**, in India is abundantly produced in the states of Punjab and Haryana. **Sorghum** and **Millets** are chiefly grown in dry areas of Indian subcontinent.
- ❖ **Jowar**, mainly cultivated in states like Punjab, Haryana and Tamil Nadu in Kharif as well as in Rabi season because it's particularly a rain-fed crop. **Corn** and **Barley** are considered as the staple food grown mainly near and in the Himalayan region. **Madhya Pulses** is producing in Madhya Pradesh in India. It is followed by the states of Uttar



Pradesh and Rajasthan. **Maize is produce** more than a few states of the country and these states are Manipur, Mizoram, and Nagaland, some districts of West Bengal, Maharashtra, Madhya Pradesh and Karnataka. Jute is majorly produced by West Bengal, Bihar and Orissa. Uttar Pradesh and Assam also cultivate jute to a small extent. **Sugarcane** is generally grown in north and south India. **Coffee** plantations are in south Indian states of Karnataka, Kerala and Tamil Nadu.

- ❖ **Rubber** is planted in the states Of Kerala, Karnataka and Tamil Nadu. Kerala state has highest production of rubber.
- ❖ **Major players in THAILAND** are Cargill, E.I. Du Pont de Nemours & Company (DuPont), CHS Inc., Monsanto Company, Dole Food Company, Inc., Chiquita Brands International, Inc., Perdue Farms Incorporated, J.R. Simplot Company, Archer Daniels Midland Company (ADM), Land O'Lakes, Inc. (<http://www.findouter.com/NorthAmerica/USA/Business-and-Economy/Agriculture/Agricultural-Companies>)
- ❖ **Major players of INDIA** are Monsanto India Limited, Rallis India, H.J.Heinz, Advanta India Ltd, Phalada Agro Research Foundation Ltd, Poabs Organic Estates, National Agro Industries, DuPont India, Raasi Seeds, ABT Industries (Sakthi Group). (<http://seedindustry.blogspot.in>, 2010)
- ❖ While the capacity of world agricultural exports has largely increased over recent decades, its rate of growth has lag behind that of manufactures, resulting in a stable decline in agriculture's share in world commodities trade. In 1998, agricultural trade accounted for 10.5 per cent of total commodities trade — when trade in services is taken into account, agriculture's contribute to in global exports drop to 8.5 per cent.
- ❖ While agriculture has always been covered by the GATT, previous to the WTO there were more than a few important differences with value to the rules that applied to agricultural primary products as opposed to industrial products. The result of all this was an increase of impediments to agricultural trade, including by means of import bans, quotas setting the maximum level of imports, variable import levies, minimum import prices and non-tariff measures maintained by state trading enterprises. Major agricultural products such as cereals, meat, dairy products, sugar and a range of fruits and vegetables have face barriers to trade on a scale special in other commodities sectors.

- ❖ The contract on Agriculture, (the “Agreement”), came into force on 1 January 1995. The introduction to the Agreement recognizes that the decided long-term objective of the improvement process initiated by the Uruguay Round reform programme is to establish a fair and market-oriented agricultural trading system.
- ❖ In principle, all WTO agreements and understanding on trade in goods apply to agriculture, as well as the GATT 1994 and WTO agreements on such matters as customs valuation, import licensing procedures, pre-shipment inspection, and emergency maintain measures, subsidies and technical obstruction to trade.
- ❖ **Product coverage** also includes wines, spirits and tobacco products, fibers such as cotton, wool and silk, and raw animal skins designed for leather production. Fish and fish products are not included, nor are forestry products.
- ❖ These **rules** relate to country-specific commitments to improve market access and reduce trade-distorting subsidies which are contain in the individual country schedules of the WTO Members and make up an integral part of the GATT.
- ❖ The **implementation period** for the country-specific commitments is the six-year period beginning in 1995. However, developing countries have the flexibility to implement their decline and other explicit commitments over a period of up to 10 years.
- ❖ The agricultural sector has played an important role in developing the Thai economy and the Thai Government has opened up the sector to international competition. As a major agricultural exporting country, Thailand along with other Asian countries is somewhat ready to open its markets in order to achieve benefits from the liberalization of the agricultural sector. Concentrated talks have been held with many developed and developing countries, such as Australia, China, India, Japan and the United States. Thailand continues to rely heavily on agriculture, though the country has suffered from declining export prices in recent years. Rice is the major crop grown; **Thailand is the world's biggest rice exporter.**
- ❖ The endeavour of encouraging capital inflows and relieving reserve constraints in many key sectors of the economy, the previous government of Thaksin Shinawatra embarked on a **privatization** program for state-owned economic enterprises and state monopolies. The short-term government that followed the September 2006 coup as well as the former government of Abhisit Vejjajiva (Democrat party) consider privatization too divisive and put these plans on hold. Most privatization plans have remained on hold since. Other than the Petroleum Authority of Thailand (PTT), the

Airport Authority of Thailand (later renamed Airports of Thailand (AOT) and the Mass Communication Organization of Thailand (MCOT), few important privatizations have occurred.

- ❖ The first cooperative law in Thailand called the “Amended Associations Act” was enacted in 1916 to register farmer cooperatives in order to help paddy growers. This Act wait until 1928 and it was return by the Act which allowed other types of cooperatives to be organized. The Act has 138 sections and separated into **10 point**. (1) General Provisions, (2) Supervision and Promotion of Cooperatives, (3) Cooperatives (4) Liquidation, (5) Amalgamation of Cooperatives,(6) Division of Cooperative (7) Cooperative Federations, (8)Cooperative League of Thailand,(9) Farmers Groups, (10) Penalties.
- ❖ Ministry of Agriculture and Cooperatives (MOAC) by Department of Agriculture (DOA) has place up a national GAP scheme for agricultural production and is responsible for control and assessment. National GAP standards have also been developed for livestock and fisheries under liability of Department of Livestock Development (DLD) and Department of Fisheries (DOF) respectively.
- ❖ The standard contains **8 elements or principles**, (1) Safety of water used, (2) Site, (3) Use of agrochemicals, (4) Product storage, (5) Data records, (6) Pest-free products, (7) Quality management, (8) Harvesting and post harvesting handling.
- ❖ Thailand's investment laws have at all times oscillated between protectionism and liberalization. Recognizing the importance of foreign investment for its economic expansion, Thailand has through the years relaxed unconfirmed investment laws and regulations. At the same time, however, it has stubbornly held on to some out-dated laws restricting foreign contribution in industries where Thai nationals are deemed to not yet be competitive.
- ❖ Special Agricultural Safeguard (SSG) has been kept aside by Thailand to be used on 52 tariff lines including pepper, onions, copra, maize, tobacco, coffee, garlic, soybeans, some dairy products, tea, potatoes, silk, palm oil, longans, and sugar.
- ❖ Thailand’s tariff structure helps in maintaining domestic prices and provides the end user the transfer to products.
- ❖ The intermediary system included various types of interests between the state and the actual cultivator. It varied from the absolute owner of the land that was the Zamindar in Bengal and other permanently settled areas to the land holder, having a grant of revenue or a portion of it in respect of a plot of land.

- ❖ The implementation of these measures has since been completed practically all over the country.

(1) Bhoomdan and Gramdan Acts, (2) Land Management, (3) Kerala Land Development Act, (4) Seeds Act, 1966, (5) The Cotton Transport Act, 1923, (6) Fertilizers Control Order, 1957, (7) The Kerala Irrigation Works (Execution by Joint Labour) Act, 1967.

- ❖ A Special Economic Zone (SEZ) is a geographical region that has more liberal economic laws than the ones generally followed in the rest of the country. The category 'SEZ' covers a broad range of more specific zone types: Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ), Industrial Estates (IE), Free Ports, Urban Enterprise Zones. (Thailand's Agricultural Sector and Free Trade Agreements, December 2006)

- ❖ In India, the setting up of SEZs can be done by the public, private, joint sector or by State Governments. Some of the existing Export Processing Zones (EPZs) have also been converted into Special Economic Zones: (1) SEEPZ Special Economic Zone (2) Kandla Special Economic Zone (3) Cochin Special Economic Zone (4) Madras Special Economic Zone (5) Falta Special Economic Zone (6) Noida Export Processing Zone (7) Surat Special Economic Zone (8) Nokia SEZ, Tamil Nadu, Besides this, 531 have been formally approved, out of which 260 have been notified as of 30<sup>th</sup> September 2008.

- ❖ SEZs are generally classified based on the following:

1. Multi-product SEZ 2. Sector specific SEZ 3. Port / Airport SEZ 4. Free Trading & Warehousing SEZ

2. India is an important trade partner for the EU and a growing economic power. With a growth rate of between 8 and 10% per year it is one of the fastest growing economies in the world. Per capita income more than doubled during the period 1990-2005. However, India's trade regime and regulatory environment still remain comparatively restrictive.

- ❖ The structure of India's customs tariff and fees system is complex and characterized by a lack of transparency in determining net effective rates of customs tariff, excise duty and other duties and charges on imports into India.

- ❖ The Ministry of Agriculture and Cooperatives is responsible for formulating agriculture policy. The main focus of domestic policy is on improving productivity on small farms and the main policy objectives are: to increase employment in agriculture; to improve marketing of agricultural products, particularly products from small rural communities; to improve irrigation and water supply management; and to establish a national farmer council.
- ❖ The New Agricultural Theory, an example of the Philosophy of Sufficiency Economy, is based on guidelines for the management of land and water resources with the objective of making agriculture sustainable at the household, community, and regional levels.

(1) Market access (2) Domestic support

- ❖ India's main policy goals remain as follows: to attain food self-sufficiency, to ensure remunerative prices to farmers, and to maintain stable prices for consumers. To meet these goals, India relies on a number of policy instruments:
  - (1) Minimum support prices (MSP), (2) Food subsidies for consumers, (3) Regulated markets, (4) Trade policy.
- ❖ The Agreement on Agriculture should be called a Kargil Agreement. Converting self-sufficient food dependent economies is the Kargil vision and the W.T.O strategy. Because the Agriculture Agreement of W.T.O. is an agribusiness treaty it distorts production and trade from the perspective of nature, small farmers and all consumers, especially the poor. It is a recipe for ecological destruction, devastation of family farms, and rumination of citizen's health.
- ❖ The Ministry of Agriculture and Cooperatives formulates the agriculture policy. The main focus of domestic policy is on improving productivity on small farms and the main policy objectives are: to increase employment in agriculture; to improve marketing of agricultural products, particularly products from small rural communities; to improve irrigation and water supply management; and to establish a national farmer council.

