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A Brief Note on Indian Business Groups in Thailand -Transformation from Diaspora to Global Business Players-

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1 Characteristics of Indian Diaspora in Thailand

That the majority Indians migrated to Thailand by their free will or voluntarily is the most conspicuous characteristics, that is quite different from the Indians who migrated to Malaysia, Singapore, or Myanmar mainly as plantation workers. The first traders who came to Thai were Bohra Muslim from Gujarat and Muslim Tamil and Hindu Tamil. The Gujaratis dealt with mainly in precious stones and the export of Thai rice to India, while other groups traded in textiles.

As business-based association, the India-Thai Chamber of Commerce is the most representative. First, we see economic activities of two representative PIO (People of Indian Origin) business groups. They are members of India-Thai Chamber of Commerce.

2 Two Representative PIO Business Groups

2-1 Diwanchand Kundanlal Group: The Most Honored PIO in Thailand

Diwanchand Kundanlal Group is led by Mr. Shivnath Rai Bajaj (a Hindu born in Pakistan Punjab). Their flagship company is Thai Filament Textiles Co. Ltd. Thai Filament Textile Co. Ltd. was incorporated in 1969 as a joint venture company between Diwanchand Group and Teijin Group of Japan. Its manufacturing plant was commissioned in 1971 to produce 100% polyester filament fabrics. The company is the only polyester filament fabric manufacturer to have been granted the Department of Export Promotion's logo "Thailand's Brand". Its products are exported to Europe, USA, and Japan and so on (<http://www.thai-filament.com>). Diwanchand Kundanlal Group also runs Rembrandt Hotel Corporation, Rembrandt Towers, Shiva Holdings Company Ltd., Trans Global Holdings Ltd., South East Investment Ltd., and so on.

The chairman of this group, Shivnath Rai Bajaj contributed a lot to promote understanding between Indians and Thai and bridging both countries as president of the India-Thai Chamber of Commerce for two consecutive terms (1971-1973) as well as a committee member of the Board of Trade for two years. He also served the Thai-Bharat Cultural Lodge for many years, and also was the president of Hindu Samaj. Because of his immense contributions, he became the first Indian who won the Order of the White Elephant presented by his Majesty the King himself. Again he won Pravasi Bharatiya Samman in 2006 as well as 5th Bharatvanshi Gaurab Samman in 2008 both from the Government of India for his tireless services to business and society in foreign country.

He arrived in Bangkok in 1938 from a small village near Lahore at the age of 17 “quite against his will” to help his brothers who were already established in textile business in Bangkok. The company named after his eldest brother and father. Today Diwanchand Kundanlal Group has offices in India, Dubai, and Singapore.

2-2 GP Group: Rising Star of PIO Business World

GP Group is led by Mr. Kirit Shah (<http://www.premjee.com>). This group is the most promising PIO business group in Thailand today.

GP Group of companies is run by Shah (means “trader”) family originated in Katch, Gujarat State of British India. In 1868, the Shah family migrated from Bombay to Rangoon (now Yangon), Burma. There they established G. Premjee company and prospered in rice trade. In 1918, Chimanlal Shah transferred base to Bangkok, Thailand and continued to source rice grown in India, Thailand, Burma, and Sri Lanka and sold rice to West Asian and African countries.

Up to 1970s GP Group traded only rice. From the late 1970s, GP Group diversified from rice to other agricultural products such as corn, sorghum, beans, canned food-stuffs, sugar, wheat, and barley. Also GP Group began to source corn from the USA and Argentina and rice from Vietnam, India, Pakistan, Indonesia and China in addition to the core source, Thailand. Further GP Group widened its trading base adding industrial raw materials such as coals, ores, minerals, steel products, fertilizers and fertilizer materials. Because shipping is a key competitive factor in the international grain trade, GP Group moved progressively into shipping charting, owning, handling,, agency and brokerage. To strengthen access to finance for third country trading, the GP Group forged strong links with international banks in the financial capitals of the world. And to support of rubber industry in Thailand, GP Group began production of centrifuges latex concentrate and downstream dipped rubber products. From involvement in hospital gods, GP Group diversified into soft gelatin capsules for pharmaceuticals and health food supplements. As a further development in healthcare, GP Group launched another venture to manufacture and market a wide spectrum of important bulk pharmaceutical chemicals. Also GP Group entered into the jewelry business to serve international market, real estate and construction businesses. GP Group has overseas offices in Singapore and Saudi Arabia. Most of the head offices of GP Group companies are located in Cathey House, North Sathorn, Bangkok.

