

South Korean Semiconductor Firms Show Interest in Investing in India

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South Korean semiconductor firms are expressing interest in investing in India, although they have concerns about the stability of electricity supply and the quality of roads. Lee Young-Ho, the chief trade representative at the New Delhi office of the Korea International Trade Association, believes that progress can be made in the Indian semiconductor industry and sees an increase in interest from South Korean companies. These companies are also interested in assisting with India's infrastructure development, particularly in the areas of roads and deep-water ports.

One of the major concerns for South Korean firms is the safety of facilities and factories for semiconductor production. Top-notch infrastructure and safety regulations are crucial from the initial setup to the operational phase.

Additionally, a stable supply of electricity is essential, considering that major Korean semiconductor companies, such as Samsung and SK Hynix, are significant consumers of electricity. The quality of roads is also important, as smooth transportation of equipment is vital.

There is a growing trend among South Korean companies to move their production lines from China and Southeast Asia to India. In fact, many Korean companies already have plans to establish or expand factories in India. For example, Samsung has a branch in Noida, India, which is being expanded. Other companies, like Yeongwon Trade, have shifted their factories to India from countries like Bangladesh. This shift in the manufacturing industry is seen as a replacement for countries like Vietnam and China.

South Korean battery companies, including Samsung SDI and LG Energy Solutions, are among the top battery manufacturers globally. With the recent discovery of lithium in Kashmir, India, there is significant interest in investing in battery production in India. However, currently, most of the investment in this sector is going to the US and Europe. As the world transitions to electric vehicles, India will need to establish battery factories.

Apart from the semiconductor and battery industries, Korean firms are also interested in the gaming sector, with companies like Krafton looking to make more investments in India. Additionally, there are ongoing investments in medical and bio-health startups. Korean infrastructure firms are also interested in providing capital goods, roads, and ports. Hyundai and Samsung construction are examples of companies that would be interested in helping develop deep-water ports in India.

To facilitate Korean investment, certain policy changes may be necessary. It is hoped that the bilateral free trade agreement between India and South Korea will cover the necessary fields to encourage and ease business operations for Korean firms.