- ❖ The three principle strategies that are in practice are:-
  1. **Farmers and Farmers' Organization Development Strategy** to stabilize farmers' incomes through crop insurance schemes, developing a futures market, and supporting contract farming
  2. **Production Development Strategy** to improve productivity through more efficient production and research and development
  3. **Infrastructure Development** which focuses on resource management, particularly water supply and irrigation
- ❖ The Royal Initiative Agricultural Project and other Royal Development Projects are intended to improve agriculture productivity and reduce risk mainly through research and training.
- ❖ The average MFN applied tariff on imports of agricultural products (WTO definition) is 26.5% which is much higher than the average for non-agricultural products (9%). Furthermore, average tariffs vary a lot from one product group to another ranging from zero for cotton up to 49.2% for beverages and tobacco. Import certificates are required from the Department of Foreign Trade in the Ministry of Commerce for all tariff quotas except sugar (certificates from the Office of Cane and Sugar Board in the Ministry of Industry) and unmanufactured tobacco (certificates from the Excise Department of the Ministry of Finance). Some quotas are administered in ways that could limit access.
- ❖ Thailand has reserved the right to use the special agricultural safeguard (SSG) on 52 tariff lines including some dairy products, potatoes, onions, garlic, longans, coffee, tea, pepper, maize, soybeans, copra, palm oil, sugar, tobacco, and silk.
- ❖ India's major policy goals are: to become self-sufficient in area of food, to guarantee remunerative prices to farmers, and to provide products to consumers at stable price.
- ❖ In order to achieve these goals, India counts on the following policy instruments:

### **1. Minimum Support Prices**

India supports producer prices for key commodities. MSP benefits are capitalized into value of land & fixed assets that results in higher cost of production and in turn MSPs rise every few years. Because of all these the MSPs of India's food grain do not clearly reflect the actual conditions of the market.

## **2. Food Subsidies**

The Food Corporation of India (FCI) buys food grains from farmers at the MSPs and sells them at subsidized prices through the public distribution system (PDS) in order to provide food to consumers with low-income at subsidized price and to protect them from the increase in food prices.

## **3. Regulated Markets**

The Agricultural Produce Market Committee (APMC) Act requires that farm produce be sold only at regulated markets through registered intermediaries.

## **4. Input subsidies**

India subsidizes fertilizer, electricity, fuel and irrigation.

## **5. Agricultural Trade Policy**

In order to meet the WTO rules, India introduced import tariffs replacing the quantitative restrictions on the import of all the agricultural products. For most of the products, a wide gap exists between applied and bound tariff rates which provide India the flexibility to adjust the tariffs and balance the interests of both the producers as well as consumers.

- ❖ Thailand has been involved in constant scientific and technological advancements. The prime motives are creation of valuable knowledge base and to adapt it in order to facilitate the extension of Thai local wisdom into business. Another objective to be achieved is to lift the level of research and development activities to impel development both, economic as well as social by using resources and research networks effectively.
- ❖ Scientific & Technological Research is promoted & supported under the following categories Genetic Engineering & Biotechnology, Electronics & Computers and Metallurgy & Material Science. Emphasis is done on the integration of research that supports the National Development Policies & Strategies. Also, pure research is supported as it brings academic achievements for the country and also contributes to the country's sustainable development. (AGRICULTURAL MECHANIZATION DEVELOPMENT IN THAILAND , 2009)
- ❖ The National Science & Technology Development Agency (NSTDA) has realized Thailand's richness in natural resources. The main occupation in Thailand is

**Agriculture** and industry significantly contributes to the country's income. Therefore it has decided to make operations in agriculture and industry more effective and efficient with the help of modern technologies. (Learning and foreign technology spillovers in Thailand: Empirical evidence on productivity dynamics , January 2003)

## **VARIOUS TECHNOLOGIES USED IN AGRICULTURE IN INDIA**

- ❖ **Organic farming** which can be defined as a method of producing crops that eliminates the use of pesticides, live-stock feed additives, synthetically compound fertilizers and growth regulators. It depends on animal manures, green manures, crop rotation, off-farm organic wastes, crop residues, mineral bearing rocks, legumes, biological pest control and mechanical cultivation.
- ❖ To successfully manage the resources in order to satisfy ever changing human needs along with the maintenance & enhancement of quality resources is known as Sustainability. The long term sustainability of agriculture is threatened by not alleged excess use but mainly because of under use of fertilizer and the consequential nutrient mining of the soils. This is essential for **maintaining soil** and ensuring sustainable agriculture.
- ❖ **Soil Productivity** can be increased by using the following:- Soil Testing, Soil and water conservation, Use of organic manure and bio-fertilizers , Improving physical condition of soil, Improvemental problematic soils and Increasing use of secondary and micro nutrients.

## **INVESTMENT PATTERNS**

- ❖ The **investment pattern** in the **Thailand** companies are Cargill is a **Joint Venture**, E.I. Du Pont de Nemours & Company (DuPont) is through **Partnership**, CHS Inc through **Merger**, Monsanto Company is an **Acquisition** , Dole Food Company, Inc. is a **Merger**, Chiquita Brands International, Inc. is a combination of **Partnership**, **Merger**, **Joint Venture**, Perdue Farms Incorporated is a **Self Start**, J.R. Simplot Company is also **Self Start**, Archer Daniels Midland Company (ADM) is an **Acquisition**, Joint Venture, Land O'Lakes, Inc.: is a **Joint Venture**.
- ❖ **The investment pattern in the Thailand companies are** Monsanto India Limited is a Subsidiary company, Rallis India is a **Self Start**, H.J.Heinz is an **Acquisition**, Advanta India Ltd is an **Associate**, Phalada Agro Research Foundation Ltd is a **Self**



**Start**, Poabs Organic Estates is a **Self Start**, National Agro Industries is a **Partnership**, DuPont India is a **Subsidiary**, Raasi Seeds is through a **Self Start**, ABT Industries (Sakthi Group) was also a **Self Start**.(AGRICULTURAL MECHANIZATION DEVELOPMENT IN THAILAND , 2009)

- ❖ The Thai economy has conventionally relied upon the **export of various agricultural products** as its chief means of support to be particular it has depended on the export of **rice**. Thailand has witnessed great fluctuations in prosperity because of the sole dependence on single product rice. Changes in world rice prices and fluctuations in harvest amounts have impacted the economy of Thailand. The Thai government started some programs to help stabilize rice harvests even during periods of drought or scant rainfall in order to control the impact of depending on a single product.
- ❖ The financial dependency of India can be analyzed on the basis of certain factors like **Credit**: - In India, Commercial Banks, Cooperative Banks, and Regional Rural Banks (RRBs) are responsible for smooth flow of credit to agricultural sector. **Insurance**: - Government of India in coordination with the General Insurance Corporation of India (GIC) had introduced National Agricultural Insurance Scheme (NAIS). **Rural Infrastructure Development Fund (RIDF)**:- RIDF was announced by the Government of India in 1995-96 to boost public sector investment in agriculture and rural infrastructure. Fund is raised from the commercial banks to the extent of their short fall in agricultural lending as priority sector. **Micro Finance**: - National Bank for Agriculture and Rural Development (NABARD) introduced Micro finance scheme. It was introduced with the objective of improving the access of the poor rural people to the formal institutional credit and other financial products. **Agricultural Market Reforms in India**: - This model act enables establishment of private markets/yards, direct purchase centers, consumers/farmers markets for direct sale, and promotion of public-private partnership (PPP) in the management and development of agricultural markets in the country.

#### **THE AGRICULTURAL RESOURCES OF THAILAND INCLUDE:**

- ❖ **Agricultural land** – Thailand covers an area of 320.7 million (m) rai or 51 m ha (1 rai = 0.16 ha) and is considered as an agricultural country. Approximately 130 m rai (41%) is engaged in agriculture.

- ❖ **Water** – Water Resources in Thailand are stored in two main sources: surface water and ground water. Water provided by rainfall, river basins, lakes, canals, swamps, irrigation water, and underground water. When compared, rainfall is the most important water source for agriculture with about 80% of agricultural area being cultivated under rain fed conditions.
- ❖ **Agricultural machinery** – Water pumps, power tillers, riding tractors, harvester-threshers, and mechanical sprayers are used in agriculture. Farm machines are both imported and manufactured by a large number of domestic and multinational firms locally.
- ❖ **Fertilizers** – The Government encouraged the intensification in the use of chemical fertilizers as the approach to increase the crop production. However, Thai farmers started to increase fertilizer use at high rates without corresponding increase in yield.

## INDIA

- ❖ **Agriculture Land:** - The total cultivable area in India is 1,269,219 km<sup>2</sup> (56.78% of total land area), which is decreasing due to constant pressure from an ever-growing population and increased urbanization.
- ❖ **Agricultural Equipments:** - Chaff Cutter, Lawn Mover, Plough, Elevator, Pumps & Pipes, Agricultural Implement, Chisel Plow, Harrow, Tractor, Cultivator, Seed Drill, Rice Transplanter, Combine Harvester, Cotton Picker etc are the equipment used in India.(AGRICULTURAL MECHANIZATION DEVELOPMENT IN THAILAND , 2009)
- ❖ **Agriculture Education in India:**India has a very strong agricultural education system in the country consisting of one Central Agricultural University, thirty-one State Agricultural Universities (SAUs) and four National Institutes of Indian Council of Agricultural Research having the status of Deemed to be University.
- ❖ **Agrochemical Products:** Agrochemical products, commonly referred to as pesticides or crop protection products, play a vital role in controlling the pests and diseases that threaten our food supply.
- ❖ **Water resources:** Water is supplied from rivers, wells, canals, tanks and other artificial projects. 64% of the cultivated land depends on monsoon for water.

## **CASE STUDY**

- ❖ We chose two companies each of Thailand and India respectively for the purpose of case study.