Kirit Shah was born in 1953 in Bombay. He is a Jain, but he lives a quite a different life from those Jains who are strict vegetarian. Jains are well-known for their ahimsa (non-killing) and strict asceticism. But he eats beef as well as pork. According to him, “to be a strict vegetarian is extremely non practical”. Also he told that “The Government of India provided only poverty evenly among the people in 1950s”. Kirit Shah is a person who has full of innovative ideas, freed from existing ideas. He broke many taboos when he married Muslim girl in 35 years ago. After graduated a boarding school in Simla (because in 1950s, there was no English school in Bangkok),

he studied at the University of Bombay for two years but without graduate the University of Bombay he came to Bangkok to join his father's business. He got Thai nationality in 1998.

GP Group was heavily damaged by the exchange and financial crisis in 1997. Kirit Shar sold all four rubber or rubber-related companies during 1997-98. In the construction business, there was a joint venture company with Ansal Co. Ltd. of New Delhi. However, this company was also closed. And Maxwin Construction Co. Ltd. was closed including 15 subsidiaries in 1997; expect only one hotel, Amari Atrium Hotel. There is no company in construction business today. In pharmaceutical business, GP Group has two companies. One of them is Lupin Chemical (Thailand). This was a joint venture company with Lupin Chemical Ltd. of India. But, in 2007, Lupin Chemical of India exited from Thailand. Today the name of the company has changed to Linaria Chemicals (Thailand) Ltd. and it is a subsidiary company of GP Group (<https://www.lupinworld.com>). 90% of its products are bulk drug for export. Another company is Mega Life Science Co. Ltd. It has 25 years history. Mega Life Science produces two billion soft gelatin capsules per year. It has two plants: one in Thailand, and another in Australia. Only one public company limited of the GP Group is Precious Shipping PCL (PSL), the flagship company of GP Group. Recently Kirit Shah established Precious Shipping (PSL) of Thailand in Mumbai, India. Also he established Great Circle Shipping Agency Limited as a subsidiary of PSL in 1988 (<http://www.preciousshipping.com>).

Globex Pvt. Ltd. is the holding company of GP Group. Globex invests more than 100 companies. Among them, there was Phoenix Pulp and Paper PCL, a joint venture company with Ballarpur Industries, a Thapar Group Company of India. But Kirit Shah sold out his shares to Siam Cement in 2004-05. Ballarpur Industries also sold out their share to Siam Cement. Globex invests in Sila Eastern Co. Ltd., a joint venture company for lime stone mining with Tata Steel, and a distribution office of Jet Air Ltd. of India. In gems business, Kirit Shah owns Diamond RuSa Ltd.

When Kirit Shah joined his father in 1970s, there appeared a big business chance in Thailand. Thai government started opening-up and industrialization of Thailand was speeded up. And to pursue the Vietnam War, the US Government constructed super highways and opened five military bases in Thailand. In 1973 there happened the First Oil Crisis, and Kirit Shah often visited Middle East countries and African countries where economic boom was occurred. Then he constructed relations with buyers in those areas.

Even today, Kirit Shah visits Mumbai once a month. He speaks Thai if necessary, but he never learnt Thai at the school. According him, there is no local business, so that Thai speaking is not necessary. He stressed the importance to speak English. He runs class room for English speaking at his office every day for everybody. He employs Indians too. Most of them are employees of Precious Shipping PCL. Among 408 total employees, 15-17 are recruited from India.

His first daughter is making business in Bangkok, his second daughter is learning in the US, and his first son also learning in the US. The first daughter is named Nishta Shah. She was

graduated from Boston University. It is said she will take over her father's business in future (Masala, August 2009, pp. 38-41).

