**How Jio Became the Darling of Silicon Valley**

* In the last 6-7 months entire world has been suffering from the pandemic, But the Jio is in its own way in which it had broken the record of foreign investments in this time period. Some of them are [$5.7 billion in funding](https://about.fb.com/news/2020/04/facebook-invests-in-jio/) from, digital monopoly that is one of the world’s largest conglomerates, tech giant Facebook and Google was investing $4.5 billion, other new investors to its roasters: private equity firms like Silver Lake and KKR and strategic investors like Intel and Qualcomm. In a matter of just four months, Jio had raised some $20 billion from external investors, but the thing is that all this in the middle of a pandemic.
* Jio was able to achieve this scale in such a short period because it invested more than $30 billion, the biggest private-sector investment in India’s history, to build a broadband network to cover the country, an investment that was financed largely through debt and cash reserves from the parent company’s oil and gas business. But as oil and gas prices cratered over the last year, the company faced increasing pressure from public markets to reduce its massive debt load. Raising money for Jio made sense since it was suddenly the most immediately monetizable part of Reliance. With the fundraising frenzy of the last few months, Reliance wiped out all the debt it had incurred to build out Jio and then some.
* Why this kind of interest Jio has received from American tech firms and investors and the **one reason** is **Anti-China sentiments**. When US President Donald Trump visited the country in early-March, during a discussion with chief executive officers of large Indian companies, **Trump asked Ambani** “You’re doing 4G. Are you going to do 5G too?”. **Ambani’s** response: “We’re going to do 5G. We’re the only network in the world that **doesn’t have a single** **Chinese component.**” And the **second reason** is that for investors who want exposure to India’s untapped potential in the hope that it will bloom, what better investment vehicle could there be than Jio? Facebook, for example, has more active users in India than any other country, and it still has scope to grow, on the other side Jio is the leading telecom company in India. Reliance’s reach and core infrastructure, make it — on paper — a great partner to Facebook. Google expands the market for Android smartphones in India. Chipmakers Intel and Qualcomm, who have a smaller stake in Jio, hope to have a role to play in Jio’s 5G strategy.
* So, in upcoming days more benefits, more digital platform facilities to not only the Jio consumers but also to other telecom provider consumers due to competition to stay in the market. And many benefits of the foreign investments will be there but with this there are some questions raised which directly effects to the concerns related to the **national security.**
* Every time an investment in Jio was announced over the last couple of months, reporters, especially at foreign publications, made a pointed **note of** **Reliance’s closeness with the current government**. While the **CEOs of Facebook, Google, Amazon, and Apple** were hauled in front of the U.S. Congress for antitrust hearings, Reliance has worked hard to cultivate **deep ties with the government** at the state and national levels.

CONCLUSION:

* Ultimately a business deal between two the companies is the result of their individual (beneficial) interests that one wants from another that’s why the biggest risk of the partnership with the two US tech giants, Facebook and Google, is that their past tendency of going much deeper in user’s information, network, preferences even sometimes without user’s permission for which they had been rushed to US parliament. And specially with Facebook the recent (unsolved) concern of the security of user account, due to which it lost much reputation and worth in last couple of years. And not all, but almost every business group is more concerned about their profit rather than social impact, in future same scenario could be with Reliance Jio.

REFERENCE:

1. <https://www.newsclick.in/Foreign-Investments-Reliance-Jio-Security-Concern>
2. <https://marker.medium.com/how-jio-became-the-darling-of-silicon-valley-4ad5aab7949f>

**Complete Dependence on Jio**

* Complete dependence on something is like the end of **“Competition Era”.**
* After playing the **“Free Data Network”** game in the very 1st year of Jio, Jio got large consumer market in comparatively little duration, they made almost all their consumers totally depended on them for data network. This was the first but not least instance of ‘Complete Dependence on Jio’. At the correct time they started to charge for the same data network which was earlier free of cost. Not only these, even they continued their same strategy in the other services also. Some of them as following:
* As of now **IPL live stream** is free on Jio TV, while other platforms charging for these. So, whoever is not able to pay for that but still wants to access it there is only option. On Hotstar there is also free subscriptions to Jio consumers. **JioMeet, JioCinema** and lot more **“Free but Strategic”** schemes are there for making consumers totally depended on them. If in future there is ‘Complete Dependence on Jio’ we as consumer won’t have any other option to compare the standard of service provided by them, which is the biggest disadvantage of it.

REFERENCE:

1. <https://www.economicshelp.org/blog/265/economics/are-monopolies-always-bad/>

**Extra: Why Jio got this success in short span of time**

* What I feel is somewhere Jio constantly focused on **absolute telecom services** related issues, rather than just by providing **relatively better services** to compete with the other telecom service provider in India like Airtel, Idea, Vodafone etc., The benefit of this business initiative by Jio is other company has also started giving better quality services to consumer. There are many reports and statistics which proves that after Jio entry (2016) there is sudden increase in the average use of internet per person in India, and overall internet connection speed.
* According to the **FDI guidelines** issued in June 2017 by India’s Foreign Investment Facilitation Portal, “telecommunications” is one of the sectors in which security clearance by the Union Ministry of Home Affairs (MHA)––following a review by the Ministry for External Affairs and the Finance Ministry, in addition to a clearance by the Department of Telecommunications in the Ministry of Communications––is required to be secured by companies seeking foreign investment.
* However, in the case of Reliance Jio, there is no information as to whether the 11 foreign investments totalling around $20 billion have received **security clearances** from the ministries and departments concerned in the government of India.
* Identical questionnaires were emailed by one of the authors late in the afternoon on June 16 to the following individuals: Amit Shah, Union Minister of Home Affairs; Home Secretary Ajay Kumar Bhalla; Vasudha Gupta, Director General (Media and Communications), MHA, Ravi Shankar Prasad, Minister of Law & Justice, Electronics, Information Technology and Communications, and the Secretary, Department of Telecommunications, Anshu Prakash.
* Two questions were asked:

1. Have any of the FDI proposals listed in the table above received **security clearance from the Union Ministry of Home Affairs**?
2. Reliance Industries Limited, which is the parent company of Jio Platforms Limited, also has Jio Payments Bank Limited as a subsidiary. Through an agreement with the State Bank of India, Jio Payments Bank limited has **access to the SBI’s account database and platform**. Does foreign investment into a corporate group that has such access, constitute a threat to national security?

At the time of publication, no responses had been received from any of the persons mentioned.