### **ARCHER DANIELS MIDLAND COMPANY (ADM)**

- ❖ The Archer Daniels Midland Company (ADM) is an American global food processing and commodities trading corporation headquartered in Decatur, Illinois. In 1902, George A. Archer and John W. Daniels began a linseed crushing business. In 1923, Archer-Daniels Linseed Company acquired Midland Linseed Products Company, and the Archer-Daniels-Midland Company was formed.
- ❖ ADM's operations are classified primarily into three segments: Oilseeds Processing, Corn Processing, and Agricultural Services. There is another segment which includes company's remaining operations, consisting principally of food and feed ingredient businesses and financial activities.
- ❖ Its Products include oils and meal from soybeans, cottonseed, sunflower seeds, canola, peanuts, flaxseed, and Diacylglycerol (DAG) oil, as well as corn germ, corn gluten feed pellets, syrup, starch, glucose, dextrose, crystalline dextrose, High fructose corn syrup sweeteners, cocoa liquor, cocoa powder, cocoa butter, chocolate, ethanol, and wheat flour. End users are consumption by people, livestock, and fuel additives.
- ❖ The company is involved in research for the invention of new products in order to expand its size & global reach.
- ❖ It is active in 75 countries with 30,000 employees. Its profit for the year 2011 was 2.04 \$ billion.
- ❖ The company's strategy is in line with the vision to become the most admired global agribusiness. The strategies are to expand the size & global reach, expand volume & diversity of crops and expand volume & diversity of value added product portfolio. To implement these strategies the company focuses on three key priorities: - Safety, Cost-Management, and Sustainability.
- ❖ Major competitors of ADM are Wilmar International, COFCO, Olam International Limited and Noble Group.

## MONSANTO INDIA LIMITED (MIL)

- ❖ Monsanto was established in 1901 by John F. Queeny. It offers high-yielding conventional and biotech seeds, advanced traits and technologies that enable more nutritious and durable crops & safe and effective crop protection solutions.
- ❖ The core at the strategy of the company is their ability to discover, develop and deliver valuable products and solutions for farmers to sustainably increase yields, combat agronomic challenges, increase profitability and deliver better products to customers. Their pledge demonstrates integrity, respect, ethical behavior, perspective and honesty as a foundation for everything they do. They are involved into many activities for the benefit of community.
- ❖ Its major competitors are Insecticides India Ltd, Syschem India Ltd, Chemchel

	Thailand	India	Gujarat
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Biotech Ltd, Sabero Organics Gujarat Ltd, Rallis India Ltd, Super Crop Safe Ltd, Kilpest India Ltd, Nagarjuna Agrichem Ltd, Bhagiradha Chemicals & Industries Ltd and Paushak Ltd.

- ❖ Apart from developing their own products they also partner & collaborate with other companies. They also license the biotech traits & germplasm to other companies. Their partners are AgraQuest, BASF, Cellectics, ceres, Chromatin Inc, Complix, deVGen, DHM Ring, Dow Agrosiences, Evogene, Grassroots, InterGrain, Mendel Biotechnology, protabit, Sapphire, senesce and Valent.
- ❖ Monsanto is involved in only agriculture. It researches on various agriculture crops such as alfalfa, canola, corn, cotton, sorghum, soybeans, sugarbeets and wheat. Monsanto's agriculture seed brands are Asgrow, Channel, Dekalb, Deltapine, Gold Country Seed, Hubner Seed, Kruger, Lewis Hybrid, Red Hybrid, Steward, Westbred.
- ❖ Monsanto India Limited's Dekalb® is the largest selling and most trusted hybrid maize seed.
- ❖ Roundup® is a herbicide that is an innovative solution to weeds, helps to achieve better soil nutrition with minimal impact on soil quality.
- ❖ Monsanto has the competitive advantage of Molecular Breeding & Seed Chipping which helps in improving the efficiency of breeding process & quality of plants.
- ❖ The company's PAT F.Y. 2011-2012 was 50.19 crore, Net turnover was 367.98 crore and the sale for corn seeds was 267.37 crore.

	Products	Consumption	Production	Surplus /deficit	Consumption	Production	Surplus /deficit	Production
1	Rice	10600 (1000 mt)	20500 (1000 mt)	9900	95250 (1000 mt)	99000 (1000 mt)	3750	
2	Maize	4800 (1000 mt)	4500 (1000 mt)	-300	17300 (1000 mt)	20000 (1000 mt)	2700	770 (mt)
3	Sugarcane	2500 (1000 mt)	10235 ( 1000 mt)	7735	24000 (1000 mt)	28800 (1000 mt)	4800	
4	Coffee	1040 (1000 60 kg bags)	900 ( 1000 60 kg bags)	-140	1195 (1000 60 kg bags)	5200 (1000 60 kg bags)	4005	
5	Sunflower	10 (1000 mt)	0 (1000 mt)	-10	666 (1000 mt)	670 (1000 mt)	4	
6	Wheat	1950 (1000 mt)	0 (1000mt)	-1950	85400 (1000 mt)	93900 (1000 mt)	8500	4100 (mt)
7	Soybean	2168 (1000 mt)	180 (1000 mt)	-1988	11500 (1000 mt)	11500 (1000 mt)	0	91.5 (mt)
8	Peanut Oilseed	179 (1000 mt)	115 (1000 mt)	-64	4590 (1000 mt)	5000 (1000 mt)	410	2640 (mt)
9	Cotton	1625 (1000 480 lb. Bales)	3 (1000 480 lb. Bales)	-1622	21750 (1000 480 lb. Bales)	25500 (1000 480 lb. Bales)	3750	120 (in lakh bales)
10	Rapeseed	325 (1000 mt)	0 (1000 mt)	-324	2745 (1000 mt)	3645 (1000 mt)	900	

- ❖ From the data we can see there is no scope of trade between the two countries in case of Rice. For maize, there is a scope as there is a deficit in Thailand and surplus in India. 770(1000 mt ) of rice can be sent from Gujarat. In case of Sugarcane, there is no scope again. Coffee can be traded for from India but not from Gujarat. Sunflower can be traded in but again there is no scope for Gujarat as such.
- ❖ Wheat is produced in excess in India and highly deficient in Thailand so there is a scope of 4100 (1000 mt). Soybean can be traded for from Gujarat with a scope of 91.5 (1000 mt). For **Peanut Oilseed** there lies a scope of trade through Gujarat for 2640 (1000 mt). As the production of cotton in Gujarat is 120 (lakh bales), it can contribute to trade with Thailand. For **Rapeseed** there is a scope of trade between the two countries for 770(1000 mt ) from Gujarat. (<http://www.indexmundi.com/agriculture/>, 2012)

India's Company	Adani Enterprise	Bishnoi Trading Corporation	Fresh Food Industries	Shalibhadhra Industries	TATA Coffee	Ambo Exports Ltd
State	Gujarat	Gujarat	Gujarat	Gujarat	Karnataka	West Bengal
Thailand's Company	Thai Union Frozen product PCL.	T.M Trading company.	Triple Trio	Sugrain corporation	Coffee Works Ltd	Sriq Selvis Enterprise
Suggested Investment Pattern	Strategic alliance	Joint venture	Merger	Joint venture	Supplier of Coffee beans.	Merger
Products	Maize, Wheat, Peanut Oilseed, Cotton, Rapeseed	Maize, Sunflower, Wheat, Peanut Oilseed, Cotton, Rapeseed	Maize, Wheat, Peanut Oilseed, Cotton, Rapeseed	Sunflower, Wheat, Peanut Oilseed,	Coffee	Sugarcane, Coffee, Wheat, Peanut Oilseed

- ❖ There are four companies from Gujarat which has a scope for trade with the Thailand's companies trading in various agricultural products i.e., Maize, Wheat, Peanut Oilseed, Cotton, Rapeseed, Sunflower. As coffee is not been produced in Gujarat as of now, it can enter into trade through other parts of the country.
- ❖ Coffee is also produced in Gujarat as a result of an experiment done by Navsari Agricultural University.

## **BANKING INDUSTRY**

- ❖ The banking industry is well established in Thailand and there are both local and international banks operating all over the country. Hong Kong & Shanghai Banking Corporation started its business in November 1865 by appointing agents and after it in 1888 it started its first branch in Bangkok.
- ❖ There is strong momentum of Thai economy during the first nine months of 2011. After the flood in the last quarter of Thailand, there is big expansion of loan system that was grown 14.9% in 2011, accelerating from 11.3% in the previous year.
- ❖ Corporate loan (comprising 71.2% of total loan) expanded in most business sectors, particularly commerce, manufacturing and public utilities, with the growth of 14.8%, increasing from 9.0% last year, while loan for Small and Medium Enterprises (comprising 51.7% of corporate loan) expanded 14.4%, up from 7.2% in 2010.
- ❖ Consumer loan (comprising 28.8% of total loan) grew by 15.4%, down from 17.7% last year, with the slowdown observable in all sectors, except personal loan growth that accelerated due to the household spending needs after the floods.
- ❖ By expanding the loan, there is growth in Fund mobilization by 13.0% in 2011, increasing from 8.3% last year. The ratio of loan to deposit plus B/E rose to 89.9%.
- ❖ Gross NPL declined to 265.4 billion baht due to debt repayment and the sale of NPL to AMC. Ratios of gross NPL and net NPL to total loan decreased to 2.7% and 1.3%, respectively.
- ❖ In 2011, the banking system reported net profit of 144.1 billion baht, up by 21.1 billion baht from last year. This was attributable to an increase in net interest income from loan expansion and improved loan quality, resulting in rising Net Interest Margin (NIM) to 2.5% from 2.4% last year.
- ❖ Thus in banking industry of Thailand we find that in 2011 due to the flood they face many problems like Delinquency ratio increased to 3.3% in the fourth quarter for consumer loan, with the increase observable in all sectors, ROA to decrease from 1.2% in the first nine months to 1.1% for the whole year.
- ❖ By focusing on the risk management With the help of strong capital base the banking system is well placed to cope well with ongoing challenges and volatility in the global economy.