3 Indian FDI to Thailand: An Overview

According to BOI (Board of Investment of Thailand)¹, from 2001 to 2011, the total number of approved projects was 170 (**Table 1**). The number of Indian projects slowly increased up to 2007, but decreased since 2008. During the same period, total amount of approved amount was about Bt.35.1 billion. If we see the distribution of total registered capital, 85.1% of approvals were Indian capital. **Table 2** shows the Indian projects classified by investment size. 155 projects out of the total 170 projects (91.2% of the total) on approved base were small or medium size projects less than Bt.500million. If we see industry-wise distribution of the Indian projects approved by BOI in **Table 3**, in terms of number light industries/textiles accounts for 22.9%, chemicals and paper accounts for 20.6%, electric and electric products accounts for 18.2%, services accounts for 13.5%, metal products and machinery accounts for 10.0%, and so on. This is a well-balanced distribution. In terms of investment amount, metal products and machinery accounts for 30.8%, followed by chemicals and paper's 27.0%, minerals and ceramics' 15.5%, services' 11.0%, light industries and textiles' 9.5%.

Table 1 Indian Investment Projects approved by BOI: 2001-2011 (Million Baht)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total (2001-2011)
1. No. of projects	12	5	11	19	16	18	23	21	17	13	15	170
2. Total Investment	1954.4	92.3	3519.3	1615.2	1105.9	2670.6	7398.3	9591.6	3680.2	1740.2	1693	35061 (%)
3. Total Registered Capital	431.7	23.5	1258.2	562.8	434	482.5	1056.1	2558.4	155.9	246.9	159	7369 100
-- Indian	379.1	14.1	1245.6	278	407.6	346.7	799	2363.3	101.2	201.7	134	6270.3 85.1

Note: "Indian Investment Project" refer to projects with Indian capital of at least 10%

Table 2 Indian Investment Projects approved by BOI classified by Investment Size, 2001-2011

Investment Size(Million Baht)	Number	%
50	96	56.5
50-99	26	15.3
100-499	33	19.4
500-999	8	4.7
1000	7	4.1
Total	170	100.0

Source: BOI, Thailand.

Table 3 Indian Investment Projects approved by BOI classified by Sector, 2001-2011 (Million Baht)

Sector	Number	%	Amount	%
Agricultural Products	19	8.9	1417.1	4.0
Minerals and Ceramics	6	3.5	5451.0	15.5
Light Industries/Textiles	39	22.9	3328.1	9.5
Metal Products and Machinery	17	10.0	10793.1	30.8
Electric and Electric Products	31	18.2	741.5	2.1
Chemicals and Paper	35	20.6	9465.7	27.0
Services	23	13.5	3863.6	11.0
Total	170	100.0	35060.1	100.0

Source: BOI, Thailand.

¹ http://www.boi.go.th/english/about/investment_services.asp

4 Two Types of NRI Business Groups in Thailand

There are two types of Indian investors in Thailand. One type is those investors who came to Thailand from 1970s to early 1980s and became a member of India-Thai Chamber of Commerce. They are NRIs (Non-Resident Indians) who become established in Thai society. Aditya Birla Group and Indorama Group are the most representative industry groups in this category. Another type of groups is those investors who came to Thailand after 1991 when liberalization process had started in India. The most representative industrial group is Tata Group, including Tata Steel, Tata Motors, Tata Consultancy Services (TCS), and Tata Technologies. Also many IT software companies such as TCS, 3i Infotec, NIIT, Tech Mahindra, and so on are also included in this category.

4-1 Old Comers—NRIs Groups

(a) Aditya Birla Group

Birla Group was one of the biggest industrial groups in India. Birla family comes from a small village called Pillani in Rajasthan and belongs to Marwari caste. The founder of Birla Group was G. D. Birla (1894-1983). Before he dies, he divided his assets among his sons. After his death, Birla Group was divided into six sub-groups. Among these six groups, the biggest group is Aditya Birla Group that was succeeded by Basant Kumar Birla (1921-?) and his son Aditya Vikram Birla (1943-95). Today this group is led by Kumar Mangalam Birla (1967-), the son of Aditya Vikram Birla. Their headquarter in Mumbai.

