

# Internet Platforms, Foreign Investment and the State: A Passage to India

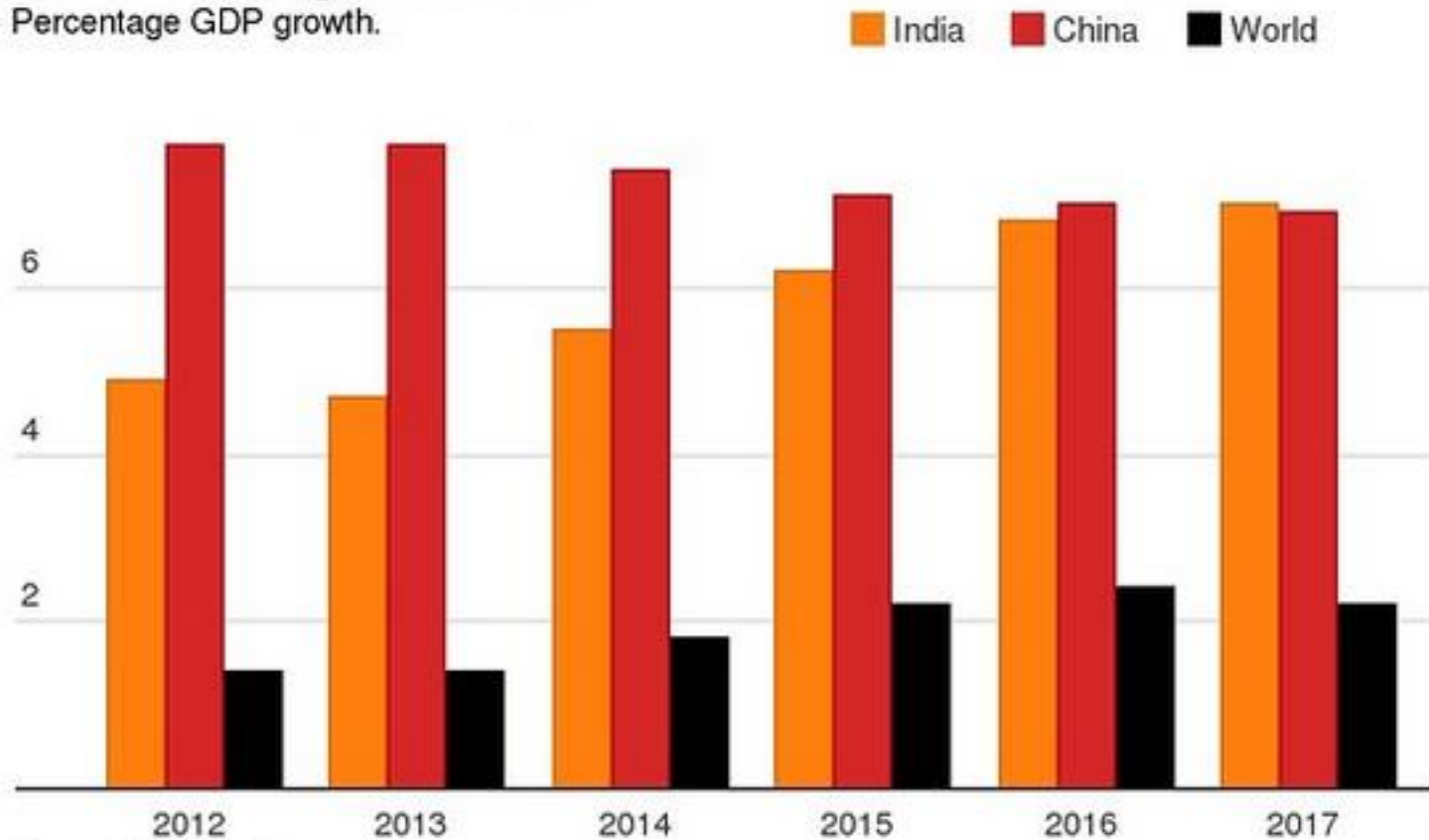
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# Overview of Talk

- Indian Policy Response to Facebook, Amazon investment/expansion proposals
- Traditional explanations: Anti-colonialism? Trade, investment, competition?
- Platforms as NGOs? A challenge to state power?