- ❖ The Indian banking sector has been relatively well protected by the Reserve Bank of India and has managed to protect most of the crisis. But, current scenario slowing domestic growth of GDP, constant inflation, asset quality concerns and high interest rates, the investment cycle has been unbalancing in the country.
- ❖ The RBI brought its credit growth from 19% to 16% in January 2012. Finally non-food credit growth rate came in at around 17% in FY12 compared to 21.5% in FY11. Against a backdrop of GDP growth deceleration, weak IIP data and constant high inflation banks became more risk averse to lending credit.
- ❖ The repo rate currently stands at 8%, with the reverse repo rate at 7%. Growth on the deposit front however remained relatively low coming in at around 13% YoY in FY12; this was as against an RBI target of 17%. Fixed deposits saw high growth, while demand deposits saw an announcement on lower yields. The outstanding credit-deposit ratio increase from 74.5% FY11 to 76.7% in FY12.
- ❖ In the year 2012-13 so far, there has been a easing of liquidity and monetary conditions. The policy rate was cut by 0.5% in April. In addition there has been liquidity infusions through open market operations export credit refinance.
- ❖ The 1% Statutory Liquidity Ratio (SLR) reduction in August and the further 25 bps cut in the CRR is expected to further ease liquidity and encourage banks to increase loans and advances. The SLR and CRR stand at 23% and 4.25% respectively currently.
- ❖ Thus from above detail we find that position of banking sector in india is growing well. In the same manner Thailand is facing problem due to flood and low economy yet it is trying to improve and settle their banking system on the right way.



## **MAJOR PLAYERS & SERVICES**

### **THAILAND**

The banking industry is well established in Thailand and there are both local and international banks operating all over the country. It started in November 1865 when the Hong Kong & Shanghai Banking Corporation.

### **MAJOR BANKS IN THAILAND**

- ❖ The Bank of Thailand
- ❖ Bangkok Bank
- ❖ Krug Thai Bank
- ❖ Bank of Ayudhya Public Company Limited
- ❖ Siam Commercial Bank
- ❖ EXIM Bank of Thailand
- ❖ HSBC
- ❖ Deutsche Bank
- ❖ Standard Chartered Bank Public Company Limited
- ❖ CITI Bank
- ❖ Kasikorn Bank Public Company Limited

### **BANKING SERVICES IN THAILAND**

- ❖ Types of Bank Account
  - a. Current Account
  - b. Business Bank Account
  - c. Thai Baht Saving Account
  - d. Foreign Currency Deposit Account
- ❖ Credit Cards
- ❖ Online Banking
- ❖ Money Transfer
- ❖ Currency Exchange
- ❖ Automatic Teller Machines (ATMs)
- ❖ Foreign Exchange Controls
- ❖ Travellers Cheque

## **INDIA**

- ❖ India, one of the largest countries in the world on economy and Population, Banking is the useful sector to save money and get other offers. There are hundreds of Banks in India that owned by Private and Government sectors. Below listed are the largest banks in India by Total assets, and total number of employees in India.

### **MAJOR BANKS IN INDIA**

- ❖ State Bank of India
- ❖ ICICI Bank
- ❖ Punjab National Bank
- ❖ Bank of Baroda
- ❖ Canara Bank
- ❖ Bank of India
- ❖ HDFC Bank
- ❖ Standard Chartered Bank
- ❖ IDBI Bank
- ❖ Axis Bank

### **SERVICES PROVIDED IN INDIA**

- ❖ Deposit accounts
- ❖ Loan
- ❖ Corporate Salary A/C
- ❖ Online A/C
- ❖ Debit Card
- ❖ Phone Banking
- ❖ Intercity/ Inter Branch Banking
- ❖ Net Banking
- ❖ Bill Pay

## **BANKING SERVICES IN THAILAND**

- ❖ Many types of services are provided by the Thailand Banking industry to the general public. The services provided are enlisted as below:-
- ❖ Current Account, Business Bank Account , Thai Baht Savings Account, Foreign Currency Deposit Account, Opening Hours, Credit Cards, Online Banking, Thailand Cheque Procedures, Deposits And Withdrawals, Transfers, Automatic Teller Machine (ATMs), Currency Exchange, Foreign Exchange Control, Credit Cards and many ways of Transferring Funds in and out of the Thailand Bank
- ❖ From all the mentioned services only four services are available to the foreigners namely Current Account, Business Bank Account, Thai Baht Savings Account and Foreign Currency Deposit Account.
- ❖ The average amount of loans available with the top five major banks of Thailand is 1165406166. Out of which the maximum loans are provided by SIAM Bank. It holds nearly 25% of the total loans provided by the top 5 major banks
- ❖ The average amount of deposits available with the top five major banks of Thailand is 1313088948. Out of which the maximum deposits are with The Bangkok Bank. It holds nearly 27% of the total deposits provided by the top 5 major banks
- ❖ If withdrawal is made through ATM of the bank in which the beholder has account no charges for the same are made. But if the withdrawal is made from other bank then charges for the same are made.

## **BANKING SERVICES IN INDIA**

- ❖ Many types of services are provided by the Indian Banking industry to the general public. The services provided are enlisted as below:-
- ❖ Deposit accounts, Loan, Corporate Salary A/C, Online A/C, Debit Card , Phone Banking, Intercity/ Inter Branch Banking, Net Banking, Bill Pay, Automatic Teller Machine (ATMs)
- ❖ The average amount of loans available with the top five major banks of India is 367657.744 Out of which the maximum loans are provided by The State Bank of India. In case of loans the amount of loan taken in Thailand is quiet huge compared to India. Reason being the high interest rates. SBI holds the market share in loans upto 47% of the total loan amount provided by the five major bank in India

- ❖ The average amount of deposits available with the top five major banks of India is 460951.432. Out of which the maximum deposits are with State Bank of India. The amount is quite less compared with the data of Thailand. SBI holds nearly 45% of the total deposits provided by the top 5 major banks
- ❖ In India if the withdrawal made from ATM of the same bank in which the beholder has account no extra charges have to be made. Withdrawal from the other banks is not chargeable up to 3 times a month. Debit Card for the same is used.

## **WTO & GENERAL TRADE IMPLICATIONS**

- ❖ The world Trade organization (WTO) is an international organization intended to supervise and liberalize international trade, The WTO came into being on January 1, 1995 and is the descendant to the General Agreement on Tariffs and Trade (GATT) which was created in 1947 and continued to operate for almost five decades as a de facto international organization. The world trade organization deals with the rules of trade between nations at a global or near global level.
- ❖ The WTO is governed by the ministerial conference, which held every two years; a general council, which implements the conference's policy decisions and is responsible for day to day administration and a director-general, who is appointed by the ministerial conference. The WTO's head quarters is situated in Geneva, Switzerland.

## **PRINCIPLES**

- ❖ Non Discrimination
- ❖ Reciprocity
- ❖ Binding and enforceable commitments
- ❖ Transparency
- ❖ Safety Valves

The WTO members must mutually support and encourage each other to achieve the final goal. It must be recognized that all members should assume a negotiating rather than an adversarial posture.

- ❖ In latest Trade Policy Review in November 2011, the WTO noted, “Thailand did not take any new measures to control trade since the 2008 global financial crisis.
- ❖ An appeals system has been introduced by the Customs Department to cover many aspects of import measures.
- ❖ Despite progress in the liberalization of trade in some service sectors; there remain concerns over foreign ownership and market access restrictions in financial services (particularly the insurance sector), telecommunications, maritime and professional services.
- ❖ Thailand has yet to modify its General Agreement on Trade in Services (GATS) schedule following the negotiations on banking industry in 2001.

## **BARRIERS TO BANKING INDUSTRY (THAILAND)**

- ❖ Restrictions on foreign participation in the banking sector is asked to be liberal as its tight controls could see the country's financial services industry fall behind major regional rivals. It was also proved that the existing regulations in Thailand put greater restrictions on foreign competition than in other regional markets
- ❖ Allowing foreign lenders to operate in the banking industry on an equal footing with local banks would reduce the cost of financial services
- ❖ The interest rate in the Thai Banks is also high because of the regulations to maintain liquidity with the commercial banks
- ❖ The Licensing requirement in Thailand are very strict therefore the establishment of new banks is very difficult
- ❖ Foreign ownership of Thai banks previously was 25%. It is recently increased to 49%. Showing a huge scope in the Thai Banking Sector
- ❖ There are barriers to the investment in technology and branch network, capital and regulatory requirements.
- ❖ The costs of financial services in Thailand are higher than the regional rivals, this leads to less competition in the domestic market. The fees can be reduced by the opening of new banks said the Thailand Research Development Institute (TDRI)

## **BARRIERS TO BANKING INDUSTRY (INDIA)**

- ❖ The major limitations are the capital requirements, maintaining the CRR and the SLR rates, limitation on the foreign capital investment and compulsory loans to priority sectors.
- ❖ Because of high CRR and SLR rates the loans are available at high interest rates therefore the Japanese do not invest in India
- ❖ The limit fixed for the foreign capital investment is 49%. Which implies still there is huge scope for foreign investment in the country
- ❖ The government has decided that some portion should be provided as loans to the priority sectors such as agriculture, small-scale industries and housing.
- ❖ Equity capital ratio of the branches of foreign banks in India is calculated on the basis of the amount of the capital brought into India. This restricts the amount of loans they can make

- ❖ There are barriers to entry in banking industry in terms of Licensing requirement, investment in technology and branch network, capital and regulatory requirements.

## **ADVANCED TECHNOLOGY**

- ❖ Technology in banking sector is very important in today's competitive environment. The banking innovations developed gradually through the use of technology. . Awareness that technology is vital to competition in banking began when Bangkok Bank introduced inter branch online services in 1970. The introduction of ATM services by Siam Commercial Bank in 1983 triggered the banks to investing technology to build up their technological capabilities.
- ❖ In the late 1990s, electronic based banking began to transform into Internet-based banking. The major banking services which are interesting and widely used in the Thai banking are shown in Online services were introduced to facilitate customer.
- ❖ With the progress of online service all major banks of Thailand consider technology as pioneer in the banking industry. With the time all the banks have innovative technology in banking industry to keep their position strong in the banking industry.
- ❖ In India with progress in banking technology many facility to customers provide through the help of banking technology. Internet/ Phone /mobile banking, Credit/Debit cards ,ECS/EFT ,Customer payments through RTGS are just a few, Centralised Funds Management System (CFMS) ,Negotiated Dealing System (NDS) for screen based trading in Government securities . Information Technology based retail financial services being proffered by the banking industry to its clientele has contributed to broadening of product lines for retail banking as well as delivery channels.
- ❖ All these systems have a positive impact on quick, safe and electronic movement of money for various sectors of the economy. By introducing all these facility in banking sector Indian banking sector is doing well. Yet India is poor in technology in compare of other European countries.
- ❖ In the era of banking modernization (late, smart automation regime), the banks realize the necessity to adopt other learning mechanisms like learning by training and learning by searching to build up human resources, as these are concerned with capability accumulation.