In the late 60's and early 70's, Thailand offered better opportunities. Thailand was opening up its economy to foreign investment. Thai Government offered corporate tax exemption and dividend tax exemption for eight years, and duty free measure for the import of capital equipment to attract foreign investment. Taking this chance, Aditya Birla Group established the first overseas company, Indo Thai Synthetics Co. Ltd. in Thailand in 1970. This is a manufacturing company of synthetic yarn and exporter. This company is the biggest synthetic spun yarn exporter from Thailand, commanding almost 50% of the total exports. Over 70% of its products are exported to across 30 countries. After setting up Indo Thai Synthetics Co. Ltd., Aditya Birla Group expanded their overseas business.

In Thailand, 1974 Aditya Birla Group acquired Century Textile Company Ltd., and in the same year, established Thai Rayon PCL as a joint venture company with Grasim Industries Ltd. (this is also Aditya Birla Group's cement manufacturer). In 1987, Thai Acrylic Fibre Company Ltd. was set up. Century Textile Co. Ltd. is a weaving and dyeing plant. It manufactures synthetic fabrics in polyester, rayon, linen and lycra blends. Under the brand name of "Centex", the products are exported to the Middle East, Asian countries, South Africa, South America, Europe, Australia, New Zealand, and the US. On the other hand, Thai Rayon PCL is the sole manufacturer of viscose rayon staple fibre (VRSF) in Thailand. The Company exports almost 50% of its products under the brand name of "Birla Cellulose". Also this company produces anhydrous sodium sulphate as its

by-product which is widely used by detergent and textile industries. And Thai Acrylic Fibre Co. Ltd. (TAF) ranks among the top three fibre producers in the world and second largest service providers of acrylic application development. TAF produces more than 30 different types of fibre. 60% of its acrylic fibre is exported to Australia, Africa, China, Iran, Indonesia, India, Nepal and other Asian countries which in turn, market their products to customers in Europe and the US for final conversion.

In addition to these four companies manufacturing viscose staple fibre, Thai Carbon Black PCL (TCB) was established in 1978 in the field of carbon black. This is the world's largest carbon black plant at a single location. TCB represents the Aditya Birla Group's first joint venture between Indian and Thai investors. The products are sold under the brand name of "Birla Carbon". In its list of customers there are Bridgestone, Michelin, and Goodyear. TCB exports carbon black to all the six continents. More than 50% of Japan's total carbon black imports is from TCB.

In the field of chemicals, GP Group has two companies in Thailand: Thai Organic Chemical Co. Ltd. and Thai Peroxide Company Limited (TOCC). TOCC has four divisions. These are TOCC (Chlor Alkali & ECH), TOCC (Epony), TOCC (Polyphosphates), and TOCC (Sulphites). Among them, TOCC (Epoxy) was formerly Thai Epoxy & Allied Products Co. Ltd., and TOCC (Sulphites) was formerly Thai Sulphites & Chemicals Co. Ltd. Both independent companies were reorganized as a division of Thai Organic Chemical Co. Ltd. Thai Peroxide Co. Ltd. (TPL) is a joint venture company between the Aditya Birla Group and FMC Corporation, USA. The pioneer company in the manufacture of hydrogen peroxide solutions in Thailand. TPL started operation in 1989. TPL exports its products to Myanmar, Vietnam, and Singapore.

As seen from the outline of subsidiary companies in Thailand, the main motivation of Aditya Birla Group's inroad to Thailand was to avoid strict regulation of 1960s and 70s by the Government of India, such as Monopolies and Restrictive Trade Practices (MRTP) Act, and the main objectives of going to Thailand was not only to expand their products in the domestic market of Thailand but rather to use Thailand as an export base of their products, make use of many incentives that the Thai Government provided.

