

Date : 26th April 2020 (33rd Day of Lockdown)

Think Thread : Whether India is in a position of attracting investments ?

Views By : Mr. Jeevan Talegaonkar, Mr. Chandrashekhar Chincholkar , Mr. Himanshu Naik,

Why Vietnam , Taiwan & Thailand are preferred countries over India for “Exit China” Companies

On 26th April Mr. Chincholkar shared an information that as per a study by Nomura Group on 56 Companies shifting production out of China, only 03 relocated to India while 26 went to Vietnam , 11 to Taiwan 7 08 to Thailand. Why? Bureaucracy, politics, lethargy, atrophy? Are we serious about ease of business ?

The question was raised What made Vietnam such small country a darling country to these companies?

On this Mr. Himanshu Naik answered that Various factors are working in favour of Vietnam. 1. Infrastructure is much better than India. 2) skills level of workers in Vietnam is much better due to availability of various types vocational training by the Govt in tandem with industries requirements & this is the focus of the govt. to make their labour better skilled as per industry requirement 3. As I know the health condition of their people is much better which boost the productivity of labour becoz the Govt spends nearly 6% of their GDP on health infrastructure. 4. The worker cost is cheaper 5. The Govt. is stable & the currency of Vietnam is much stable & is not as volatile as Rupee against USD. 6. Vietnam, geographically is much nearer to China as compared to India. Hence its very convenient for industries to move out of China to Vietnam. Besides above, the major production line as planning to move from China, will still remain dependant on China because most of the component industries are situated in China & the main industries(planning to shift) r getting the components in much cheaper rate. If they come to India, the transport cost will be a big burden 7. The set up procedure for a new industry in India as compared to Vietnam is tougher n a bit time taking. 8. the political & local interference in business & the poor labour discipline in India are also discouraging factors for FDI.. India is growing economy & a large powerful democracy. The developed nations including USA & EU are heart to heart not in favour of India to grow faster to become a threat to them in future. Hope the above points will give some ideas to understand, why Vietnam is a favoured destination for FDI as compared to India. Vietnam's growth of GDP is higher than India. As I remember the growth rate was nearly 6.7% in 1st qr of 2019 as against 7.1% in 2018. It's also a friendly country of US, Japan & South Korea. They are much better organized

Mr. Jeevan Talegaonkar added more inputs by giving a exact ground inputs as he has been going to Vietnam once every two months for last 2 years, he said it's a communist country hence has a high degree of political stability. Decision making is centralised and faster. They have great coastal line, and cities like Da Nang which are new investment destination. Young leaders are everywhere Govt. and Private, very less processes, less democratic frankly, but development oriented leadership. People are

very task oriented, English is great barrier but that does not stop them, technically sound and practical work force...take pride in making everything in their country. Huge respect for new plantation, very proudly he said that "I have not seen any other country that rears new plants and grown up trees like children". Moreover South Korea has made huge investments in Vietnam 10% of GDP is contributed by S Korean companies..40% of Samsung smart phone shipments happen from Vietnam, 100% Samsung telecomm gears that Reliance Jio buys come from Vietnam.

Mr. jeevan further added that why Thailand is also preferred above India . He wrote that Thailand is again his market where he has similar experience . 73% women work in these countries...they dont talk much silent workers...very focused...do their jobs very well and Thai are religious people, 8am to 8pm are normal work hours for them...beliefs are strong...work ethics are strong...quality of public infrastructure is awesome...not like us.. They construct good roads in small mohallas also and are very disciplined . Last mile connectivity is good...you take public transport all over Bangkok, don't need taxi etc..and walk to your destination, while expressing his concern he wrote that " I find that as a big gap in India...we don't think through all moving points keep few gaps open for ever...we build highways and forget about connecting pockets...PWD of all States suck in India.