- ❖ Thailand banking industry is trying to innovate the following technology. ATM fund transfer, e-banking and e-payment system, mobile banking. In compare of Thailand India has established a good technology in all these banking facility.
- ❖ The study assumes the essence of the learning process is cumulative development, which is the central concept of accumulating technological capabilities. Regarding the learning concepts in the context of the Thai banking industry, the learning mechanisms to strengthen the bank's technological capabilities are mainly 'learning by doing' (e.g. the case of Bangkok Bank) and 'learning by interacting with suppliers' (e.g. the case of Siam Commercial Bank, Thai Farmers Bank (Kasikorn Bank), Krung Thai Bank and Bank of Ayudhya).



## MERGER AND ACQUISITION

- ❖ Mergers and acquisitions in banking sector have become familiar in the majority of all the countries in the world. A large number of international and domestic banks all over the world are engaged in merger and acquisition activities. With the help of mergers and acquisitions in the banking sector, the banks can achieve significant growth in their operations and minimize their expenses to a considerable extent.
- ❖ In Thailand Banks and financial institutions The Financial Institutions Business Act (2008) came into force on 3 August 2008. In Thailand under the Act, a foreign bank may now own: Up to 25% of a Thai bank, without approval by the Bank of Thailand. This percentage also applies to its shareholding in any parent company, and also to voting rights. Up to 25% of the directors may be foreign, Up to 49% of a Thai bank, subject to approval by the Bank of Thailand There are also creeping takeover rules that apply to banks and financial institutions. If a person owns more than 5% of a bank or financial institution, then such shareholding must be reported to the Bank of Thailand.
- ❖ There is also two to three examples in Thailand banking industry which have merged regarding the rules of Thailand banking act. In January 2009, the Ministry of Finance allowed Malaysian's CIMB Group to hold majority shares (around 93 percent) in BankThai, the country's ninth largest commercial bank. In February 2010, the Ministry of Finance also granted Industrial and Commercial Bank of China (ICBC - the largest commercial bank in China) a waiver from the 49 percent foreign ownership limit to 97.24 percent in ACL Bank, which is the country's smallest commercial bank.
- ❖ In 2012, the Bank of Thailand will permit foreign banks to upgrade existing full branches to 'subsidiaries,' which will allow foreign banks to open up to 20 branches and 20 off-premise ATMs across Thailand. As of December 2011, there were 15 foreign bank branches and one subsidiary operating in Thailand, including three American banks (Citibank, Bank of America, and JP Morgan Chase bank). Beginning in March 2010, existing foreign bank branches have been permitted to open two additional branches in Thailand without having to meet additional capital requirements.
- ❖ In India there is various norms regarding the merger and acquisition of foreign banks in India. A foreign bank can now invest up to 100% in an Indian private sector

bank. The Government has also permitted foreign banks to set up wholly owned subsidiaries in India. In real terms, the sectoral cap has come down from 98% to 74% as the earlier limit of 49% did not include the 49% stake that FII investors are allowed to hold. That was allowed through the portfolio route as the sector cap for FII investment in the banking sector was 49%. Other foreign investors can invest up to 74% in an Indian private sector bank, through direct or portfolio investment.

- ❖ In India government provide more facility and easy availability of starting bank for foreign countries. While in Thailand there is more complex rules than India. With the times there is various norms changed in merger and acquisition in India and Thailand. In Thailand there is most probability of increasing merger and acquisition because of heavy loss of flood and they try to overcome from it.

## RECOURSE IN BANKING INDUSTRY

The major banks and its resources in Thailand are as under

- Bangkok Bank has 1100 branches, 7600 ATM's and 27000 employees in its group.
- CIMB have same 1100 branches, 7800 ATM's and 43000 employees in its bank organization.
- ICBC has 1400 branches, 9089 ATM's and 55000 employees in the working system of the bank.
- Siam Commercial Bank has 1160 branches, 7678 ATM's and 57000 employees in its system.
- Krung Thai bank has 1108 branches, 8100 ATM's and 42247 employees in its bank.
- KASIKORAN BANK operates 865 branches across the country, comprising 288 Bangkok Metropolitan branches, 547 Upcountry branches and 30 Sub-Office. And it has 22000 employees for working in the bank system.
- ❖ After considering all major player Thailand have one branch per 1173.6 people, one ATM per 8053.4 people, and one employee per 44849.4 people of the country.
- ❖ The major banks in India and its usage of recourses are as under:
  - In India SBI have largest network in the country it has 14527 branches, 22469 ATM's and 238375 employees in its network.
  - PNB is the second largest bank in the India if we consider branches for comparison. It has 5670 branches, 6059 ATM's and 78047 employees in the banking system.
  - AXIS bank has 4738 branches for providing their services and have 10337 ATM's at different area in the country while have 56743 employees to work efficiently.
  - BOI has 4038 branches, 1727 ATM's and 81917 employees in the organization to work properly and provide assistance to the people.
  - ICICI bank has 2557 branches nationwide and provides quick services through 9366 ATM's while it has 55479 employees in the organization.
- ❖ After considering the top 5 major players in India in banking sector we can say there is one branch for every 6306 people, one ATM per 9991.6 people and one employee for 102112 people.

- ❖ If we compare data of Thailand and India Thailand have more developed banking sector as there is vast difference in the per branch allocated average number of people ,per ATM average number of user , and average number of people handle by per employee.
- ❖ So India need to develop more branches more ATM service at different area and need to employee more people to provide quick services.
- ❖ While talking about minimum capital requirement to open bank , in India one who want to open bank the minimum capital requirement is 500 crores Indian rupees while in Thailand its 130000000 Thailand bath which is equivalent to 2411211400 Indian rupees i.e. approximately 241 crores.
- ❖ It means in Thailand one need less than half of the capital compared to India. So it's more convenient to open bank in Thailand compare to India.

## **CASE ANALYSIS**

- ❖ In the last decade, bilateral trade between India and Thailand has increased by 5 times.
- ❖ Due to the Early Harvest Scheme, trade between India and Thailand has increased drastically and is expected to increase more.
- ❖ Till today, there are many big companies of both the countries who have entered into each other's market with large operations.
- ❖ Apart from economic factors, cultural relations between Thailand and India are growing. Tourism is high between both countries because both countries have a very rich heritage.
- ❖ With all such features and technological supports, both countries are coming closer in trade and business. Looking at this, there is a great need of monetary system which can make the trade and travelling easy. The biggest difference would be of currency exchange rate and to remove this difference, banking industry will play a major role.

## **BANKING SECTOR OPPORTUNITIES IN THAILAND**

- ❖ Banking sector in Thailand is growing in a stable rate. However, the foreign banks have grown more compared to the domestic banks.
- ❖ The rates of specific products such as housing loan have increased with higher rate than normal loan rate. Thailand has a large number of domestic and foreign banks. Hence, opening up a new bank in Thailand means good opportunities as well as high competition.
- ❖ For foreign banks, opportunities lie in the specialized service that is required in Thailand. With the income level of people, the growth of banking is certain in future. Hence, entering in such a market will be a good decision.
- ❖ The growth rate of assets in foreign banks is 7% in last 15 years in Thailand while the domestic banks have 5% growth rate. The performance of loan sector is also better in foreign banks compared to the domestic banks.
- ❖ Foreign banks are allowed to have 25% stake in any Thailand bank without informing Bank of Thailand and 49% by informing. However, in past, good banks have received permission for more than 49% in Thailand. Thus, there are very favorable government norms for opening a bank if bank can provide good services.

- ❖ Looking at the future opportunities, foreign banks can get banking licenses after 2014. Till then, amalgamating with other banks is the viable option.
- ❖ In Thailand, banking industry is well established. Even if their government is favorable to new banks, the existing competition might not allow opening a new bank if not used a good strategy.
- ❖ New comers shall focus more on the foreign transaction services. However, the core banking services and products can't be avoided. In the tough competition, the best way to capture market is good quality of services and better distribution network. This can be done with the help of more number of branches and good choice of location for branches.
- ❖ For better performance and larger reach, banks should move towards online and mobile banking and achieve an error free performance record.

## CASE STUDY

### BANGKOK BANK

- ❖ Bangkok bank is one of the biggest and oldest banks in Thailand. Initially it was a dominating bank because of its monopoly and quality of services. However, it has been able to maintain its position with innovation and adaptability to changing environment.
- ❖ With this quality, it could survive for long duration of 140 years and today, it's considered the biggest bank in the country with all new technologies available with it.
- ❖ Not just domestic, Bangkok bank has expanded in the international market and contributed in the growth of country in foreign markets.
- ❖ Bangkok bank has passed through many crisis seeing downfalls. But anyhow, they maintained their position and survived in the competition. Such crises have taught them many new things and they changed their working system according to the demand of changing times.
- ❖ Bangkok bank has highest market share in terms of deposits and assets in the whole Thailand.

### STATE BANK OF INDIA

- ❖ SBI is the largest bank of India. For several years, SBI has followed a strategy of improving distribution channel. With this strategy, they have established large number of ATMs and branches all over the country.
- ❖ Along with the technical advancement, SBI has always been contributing to the country in various ways such as good infrastructure, security, ease, time saving and an amazing banking experience to the people of country in every corner.
- ❖ With this large establishment, it encourages large employment in the country.

### COMPARISON

- ❖ The basic differences of both banks are in returns generated by them. Bangkok bank and all other Thailand banks generate a good percentage of return compared to SBI and other Indian banks.
- ❖ Capital adequacy ratios are also better in Thailand country as the ratio in Bangkok bank is 3% more than SBI.

- ❖ However, the NPLs and the infrastructure facilities are better in SBI and the facts show that Bangkok bank and many other banks of similar kind can't beat SBI in infrastructure and distribution channel.