The central figure of Thai business of Aditya Birla Group is S. S. Mahansaria, Executive director, Southeast Asia. He is a Marwari, graduated from Calcutta University and has qualification of Chartered Accountant. He joined in Birla Group in 1963 and was sent to Thailand in 1967. Under his leadership, Aditya Birla Group became a leading member of the India-Thai Chamber of Commerce and he was elected as the president of the Chamber for the period of 1977-79. Since then, Aditya Birla Group has been a leading figure at the Chamber. As the president of the Chamber for the period of 2005-07, Mr. Deepak Mittal, CEOs of the Aditya Birla Group companies in Thailand was elected. Also both Deepak Mittal and Om Prakash from the Aditya Birla Group were elected as the Committee members for the period of 2009-11. We can see the strong will to strengthen intimate human network with PIO. Deepak Mittal was born in 1944, graduated from Punjab University where he learned physics and economics. After graduated from

the University he got a qualification of Chartered Accountant. He met Aditya Birla in 1960s, was attracted by him and joined his business. In 1969 he was sent to Thailand as Chief Commercial Executive and in Bangkok with S. S. Mahansaria, he continued to work for 40 years. He has a deep love and trust with Thai and Thailand (*Masala*, Vol.1 Issue 2, October 2009). Deepak Mittal is an Indian who blended in Thai society like S. S. Mahansaria.

(b) Indo Rama Group (Lohia Group)

Along with Aditya Birla Group, Indorama group is another Indian representative industrial group in Thailand.

Indorama group is managed by Lohia family. Lohia family belongs to Marwari community. Indorama Group of Thailand is led by Mr. A. (Aloke) P. Lohia.

M. L. Lohia, the grandfather of A. P. Lohia, started trading business in Calcutta and he migrated to Burma in early 1940s. In 1952 he left Burma and started manufacturing of textile in Thailand as well as in Nepal. He imported chemical textile yarn from Japan, and from Nepal he exported his products to Burma and France. From 1950s to 60s, trading and textile manufacturing were the main businesses of Lohia family.

The founder of Indorama Group was M. P. Lohia, the son of M. L. Lohia and father of A. P. Lohia. M. P. Lohia was born in Rajasthan in 1931. He migrated to Burma, and there he started production of lace. He stayed in Burma until 1964. Since then he transferred to Bangkok and established Thonburi Lace Corporation. Also he established Ashok Textile Corporation in Nepal in 1972. And in 1972 he again migrated to Jakarta, Indonesia, and established P. T. Indorama Synthetics in 1976 to manufacture textile yarn. And again he came back to Thailand in 1989 and in 1995 he retired. In early 1950s M. P. Lohia lived in Kobe, Japan to engage trading of polyester. M. P. Lohia had three sons: O. P. Lohia, S. P. Lohia, and A. P. Lohia. He distributed his business among three sons to be independently managed.

The first son, O. P. Lohia was born in 1949. Soon after graduated from Calcutta University, he entered business world. O. P. Lohia is the Chairman and Managing Director of Indo Rama Synthetics (India) Ltd., which was established in 1989. It is the second largest polyester manufacturer in India. M. P. Lohia is the Chairman Emeritus of this company. Its integrated manufacturing complex spread over 250 acres is located at Butibori, near Nagpur in Maharashtra. The Company has technical collaborations with Dupon of USA, Toyobo of Japan, Zimmer AG of Germany and so on (<http://indoramaindia.com>).

The second son of M. P. Lohia, S. P. Lohia was born in 1952. He graduated from Delhi University and to be the Managing Director of PT Indorama Synthetics of Indonesia since 1976. And in 2004 he took over as Indorama Group (Indonesia) Chairman. And since 1974, his son Amit Lohia took over as the Group Managing Director of Indonesia Indorama. Amit Lohia was born in 1974, and he has a bachelor's degree in economics and finance from Wharton School of Business at the University of Pennsylvania in 1995. Their production bases extend to seven countries

including Indonesia, Thailand, India, Sri Lanka, Turkey, Nigeria, and Egypt, covering the businesses of petrochemicals to estate. It is noteworthy that they have two companies in Thailand: Indopoly (Thailand) Limited and Indorama Petrochem Ltd. In 1997 Indorama Group of Indonesia acquired Siam Polyester Ltd. and rechristened it Indopoly (Thailand) Ltd. Indopoly (Thailand) Ltd. focuses on manufacturing various polyester products including polyester staple fibre, polyester oriented yarn, fully drawn yarn, and textile grade chips. And Indorama Petchem Ltd. manufactures PTA.