# India Taking the Lead

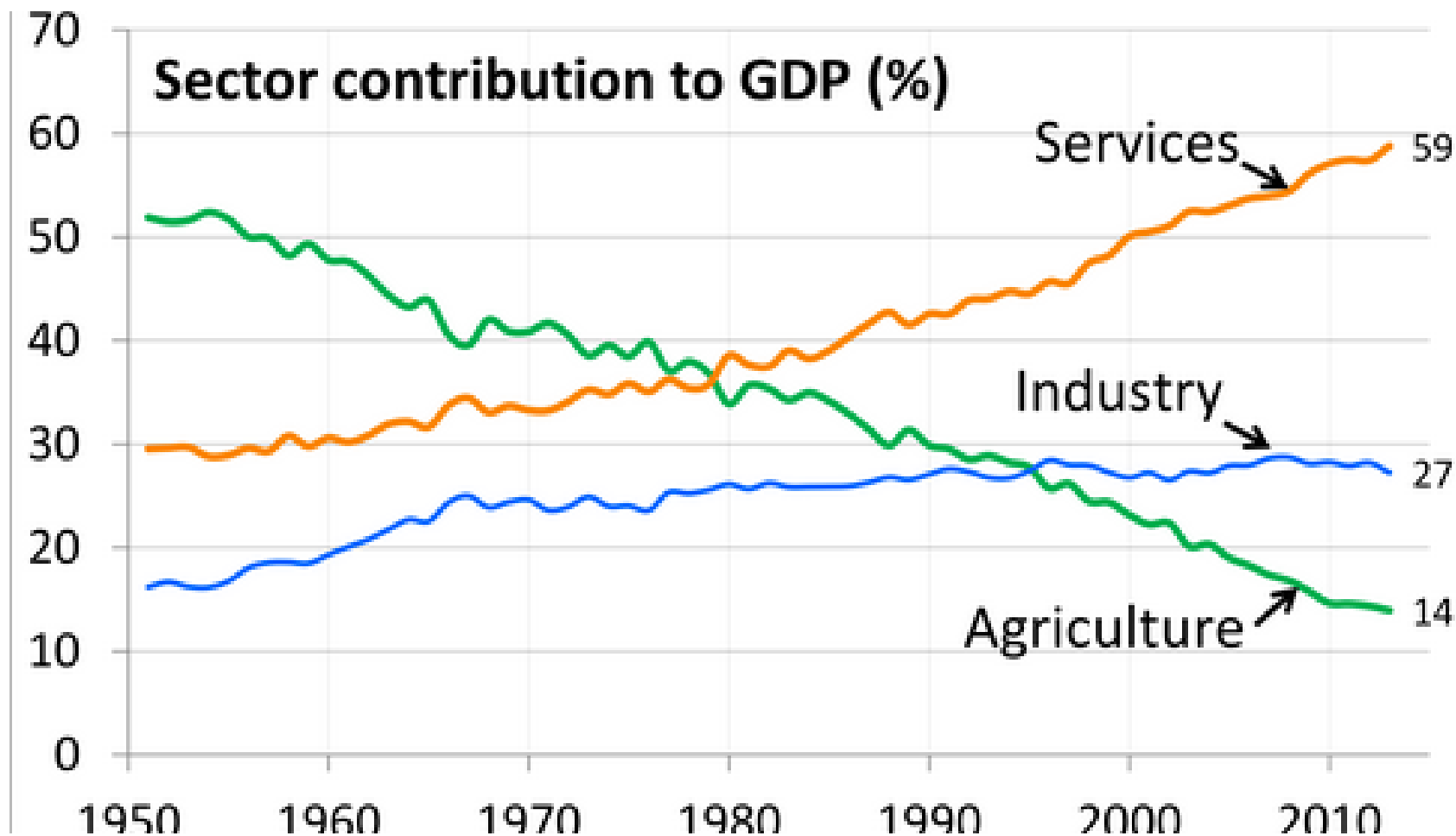
Percentage GDP growth.