## **PRODUCT SPECIFIC OPPORTUNITY**

- ❖ Looking at the Thailand banking industry, any bank can enter in it provided that it has a capacity to serve well in the country.
- ❖ The basic facilities of CASA can be achieved through good distribution channel but apart from that, specific product category has to be focused for getting a good position.
- ❖ Out of all services available, we look at home loan which is expected to increase in Thailand in the near future. This type of loan is in demand and growing with a larger pace compared to other types of loans.



## AUTOMOBILE INDUSTRY

### INDUSTRY OVERVIEW

- ❖ The Automobile Manufacturing industry in Thailand is expanding rapidly day by day. Thailand exports content the significant proportion of the automobiles, trucks and pick-ups. The end of the production line is not only by making and automobiles SUV, pick-up trucks and also by rolling out the new vehicles.
- ❖ There are various factors to consider that go into the production and finally into the finished product. The vehicle is delivered to the auto dealers spreaded around the Thailand of loaded onto ships for export all over the world after leaving the factory. The production of Thailand's automobile reached 1,125,316 units in 2005, with a value of 5.2 billion dollars, up 36 per cent on 2004 figures, the Federation of Thai Industries (FTI) disclosed, of which 440,717 were exported.
- ❖ The automotive industry earned 7.5 billion dollars from combined exports of auto parts in 2005 and vehicles, engines an increase of 45 percent. The Production of vehicles in Thailand for the domestic market reached 684,599 units, up 21.3 percent. The big majority of vehicles manufactured in Thailand are one-ton pickups, amounting to 822,867 units in 2005 made for both the domestic and export markets. The FTI predicted that Thailand will produce 1,245,000 vehicles, including 723,000 units for the domestic market and 522,000 for export in 2012.
- ❖ AUTOMOBILES: Thailand aims for top 10 car making **status** by 2015 by Santan Santivimolnat

### DEVELOPMENT OF THE THAI AUTOMOTIVE SECTOR IN BRIEF

- ❖ The automobile industry of Thailand was consider was promoted in line with the country's import substitution policy and first industries to receive an investment promotion from the Board of Investment (BOI). The number of car produced locally were only 525 cars in 1961 and domestic sale was 6,080 units. The production volume and domestic market grew gradually from 1970 to the mid 1980s.
- ❖ Due to the rapid growth, it is resulted from the change in government policy, aiming at increasing localization of parts and components from import substitution to a more rationalized policy. There were major two reasons for the automobile production and growth of the sales in 1990s.

## THAILAND AUTOMOBILE INDUSTRY

- ❖ The automobile industry in Thailand is in full swing, having completely recovered from the 2011 floods that forced major producers to close down factories around Bangkok. Performance in June alone showed an especially blistering pace. With all carmakers recovered from year 2011 massive flooding, Thailand's automobile output for June reached 205,600 units. This represented an all-time high for any single month and a hefty 33.8% year to year increase. Domestic sales during June soared by 75.7% to set yet another record at 123,471 units.
- ❖ Exports of Thai-built vehicles in the month hit 94,722 units, the most since the country began auto exports in 1988 there are currently 16 car makers and 7 motorcycle makers in Thailand. They have a combined production capacity of 2.4 million vehicles. In the last few years the automobile industry accounted for 12% of the gross domestic product (GDP) of Thailand.
- ❖ Thailand automotive industry is employing more than 700000 people. Thailand could become the world's ninth largest car maker, up from 13th place at present, due to the substantial increase in output, Major players, such as Toyota, Yamaha, Bridgestone, Honda, Maxxis and Michelin, have established R&D facilities in Thailand. There is also a huge auto parts industry in Thailand. Due to reasons like huge market size and limited number of producers for automotive products, the market is open to new overseas suppliers.
- ❖ Looking at the most recent sales data, it can be said that demand for new cars remains high in Thailand. Data of September 2012 from the Federation of Thai Industries (FTI) showed a 52.5% increase in the sales figures. Total sales for the first nine months of 2012 are up by 50%, by selling 998,717 units.
- ❖ The ongoing success of the government's eco-car project is adding vigor to the industry as well, increasing output and sales. The Board of Investment (BOI) launched various programs to promote the manufacture of eco- friendly and fuel-efficient and environmentally safe eco-cars in Thailand back in 2009. So far, there are five BOI-promoted companies of eco-car manufacturing. Nissan was the first company, introducing its March model and then came up with the Almera. Today

these cars compete for Thai market share with the Honda Brio, Suzuki Swift and Mitsubishi Mirage. Toyota will launch its eco-cars in 2013.

- ❖ In future the Thailand automotive industry will focus on hybrid cars and electric vehicles. Two organizations in Thailand have already initiated pilot charging stations to study and collect data on the use of electric vehicles in Thailand. Although, this is still at the very early stages of development but there should be business opportunities in the future in this area, such as charging station, battery technology etc. The top 5 companies taking part in this initiative are Honda, Toyota, Suzuki, Nissan and Mitsubishi.

## **INDIA:**

- ❖ The Indian automobile industry has emerged as a 'growing sector' in the Indian economy. India is being considered as one of the world's fastest growing passenger car markets and second largest in two wheeler manufacturers. It is also the biggest market for the largest motor cycle manufacturer and the fifth largest commercial vehicle manufacturer. It is expected that India will become the third largest automobile market in the world.
- ❖ It is expected that by 2020 the luxury car segment would be around 3% of the overall passenger car market in India. This is because the income level of the people is rising and also because people are spending more on the lifestyle products. So, there is huge opportunity for growth for the foreign players also. According to Tomas Ernberg, Managing Director, and Volvo Auto India, India is going to be one of the biggest automobile markets in the world.
- ❖ India is the largest exporter of compact cars to Europe. Apart from this, hybrid and electronic vehicles are new developments on the way of India's development path way and India is one of the key markets for them. Both, the foreign and Indian manufacturers are focusing their efforts to develop innovative products, technologies and supply chains through the best of research and development process. This will give an enormous boost to the economy of India.

## **INDUSTRY PERFORMANCE IN 2011-12**

### **PRODUCTION**

- ❖ The automobile production data for April-March 2012 shows production growth of 13.83% compared to April-March 2011. In March 2012 as compared to March 2011, production grew at a rate of 6.83%. In 2011-12, the industry produced 20,366,432 vehicles of which share of two wheelers was 76%, passenger vehicles was 15%, three wheelers was 4% and commercial vehicles was also 4%.

### **DOMESTIC SALES**

- ❖ In India the automobile sector displayed tremendous growth rate for domestic sales for 2011-12 was 12.24% amounting to 17,376,624 vehicles. As compared to March 2011 domestic sales increased at a rate of 10.11% in the month of March 2012.
- ❖ As compared to April-March 2011, Passenger Vehicles segment grew at a rate of 4.66% during April-March 2012. Passenger Cars grew by 2.19%, Utility Vehicles grew by 16.47% and Vans grew by 10.01% during April-March 2012. As compared to March 2011, in March 2012, domestic sales of Passenger Cars grew by 19.66%. Also, increase in sales of aggregate passenger vehicle in the month of March 2012 was at 20.59% as compared to March 2011. For the first time in history of India car sales crossed 2 million in a financial year which was a positive signal for the Indian car manufacturers.
- ❖ As compared to April-March 2011, the total Commercial Vehicles segment registered growth of 18.20% during April-March 2012. Whereas the Medium & Heavy Commercial Vehicles registered a growth of 7.94%, Light Commercial Vehicles grew at 27.36%. In March 2012 only, commercial vehicle sales registered a growth of 14.82% over March 2011.
- ❖ As compared to April-March 2011, Three Wheelers segment sales recorded a decline of (-) 2.43% in April-March 2012. While Goods Carriers grew by 6.31% during April-March 2012, Passenger Carriers decline by (-) 4.50%. In March 2012, total Three Wheelers sales declined by (-) 9.11% over March 2011.
- ❖ During April-March 2012 the total Two Wheelers segment sales registered a growth of 14.16%. Sale of Mopeds increased at a rate of 11.39%, sale of Motorcycles grew at a rate of 12.01% and sale of Scooters grew by 24.55% respectively. The growth rate

for two wheelers was 8.27% in March 2012 as compared to March 2011.

## **EXPORTS**

- ❖ During April-March 2012, the automobile industry exported 2,910,055 vehicles displaying a growth of 25.44%. Passenger Vehicles registered growth at 14.18% during April-March 2012. Commercial Vehicles registered a growth rate of 25.15%, Three Wheelers showed a growth rate of 34.41% and Two Wheelers segments recorded growth of 27.13% during April-March 2012. As compared to March 2011, in March 2012 the overall automobile exports registered a growth of 17.81% which was a phenomenal growth as compared to any other country.

## **KEY STATISTICS**

- ❖ As per the data given by Department Of Industrial Policy And Promotion(DIPP), the amount of foreign direct investment (FDI) inflow into the automobile industry during April 2000 to November 2012 was worth US\$ 7,518 million, amounting to 4% of the total FDI inflows (in terms of US\$).
- ❖ The Indian small and light commercial vehicle segment is expected to grow more than double by 2015-16 and to grow at 18.5% compound annual growth rate (CAGR) for the next five years.

## **PRESENT TRADE WITH QUANTITY AND AMOUNT WITH SELECTED PRODUCT OR ANY OTHER PRODUCT IN THE COUNTRY UNDER STUDY AND PRESENT TRADE WITH THAT COUNTRY FROM GUJARAT OR INDIA**

- ❖ For Thai automobile industry year 2012 was a historic year with total production over two million units and domestic sales of over 1.4 million units. Five selected companies of Thailand and same time five selected companies of India taken and its sells, market share is taken into consideration. Toyota, Isuzu, Nissan, Mitsubishi and Chevrolet are companies performing well in Thailand; same time TATA, Mahindra & Mahindra, Heromotocorp, Maruti and Bajaj are companies performing well in India.
- ❖ Toyota is currently 5th largest car maker in India. Sales of Toyota in 2012 was 5,16,086 units with market share of 35.9% and same time company expects in 2013; 5,00,000 units with 40% market share. again company expect sales of 2,00,000

passenger car in 2013. Which is down 11% from 2012; but expects to rise its market share to 36.9% from last year. Same time 2,85,000 for trucks selling is expectation of company for 2013 increase by 5.6% from last year and market share of same raising 40.5% to 45.1%.