The third son of M. P. Lohia, A. P. Lohia was born in Calcutta in 1958. He was graduated from Delhi University and succeeded his father's businesses in Thailand. He lives in Bangkok since 1979. He is a Non Resident Indian, an Indian passport holder. Indorama Group of Thailand has no trade relations with India. The reason is, according to A. P. Lohia, to avoid competition with his brother's business. A. P. Lohia has three children. The first daughter, Aradhana Lohia, was graduated from Babson College in the USA. The first son, Yash Lohia, studied Engineer Business Management at the University of Warwick in the UK. And the second son is going to American school in Bangkok.

There are three lines: Indorama Holdings Ltd. for wool business, Indorama Polymers Public Company Limited for polyester business, and Indorama Chemicals (Thailand) Limited for chemicals business.

Indorama Holdings Ltd. was formerly known as Indoworth Thailand Ltd. It produces apparel quality wool worsted yarns. And it is a 100% export oriented unit. Its plant is located in Lopbri province, about 150km north of Bangkok. In the same plant complex, there is a subsidiary company Indorama Textile (Thailand) Limited in which wool tops are made. Indorama Holdings Ltd. has another subsidiary Indo Worth (India) Ltd. in India.

Indorama Chemicals (Thailand) was established in 1990. It produces furfural and furfural alcohol with German and French technology. The manufacturing facility is located about 100 kilometers north of Bangkok in the Saraburi province.

Indorama Polymers PCL was the only one public company in this Group. Formerly it was called Indo Pet (Thailand) Ltd. It was established in 1995. In 1996, it established a joint venture company Petfrom (Thailand) Ltd. with Serm Suk PCL (the Pepsi bottler in Thailand). Indorama Polymers PCL holds 60% of the equity. Since then, in 2004, Indorama Polymers PCL acquired AsiaPet in Thailand and StarPet in the USA. Further, in 2006, Indorama Polymer PCL acquired UAB Orion Global Pet in Lithuania and in 2007 established a new subsidy UAB Indorama Polymers Europe in Lithuania, and in 2008 newly established. AlphaPet Inc. in the USA.

As seen from above, three sons of M. P. Lohia independently manage their businesses in India, Indonesia, and Thailand. However, in February 2010, there appeared a new development phase of Indorama Groups. That is an integration of Indorama Group of Indonesia and Indorama Group of Thailand for polyester business. They established a new company called Indorama Venture PCL (IVL). IVL is headquartered in Bangkok and it was listed on Thai Stock Exchange in

2010 (Simultaneously, Indorama Polymers was delisted from Thai Stock Exchange). Chairman of IVL is L. P. Lohia and Managing Director (CEO) is A. K. Lohia. By this reorganization of both Indorama Groups of Indonesia and Thailand, all companies of polyester sector are integrated and it makes a vertically integrated polyester chain production possible. In addition to PET, Polyester, and PTA, wool sector was also integrated.

4-2 New Comers

On the other hand the most representative new Indian industrial group is Tata Group. Other representative industrial groups still remaining in Thailand are Polyplex Group (thin polyester film manufacturer), Usha Martin Group (wire rope manufacturing company), and Dabur Pharma Group.

(a) Tata Steel

Tata Group is the biggest industrial group in India. Tata Group has seven major business lines and the number of companies amounts to 916. Above all, Tata Steel, Tata Motors, and TCS (Tata Consultancy Services) are the most aggressive companies that are seeking overseas activities.