Source: World Bank

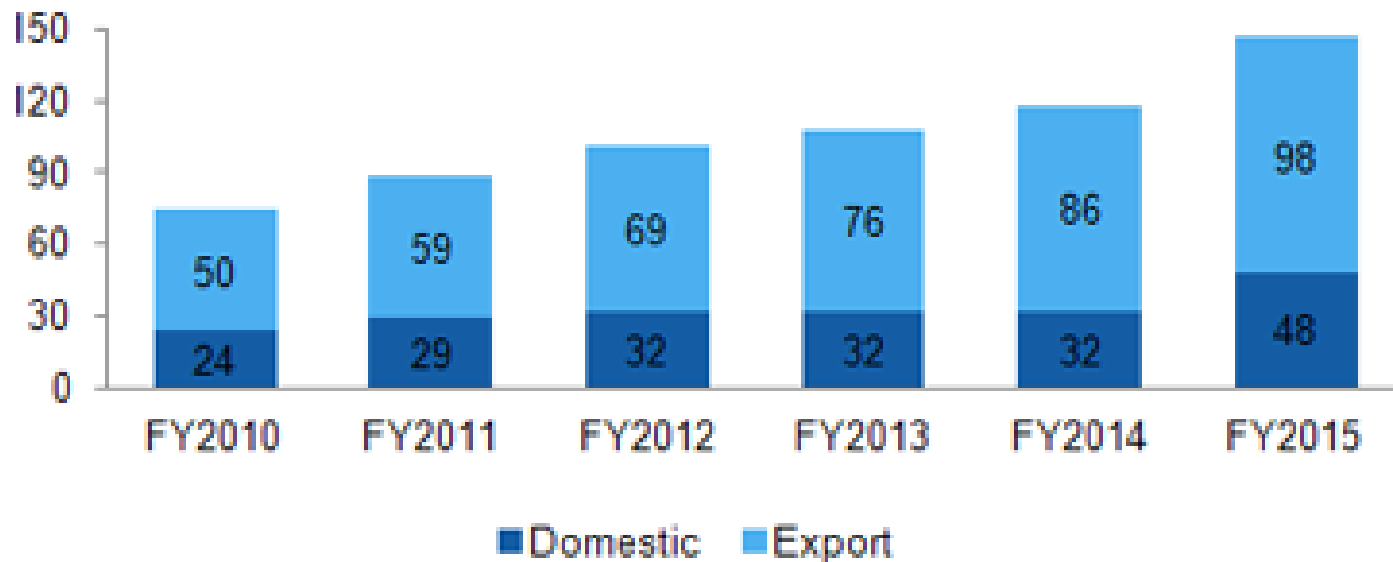
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# India GDP – contribution by sector



# Growth of Indian IT Sector

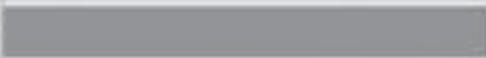
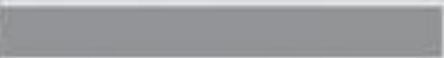


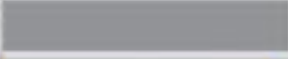
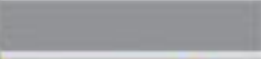




Market size of IT industry in India (US\$ billion)



Source: Nasscom, TechSci Research

Note: E - Estimates

## World's top five FDI destinations

	Number of FDI projects (2011)		Number of FDI projects (2012)	
US	1,700		1,549	
China	1,432		1,083	
UK	1,002		921	
India	945		744	
Brazil	515		459	

Source: fDi Markets, from the *Financial Times Ltd.*

# Foreign IT Investment in India

## **FDI INFLOWS (IN \$ MILLION)**

The profile of recent FDI flows is indicative of investments done to tap the domestic household consumption rather than catalyse exports

<b>Sectors</b>	<b>April 00-June 15</b>	<b>Recent Dec. 13-June 15)</b>	<b>% contribution to recent FDI</b>
Computer Software & hardware	17,575	5,344	11.1
Trading	8,958	4,618	9.6
Telecommunications	17,453	4,515	9.4
Services sector	43,350	4,526	9.4
Automobile	13,477	4,311	8.9
Construction Development	24,098	1,104	2.3
<b>Total</b>	<b>2,58,020</b>	<b>48,179</b>	<b>100</b>

Source: DIPP, Emkay Research

# Beyond the data

Basic question: if FDI in IT sector apparently welcome, why the pushback on Internet platforms?

First, the “pushback” . . .



# Pushback: Facebook

- Zero-money priced “Free Basics”
- Provided limited access to the Internet through preselected suite of websites and services including of course Facebook
- Of course zero-monetary cost  $\neq$  “Free”

# Pushback 1: Facebook

citizen opposition . . .



# Pushback: Facebook

Telecom Regulatory Authority of India (TRAI):

- 8 Feb 2016: “Prohibition of Discriminatory Tariffs for Data Services Regulations”
- “These regulations intent to make data tariffs for access to the internet to be content agnostic.”

# Facebook board member response



Marc Andreessen

@pmarca



[@lemonandice](#) [@BenedictEvans](#) Anti-colonialism has been economically catastrophic for the Indian people for decades. Why stop now?

10/02/16 8:59 AM



# Unhappy Indian response

## Facebook Tries To Quell Twitter Firestorm Over India



# Facebook's Board

- 100% American; very similar backgrounds

# Explanations

- Nationalism/ Anticolonialism
- Monopoly/Competition concerns  
->uncertain/weak remedies
- Or broader governance concerns?

# Other approaches

- China's Great Firewall
- EU competition law – increasingly concerned with downstream effects of US-based Internet giants (Msft, Google, Facebook, Amazon)



# Platforms as state competitors

- View through NGO prism
- Challenge to state roles/authorities
- Different dimension than, e.g., press freedom
  - power to shape and promote relationships, narratives, in a richer way

# Questions

- How well does the “State Competitor” framework explain resistance?
- Do equality concerns support this framework?
- Should Internet platforms thus be viewed differently in the investor-state context?

# THE END

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