- ❖ Isuzu is only company which manufactured its products in Thailand also as it is not Thailand base company. Company's sales in 2005 was 1,60,000 units and in 2011 1,30,000 units sales was there which was 2,00,000 units in September 2012. Production capacity of company reached at 4,00,000 units in February. 60% of products produced by company in Thailand; delivered domestically and rests are export. In August Isuzu Motors plans to establish a wholly owned subsidiary in Chennai, India to market pickup trucks produced at its main assembly base in Thailand but will eventually produce them in India, possibly by 2016.
- ❖ International sales of Nissan for November 2012 reduced by 6.8% year by year to 3,81,018 units. In first half of 2012 sales increase by 40% with 51,482. Model ALMERA Launched in October 2011 led sales with 22,662 units while, model MARCH's sales were 15,309 units which launched in 2010. Sales crosses 5000 mark for 1<sup>st</sup> time registering 178% growth over an year ago. Best performer were ECO cars in last year. Previous Highest sales in India in November 2011 were 3,152 units of company.
- ❖ Mirage a model of Mitsubishi first sold in Thailand; it will priced THB 380,000 to 551,000 depending on trim level. In 2012 sales volume of mirage was more than expected (1,29,000 units), raised by 98.07%.in that year highest recorded sales in December with 14,836 units. In 2012 model Triton reached 61,012 units, Pajero Sport got 26,021 units, passenger car; Lancer 1.6, Lancer EX and Mirage soar 561.83% with 42,417 units. In India sells about 2,000 units a year with 6 different products company intends sells of 5,000 units of the Pajero Sport SUV in India over the next one year
- ❖ In first month of 2013 sales volume 6039 units, Colorado – 2,476 units, Sonic – 1,689 units, Trailblazer – 694 units, Captiva – 618 units, Cruze – 504 units, Aveo – 58 units. Best selling model of company Colorado. Retail Sales and Registration of Chevrolet brand in Thailand during 2011; model Aveo production of 10,918 units and retail sales 8,344 units, model Captiva production of 7,912 units and retail sales 6,095 units, model Colorado production of 13,014 units and retail sales 8,768 units, model Cruze production of 13,554 units and retail sales 8,296 units,

- ❖ In India Tata motor's **December sales at 65,582 units**. Cumulative sales for the fiscal 2012 were 613,750 , **January sales at 61,660**. Cumulative sales of commercial vehicles in the domestic market were 390,370 units, LCV sales were 281,192 units, M&HCV sales were 109,178 units. Company's newly introduced Manza Club Class and Safari Storme are growing much in their respective segments. Company's exports are 3,882 units in December 2012 and 3,880 units in January 2013.
- ❖ Mahindra & Mahindra's Domestic sales during January 2013 were 47,841 units which were previously 41,369 units during January 2012; it is increase of 16%. Exports 1,662 units during Jan 2013. Passenger Vehicles segment 23421 units in February 2013; 4 wheel commercial segment sales 15,167 units; 3 wheel segment 4803 units. Total tractor sales in February 2013 were 14,861 units.
- ❖ Hero motocorp is world's largest two-wheeler manufacturer. Its sales of August'12 were 25,70,310 units and also sold 4,43,801 units of two-wheelers in the month of August 2012. sales of 4,04,787 units in September, registering a reduction of 26.35%.The sales figures crossed the 50,000 mark for the 1<sup>st</sup> time in the company's history.
- ❖ Market leader Maruti Suzuki in India recorded domestic sales of 88,801 units compared to 78,816 units in the previous year, it registering a rise of 12.67%. Even Bajaj auto sold 301,368 motorcycles and 46,263 commercial vehicles in January 2013. While in January 2012; 294,439 motorcycles and 43,436 commercial vehicles sold by company.

#### **WTO- GENERAL TRADE IMPLICATIONS FOR THE SELECTED INDUSTRY**

- ❖ Automobile plants are a sign of economic status in the developing world. Domestic trade has been limited and even banned through local defense (analogous to former Canadian inter-provincial trade restrictions). Government has also situate prices and restricted competition through discrepancy taxes that support local suppliers.
- ❖ The limitation of trade has gave confidence to unproductive production and permitted for market segmentation. The addition of Greater China into the World Trade Organization has significant implications for the Chinese economy, together with the motor vehicle sector.
- ❖ World Trade Organization membership implies inferior prices & steeper overseas rivalry in the sector.

- ❖ Reaction to this change in the competitive scenery depends on nonstop problems with local government defense, lack of automobile infrastructure (roads, parking, etc.), and associated factors that act as constraints on growth of the segment.
  - ❖ Even so, the automobile field itself seems to look forward to continued strong growth.
- (1) Notwithstanding industry hope of its chances for success, what we can really expect once the competitive landscape has altered in critical ways? The central approach employed here to discover this question is general balance, linking the application of a computational form.
  - (2) Discusses some central issues about the formation of the industry. The domestic motor vehicle industry is highly fragmented and inefficient, due to government intervention. Motor vehicle plants run on a small and incompetent scale by international standards, with consequential cost structures well within the international frontier. Following the summary of the auto sector is a concise discussion of the model framework. World Trade Organization's debate on Industrial commodities has developed in Geneva based on the Framework contract signed in August 2004. The following is the state of progress of NAMA debates till the Trade Negotiations Committee Meeting on February 14, 2005.
- ❖ Product Coverage: What all products NAMA will cover is the main discussion on this. Still there is some discussion on whether fish and fish products should be sent into farming or should they stay in the realm of industrial goods. It is due to fish and fish products are one of the products that have been recognized for sectoral proposal of zero for zero. There is also this issue regarding decision which of the environmental goods will be taken into the NAMA negotiations for reduction of tariffs. Under the Trade and Environment Committee, The environmental goods negotiations are done and not under the Negotiating Group on NAMA.
  - ❖ Bound vs. Unbound: Many countries (all developed and many Latin American Countries) have called for complete requisite of all tariffs by all countries. They also want LDCs to tie their tariffs without providing for any tariff reductions. India has, however, said in these discussions that there cannot be automatic binding of all tariffs. Responsive products will have to remain unbound, India said. Philippines and Kenya share this view.



- ❖ US said that the problem of having boundless tariffs is only with thirty countries so it can only be exclusion but not the rule.
- ❖ Reaction of India: compare to developed countries, Developing countries should be given the flexibility to cut fewer tariffs. There should be a window for keeping sensitive products boundless.
- ❖ Sectoral Initiative: Most developing countries are saying that there is need for elasticity while deciding on sectoral. But elasticity means different things to different countries.

## **SUMMARY OF BARRIERS OF AUTOMOBILE SECTOR**

### **INDIA**

- ❖ There are many activities of automobile sector in which company needs support of Government such as continuous flow of raw material, capital for manufacturing activity etc. without Government Support Company could not manufacture product smoothly.
- ❖ Higher price of raw material such as steel increase price of vehicles which affects Small as well as Medium sector to compete with their competitor with high price.
- ❖ In India there is less technology development and up gradation in automobile sector due to lack of capital as well as Government interruption in company.
- ❖ There are various taxes laid on supply of raw material as well as finish goods on automobile sector such taxes are; State and Municipal taxes, indirect taxes, freight etc. this taxes increase cost of vehicles.
- ❖ In India there are fewer sources available for loan or credit for long time which affects Indian Manufacturer to adopt new technology as well as continuous supply of raw material.
- ❖ Automobile sector of India not having more variety of vehicles as well as scheme to satisfy the demand of people.
- ❖ In India there is much restriction on export as well as import the vehicle, raw material, technology etc. so Indian automobile company having more prices as compare to other countries automobile company.
- ❖ South Asian companies are over taking Indian automobile companies because all South Asian companies having easily available of raw material with low price whereas Indian automobile company not having easy availability of raw material.

- ❖ Fluctuation of currency rate affects Indian automobile companies to import raw material and technology from other country because it increase the cost and reduce foreign currency.
- ❖ Lack of SEZs for automobile companies in which company having benefits of no tax or very low rate of taxes as well as all the facility which requires promote automobile sector.
- ❖ Lack of trained employee for work, this is main factor which affects most of automobile company.
- ❖ Indian automobile sector does not having their own research and development centre for this automobile sector takes help form Government so, Government can interrupt in decision of new product or any new branch.
- ❖ Lack of amenities such as road, port, railway for transportation in some areas which increase cost of selling vehicles, it also add cost of theft, damage of good etc.

## **THAILAND**

- ❖ Change investment pattern of Thailand because of crisis, they diversify their investment in different sector.
- ❖ Due to crisis there is reduction in sales of vehicles as well as increase the price of raw material which require for production are widely fluctuated.
- ❖ Due to Government policy all automobile company of Thailand use only domestic raw material and technology so it reduce production of company as well as earnings of all the company.
- ❖ Different product strategies of automobile company of Thailand reduce the export in foreign country which reduces sales and block of money.
- ❖ In Thailand there are many small companies of automobile which count able to compete other companies which having all the facility with variety of product with low cost, it affects companies overall earnings of automobile sector.
- ❖ Toyota Company having more advance technology for production of vehicles at lower cost but Thailand government introduces policy in which all company must use the technology of regional area of Thailand, so it affects competitiveness of automobile sector of Thailand.
- ❖ Thailand having easy availability of all raw material or parts with in the country at lower price reduces cost of vehicles which helps automobile sector to compete globally and generate more profit.

- ❖ Thailand having many companies of automobile which produce large number of vehicle with luxurious amenities but they are fail to satisfy regional public demand by not providing vehicle as per regional public demand.
- ❖ After crisis in Thailand, production of vehicles reduce because of import of all raw material which increase cost of vehicles as well as barriers of import from other country increase cost of raw material.
- ❖ Major problem face by al automobile company in Thailand is Lack of trained employee for work because of lower education ratio.
- ❖ Some automobile companies of Thailand produce luxurious vehicles by using costly raw material with very high investment but they did not get return according to their investment which creates loss or capital shortage in company.