Tata Steel was established in 1970 by the founder J. N. Tata, and it is the world fifth largest steel company and the largest private company in India today. Tata Steel acquired Corus at an enterprise value of £\$6.7billion (12.15billion) in 2007. Tata Steel's global journey began with the overseas presence through greenfield ferro chrome plant in South Africa in 2003 at Rich Bay. The major aim of this plant was to procure raw material for its India-based stainless steel plant. After this, Tata Steel acquired NatSteel Ltd. of Singapore in 2004, and then acquired Millennium Steel of Thailand in 2005. Also Tata Steel set up new subsidiaries in Iran and Bangladesh.

By acquired Millennium Steel, Tata Steel also got three subsidiary companies of Millennium Steel Company, i.e., N. T. S. Steel Group PCL, The Siam Iron and Steel Company, and The Siam Construction Steel Company. N. T. S. Steel Group PCL was established by Sawasdi Horrunguan, a Thai entrepreneur. However, N. T. S. Steel Group PCL was collapsed in the aftermath of the 1997 economic crisis. And both The Siam Iron and Steel Company and The Siam Construction Steel Company were 100% subsidiaries of Cementhai Holding Company. And Cementhai Holding Company is 100% subsidiary of Siam Cement Company. Millennium Steel Company was formed through a merger of those three operating companies in 2002. Cementhai had 40% equity stake in Millennium Steel PCL. Then in 2005, Tata Steel acquired Millennium Steel PCL. Acquisition cost was \$400million including \$225million debt of Millennium Steel Company. And the name of the company was changed to Tata Steel (Thailand) PCL. Its production capacity is 1.7million tones per year producing long products for construction and engineering steel for auto industries. It is the largest steel maker in Thailand. It has three operating facilities in Saraburi, Rayong and Chonburi province.

Also Tata Steel established a joint venture company with Unishtretch Limited, a GP Group company, named Sila Eastern Co; Ltd. in 2004. Tata Steel PCL owns 49% of the stake in Sila Eastern Company Limited. This company is engaged in the exploration and development of limestone mines.

(b) Tata Motors

Along with Tata Steel, Tata Motors is another representative company of the Tata Group. Tata Motors is the largest passenger automobile and commercial vehicle manufacturing company of India. In 2007, Tata Motors invested Bt.1.3billion (\$43million) to establish Tata Motors (Thailand) Company, a joint venture with TAAP (Thonburi Automotive Assembly Plant Company) of Thailand. Tata Motors holds 70% of the equity and TAAP 30%. It manufactures one-ton pickup trucks "Zenon" and "Zenon Super CNG". The latter is 100% CNG car. Annual production is 35,000 units. Initially, pickup truck production would use 45% local content and at least 55% from local suppliers, mostly Thai-owned and Indian companies. Currently, the body panels for the single and double cab pickups and engine and gear box are sourced from the Pune plant of Tata Motors. Tata Motors pledges to make Thailand its manufacturing hub to serve ASEAN market. Eventually, Tata Motors is hoping to export from Thailand to the ASEAN countries taking advantage of the ASEAN Free Trade Zone concessions. The assembly plant is strategically located in Samut Prakarn, 15 km from Suvarnabhumi Airport and 80km from Laem Chabang deep sea port.

In April 2008, Tata Motors (Thailand) Ltd. got an approval from BOI to manufacture eco-car. The investment amount is Bt.7.3billion (\$229million). BOI decide the minimum capacity and investment of eco-car project should be 100,000 units and 5 billion Baht respectively. And BOI is offering several concessions for eco-car project including income-tax holiday and duty-free imports. Tata Motors already has a version of an eco-car in India, four-seater Nano, with 625cc, and Indigo. It is estimated that the car market size of Thailand is 200,000 units per year, and the eco-car will be exported.

Thailand's vehicle market is dominated by pickup trucks, which account for about three-quarters of the autos made there. Major manufactures of pickup trucks are Japanese makers. About 90% of the market is dominated by Isuzu Motors and Toyota Motor. An annual sale of pickup trucks in Thailand is estimated about 400,000 per year. This is the second largest market in the world after the US.

