

Daily Economic News Summary: 12 February 2016

1. India is new battlefield for Chinese and American investors

Source: **Economic Times** ([Link](#))

Tencent and Alibaba have started investing, and Baidu is searching for deals. On the surface, a theme of Indo-China brotherhood is playing out across India's largest internet segments: Online retail (Foxconn and Alibaba Group have invested in Snapdeal), cab-hailing (Ola is a partner in Didi Kuaidi's global efforts targeting Uber) and digital wallet (Alipay has invested in Paytm). The underlying theme, though, is more likely that of India being employed as a battleground for Chinese and American internet companies, according to some industry experts. *"It's good that the Chinese are here. We see them as potential future acquirers of our portfolio companies,"* said TC Meenakshisundaram, managing director at IDG Ventures India, which has an affiliate in China. *"Whether an (Indian) company will win, a US company will win, or a China-backed Indian company will win is yet to be seen."* Sequoia Capital, Matrix Partners India, Accel Partners and SAIF Partners, too, have China affiliates. Investors at these firms keep tabs on what business models work in China before deciding on backing local versions. Sequoia Capital invested in logistics startup RoadRunnr last year after seeing the success of a similar portfolio company in China, Dada, which is now valued at over \$1 billion.

2. India, UAE sign clutch of pacts to boost strategic, economic ties

Source: **Live Mint** ([Link](#))

India and the United Arab Emirates (UAE) on Thursday signed a clutch of pacts to boost their strategic and economic ties, including one on concluding a mechanism to allow UAE institutional investors to put money into India's cash-starved infrastructure and another for rupee-dirham currency swaps. The pacts were signed and exchanged in New Delhi in the presence of Prime Minister Narendra Modi and visiting Crown Prince Sheikh Mohamed bin Zayed Al Nahyan of Abu Dhabi, who is also deputy supreme commander of the UAE armed forces. The investment pact is aimed at attracting the UAE's sovereign wealth funds into the infrastructure sector. The UAE controls the second largest sovereign wealth fund in the world—the Abu Dhabi Investment Authority with around \$800 billion under its management.

There were no details of the exact mechanism being negotiated between India and the UAE for channelling the investments or the currency swap agreement. But Anwar Gargash, deputy foreign minister of the UAE, told reporters earlier on Thursday that the UAE was

interested in investing in India's infrastructure sector and *"we are currently discussing with the Indian government the vehicle to make that investment"*.

Currently, the UAE's investment in India is about \$10 billion dollars, he said, adding that *"India is a huge economy and you know, India can absorb multiple numbers of investments into the economy... We understand the economy itself is vibrant, dynamic and large enough for it to take our money and other people's money. But it is also important that we see structural reforms... What we would like to see is a more attractive climate to absorb the investment. The commitment (from the UAE) is there; we are also waiting for the Indian party to find the right channel for us to make that commitment in these investments,"* Gargash said. *"As much as you say India is seeking our funds, we are seeking India's market as well. It's a win-win situation,"* he added. According to an Indian government official, India has agreed to the UAE's demand to have its representative on the board of the newly created National Investment and Infrastructure Fund (NIIF), aimed at increasing infrastructure financing in the country.

3. India has market, gulf has funds: UAE Minister

Source: **Economic Times** ([Link](#))

Prime Minister Narendra Modi has initiated key structural reforms in Indian economy and this has given encouraging signs to the United Arab Emirates to invest funds in the huge market of South Asia's biggest country, according to Anwar Gargash, MoS Foreign Affairs of the oil-rich Gulf state. Dr Gargash, who is accompanying Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and deputy supreme commander of the UAE Armed Forces on his state visit here, said that Modi's trip to the Gulf nation last August gave strategic direction to the bilateral partnership and both sides are keen to build on this foundation.

4. Facebook shuts down "Free Basics" in India

Source: **NDTV** ([Link](#))

Facebook has shut down its controversial Free Basics project in India, days after a Telecom Regulatory Authority of India (Trai) ruling barred operators from charging different rates for Internet access based on content, dealing a blow to Facebook's Free Basics and other such plans. *"Free Basics is no longer available to people in India,"* a Facebook spokesperson told Gadgets 360 via an emailed statement.

Facebook had met a backlash in India from "net neutrality" advocates, who say that because Free Basics only allows access to selected websites it violates the principle that the entire Internet should be available to everyone on equal terms. The service was available in India

via RCom but had been shuttered in December after Trai ordered its closure pending its verdict on differential pricing. *"Today we have come out with a regulation that essentially mandates no service provider shall charge differential pricing on basis of application, platforms, websites, or source. No ISP can enter into any arrangements based on discriminatory pricing,"* Trai Chairman Ram Sewak Sharma had said announcing the verdict at a press conference in Delhi on Monday. Reacting to Monday's verdict, Facebook CEO Mark Zuckerberg had said *"Connecting India is an important goal we won't give up on, because more than a billion people in India don't have access to the Internet."*

5. Carlsberg turns profitable in India, now the country's second largest beer company

Source: **Economic Times** ([Link](#))

In less than a decade of its entry, Danish brewer Carlsberg has turned profitable in the Indian beer market during October-December quarter, helped by aggressive focus on strong beer brands. *"Our Indian business grew 42% in a slightly growing market. The business also delivered a significant earnings improvement, and for the first time turned profitable,"* said Carlsberg CEO Cees't Hart in an investors call on Thursday. *"This was driven by a combination of volume growth and tight cost control"*. Unlike most global markets where its top seller is the milder version of the eponymous lager, Carlsberg's Indian unit has been focusing on more strong beer such as Tuborg Strong and Elephant because strong beer accounts for 80 per cent of overall sales volume.

By Harsha Hazarika