#### **FOREIGN TRADE POLICY: INDIA**

- ❖ Incentives schemes have been expanded through addition of new products and markets.
- ❖ Focus Market Scheme (FMS) increased from 2.5% to 3%.
- ❖ Focus Product Scheme (FPS) increased from 1.25% to 2%.
- ❖ FPS includes the large number of products of various sector, i.e. Engineering products, plastic, jute and sisal products, Green Technology product, Technical Textile, Project goods, and certain electronics items.
- ❖ Market Linked Focus Product Scheme (MLFPS) benefits for additional new markets for certain market include the auto component, motor cars, bicycle and its parts, apparels.
- ❖ To increase technological upgradation of export sector EPCG scheme at zero duty has been introduced.
- ❖ For the growth of exports and encourage technological upgradation additional duty credit scrips shall be given to status holder @ 1% of the FOB value of past exports. This includes the auto mobile sector also.
- ❖ Income tax exemption to 100% EOUs and STPIs.
- ❖ Greater flexibility is permitted to allow conversion of shipping bills from one exports promotion scheme to another scheme within the three month instead of one month.
- ❖ Automobile sector have their own Research and development, would be allow freeing fuels up-to a 5 KL per annum which are not manufactured in India.

## **FOREIGN TRADE POLICY: THAILAND**

- ❖ For many years Thailand has pursued a policy of export-led development successfully turned the country into major exporter of industrial goods to achieve for rapid economic growth. It quite decreases due to global financial crisis and will fall the overall GDP also. In 2010 the GDP reach the 7.8% with that Thailand has able to reduce poverty line up-to some extent. Thailand has open economy with that value of imports and exports equivalent to 135% of GDP in 2010.
- ❖ The value of trade in goods increases by 27% in 2007-10 and exports increased to US\$195.3 billion and imports to US\$182.4 billion. The patterns of exports changed to develop countries have increased at a slower pace than exports to the Asian countries and China has replaced the United States as the main destination for Thailand exports. Thailand has also positive balance of trade in services of US\$6.5 billion with large surplus to tourism and its related services.
- ❖ Thailand is net importer of energy, including natural gas and oil; it is an exporter of redefined petroleum products for refining and exports. In this sector 51% stated-owned public company.
- ❖ Financial service master plan, a new law entered for consolidated and enhancing existing legislation and improved supervision of the banking sector by Bank of Thailand, includes improving competition, address operating costs, strengthening financial service sector, improving access to financial services.
- ❖ New law forming for the insurance and capital markets to improve oversight and increasing competition. There is a relaxation in foreign participation in insurance.
- ❖ The government actively promoting transport industry through financial and fiscal incentives and encourages private sector participation in infrastructure development.

## INVESTMENT PATTERN: THAILAND

- ❖ Thailand has one of the traditional players in the automobile sector in ASEAN market. The orientation of the industry was increase towards for expanding domestic market, due to international competitiveness worse significantly with exchange rate change. The economic crisis in Thailand led to trade deficit of expanding to US\$ 16.6 billion, or 9.1% of GDP.
- ❖ Thailand's Government raised import duty on CKD passenger cars from 20-33% from January 2000 to give the local parts industry time to adjust. Imports duties on raw material for the automobile industry still range from 20-42%.
- ❖ Thailand has also liberalised its foreign investment policy to permit rights to full foreign ownership. Thailand has made policy changes for ASEAN countries for internationalise the automotive industry.
- ❖ Thailand has a number of competitive strength as an automotive producer like as producers of commercial light trucks, protected the Malaysian market by component producers and international cars.

## INVESTMENT PATTERN: INDIA

- ❖ India has growing automobile sector with the arrival of new and existing models, easy availability of finance at lower rate, price discounts to dealers and manufactures have higher demand for vehicles.

Automobile Exports Trends						(No. of Vehicles)	
Category	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Passenger Vehicles	175572	198452	218401	335729	446145	444326	507318
Commercial Vehicles	40600	49537	58994	42625	45009	74043	92663
Three Wheelers	76881	143896	141225	148066	173214	269968	362876
Two Wheelers	513169	619644	819713	1004174	1140058	1531619	1947198
<b>Total</b>	806222	1011529	1238333	1530594	1804426	2319956	2910055

- ❖ Some of the key factors which helpful for this upswing sales incentive, new models, low cost of finance with repayment option easily. The ability of the players to contain costs and focus on exports will critical for the performance of their respective area.

## **TECHNOLOGICAL ADVANCEMENT TAKING PLACE INTO THE INDUSTRY**

### **GREEN TECHNOLOGIES FOR AUTOMOTIVE INDUSTRY:**

- ❖ The green technologies was shown at Thailand auto parts & Accessories(TAPA) fair from the transportation & Metal Industries business unit of Henkel's Adhesive Technologies business sector, which was organized at the Bangkok International Trade & Exhibition Centre./with more than 400 international exhibitors and more than 10,000 visitors.

### **TECHNOLOGY LIBRARY**

- ❖ The technologies is used as tools with a strong focus on quality featured that produce an environmental performance in Mitsubishi Motors automobiles which makes our vehicles friendly to the global environment, a driving performance that makes driving fun, and safety performance that protects you if the unexpected happens.

### **LATEST TECHNOLOGY,**

- ❖ **WORLD-CLASS MANUFACTURING:** Toyota Motor Thailand Co., Ltd. and its seven subsidiary companies use the latest technologies and world class manufacturing techniques.
- ❖ **CONTINUOUSLY IMPROVING OPERATIONS:** Toyoto Motor Thailand Co.Ltd believes in the continuous improvement in its employees and kingdom along with its product and service.

### **CLEAN DIESEL TECHNOLOGY**

- ❖ Isuzu is trying to improve the advantage of diesel engines which include high performance and high thermal efficiency potential equivalent to that of fuel cells. Isuzu have the world class diesel engines technology with a complete line up of high performance and global production operations in four separate regions where no other diesel engine producer has reached.

## **REQUIREMENTS OF RESOURCES FOR THE INDUSTRIAL OPERATIONS AND AVAILABILITY OF THE SAME**

### **HUMAN RESOURCES**

- ❖ Due to the broadness of automobile industry, human resource for automobile will vary. For Example human resources are needed for specific skills to do their jobs and to manufacture automobiles. Requires people of different skills who can sell automobiles. Even human resource is required with the skills that support the success of racing business.

### **AUTOMOTIVE HUMAN RESOURCES DEVELOPMENT**

- ❖ Human Resources Development plays an important role in the production process for the automotive industry which requires advance technology.

### **THAILAND'S AUTOMOTIVE INDUSTRY, AUTO PARTS AND ACCESSORIES.**

- ❖ Vehicle production facilities in Thailand includes General Motors, Toyota, Mitsubishi, Nissan, Honda, and Mazda — through the Auto Alliance (Thailand), a joint venture with Ford, some of them serve domestic and regional demand.
- ❖ Thailand is a production rudiment for producing eco-cars that meet the most European emissions standards and run on fuel with a 20 % ethanol component.

### **LOGISTICS IS VARIETY WITH QUALITY**

- ❖ The logistics operation comprises special handling facilities, repacking, kitting and line side preparations.

## CASE STUDY

### TATA MOTORS

- ❖ Companies have to pay much more attention in international markets and competitions regarding the products and services customer are focusing on. The market share of Tata Motors in the car segment stood under 10 per cent at the end of June quarter. Tata motors are the largest commercial vehicle maker with over 65 per cent market share in the first quarter of 2012.
- ❖ Tata Motors is engaged with wide range of vehicles like passenger cars, utility vehicles, Trucks, Commercial passenger vehicles as well as defence vehicles.
- ❖ The major competitors of automobile company such as Tata Motors are the large manufacturer of commercial and passenger vehicles in India who are, Ashok Leyland, Eicher Motors, Swaraj Mazda, Mahindra and Mahindra etc.
- ❖ **Firm Infrastructure:** India's largest automobile company, expanded production facilities, In-house R & Development facilities, Laboratories,
- ❖ **Technology Development:** Advance technology, engineering excellence with high level of excellence
- ❖ **HRM:** High qualified and skilled workforce, training employees, development of technical as well as management capabilities
- ❖ **Marketing and Sales:** Brand image, packaging, places of dealership, price, maintenance and support etc.
- ❖ **Inbound Logistics:** High level of suppliers chosen by specific standards to ensure quality of products
- ❖ **Operations:** Cost reduction, Flexible and productive plants
- ❖ **Outbound Logistics:** Tightly controlled distribution network
- ❖ **Services:** Goods after Sale services help lines for dealers and customers etc.

**CONCLUSION:** As such there is no plant of Tata motors in Thailand in automobile sector; there is a great opportunity for India to establish their plant in Thailand to develop their business. Thailand automobile sector is one of the untapped market in which there is no proper Thailand based automobile company. So there is a huge opportunity for any Indian automobile company to establish a good market base in Thailand.



## **ISUZU**

- ❖ Isuzu Motors has the longest history of any vehicle manufacturer which was founded in 1916. Thailand is a best example of outstanding Isuzu brand strength. The Isuzu D-MAX 1-ton pickup truck, which was launched in 2002, is an icon for young people. In such a highly competitive market crowded with automobile manufacturers from all over the world, the D-MAX pushed its market share to 39% in 2009. Isuzu commercial vehicles have also enjoyed No.1 share in 2009 achieving a high share of 44%.

## **OPPORTUNITIES IN INDIA**

- ❖ Isuzu Motors India Private Ltd plans to establish a factory to produce light commercial vehicles (LCVs) and sports utility vehicles (SUVs) in South India with a capacity of lakh units. The company, which has lined up three models—two LCVs and an SUV model—for sale in India as completely built units (CBUs) imported from Thailand, expects its factories in the two countries eventually to complement each other in serving the region.
- ❖ Isuzu Expects the market demand for passenger vehicles to zoom from 3.5 million units to 10 million units a year over the next 10 years.
- ❖ They plan to sell some 80,000 units in the domestic market, which is growing at a healthy pace on the back of steady economic growth, and export some 40,000 units.
- ❖ Isuzu plans to zeroed in on Sri City, which is some 50km from Chennai that houses many automobile related industries, apart from the proximity to seaports for imports and exports.
- ❖ Isuzu plan to produce pickup truck D-MAX and pick up derivative MU-7 from the AP facility and currently studying details pertaining stamping, welding, painting, assembling, engine manufacturing and transmission assembling.
- ❖ The Indian automobile industry is expected to expand to some 10-15 million units from the current 3.6 million over the next 10 years.

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**-Thank You-**