TAAP was established in 1941, an independent auto assembly maker. They produced 4,150 passenger cars and 250 buses in 2005. The group has over 2,000 employees. The Thonburi Group has served the Thai market as importer, distributor, retailer, assembler, body builder, mass transportation service provider and supplier and contractor for military vehicles.

Summing up

Economic activities of Indian business groups in Thailand have a long history. If we take up representative Indian business groups in Thailand in chronological way, Diwanchand Group comes first, followed by GP Group, Indorama Group, Aditya Birla Group, and Tata Group. Our main findings are summarized as follows.

(1) Shivnath Rai Bajaj who leads Diwanchand Kundanlal Group and Kirit Shah who leads GP Group are PIO. On the other hand, A. P. Lohia who leads Indorama Group and S. S. Mahansaria and Deepak Mittal who lead Aditya Birla Group are NRIs. However, there is “a continuity” among those industrial groups.

Among those, the first Indian who came to Thailand is Shivnath Rai Bajaj. He came to Thailand in 1938, when he was 17 years old. In case of Kirit Shah, he came to Bangkok in 1975 at the age of 22, to succeed his father’s business. His father has already migrated to Thailand in 1918. Kirit Shah got Thai nationality in 1988, 13 years after he landed in Thailand. In case of A. P. Lohia too, he came to Bangkok to succeed his father’s business of Thonburi Lace Corporation in 1968. In case of S. S. Mahansaria and Deepak Mittal of Aditya Birla Group, although they are not family members of Aditya Birla, both of them came to Bangkok in the late 1960s. All these four representative Indian business groups are deeply immersed in Thai society and there are intimate exchange networks among them.

On the other hand, Tata Group’s inroad into Thailand began after 2005 and the investment fields of Tata Group are steel, automotive, and software that are “unknown fields” to those pioneering Indian business groups.

(2) Indian connections of GP Group, Indorama Group, and Aditya Birla Group are very thick. Shah family of GP Group used to live in Bombay (Mumbai) and Kirit Shah was born and learnt in Bombay. Its flagship company Precious Shipping PCL set up a subsidiary company in Mumbai. In case of Indorama Group of Thailand, there is Indorama Group of India in Mumbai. In case of Aditya Birla Group, needless to say, they headquartered in Mumbai. All of them speak Thai if necessary, but basically they give importance to speak English and send most of their children to the USA for higher education, just like Indian business groups in India do so. In this sense, although they are deeply immersed in Thai society, their mind is still oriented to Mother India and seeking business chances in the global world.

(3) It is also impressive to know that most of the Indian business groups in Thailand strategically regard Thailand as an export base of their products. As India-ASEAN Free Trade Agreement further progresses and as the liberalization of service trade and foreign direct investment progresses, it is highly plausible that FDI from India to ASEAN countries will increase tremendously. Then the products that are produced in Thailand will be exported to India widely.

(4) The inroad into Thailand of Tata Group represents a symbolic phenomenon of “Rising New India”. Today, the central location of the Indian business groups in Bangkok is not Samphen-Pahurat (Little India) or Ban-Kaek area, but Sukhumvit. This locational change of the main business activities of Indians in Bangkok is the most remarkable phenomenon that is different from the situation of 1980s. Many head offices of major Indian companies, associations, hotels and restaurants are concentrated in Sukhumvit. A historic association, The Thai-Bharat Cultural Lodge becomes fairly desolate today (partly because it is located far from the BTS stations). In contrast, a new association called Indian Cultural Centre that is attached to the Embassy of India (also located in Sukhumvit) is located at Jasmine Tower at the corner of Sukhumvit Soi 23 is always full of carefree young new Indians.

(5) In Pahurat as well as in Sukhumvit, although there are still many Indian (most of them are Sikh) small retailers who sell textiles or Western clothes, many Indian business families including Sikh are vigorously investing in quick return business such as real estate, hotels and service apartments, especially in Sukhumvit area. However, it is very clear that the central promoting power of Indian business groups has changed from traditional traders such as Sikh or Tamil Muslim to such manufacturers as G. P Group, A. D. Birla Group, Lohia Group, or Tata Group whose eyes are directed to a global market. .