Jio partnership with Facebook

In a major boost to Reliance Jio, social media giant Facebook is investing $5.7 billion (Rs 43,574) in it, making Facebook its largest minority shareholder. The deal has been announced this morning, with Jio putting out a media note and Facebook talking about it on its official blog post.

Jio said that the Facebook investment that it is receiving is the “largest investment for a minority stake by a technology company anywhere in the world and the largest FDI in the technology sector in India.

- Facebook is investing $5.7 billion (Rs 43,574 crore) in Jio platforms.
- The investment gives Facebook 9.99 percent share in Jio.
- The investment also means that Jio is right now valued at around $65.95 billion.

Reasons for the partnership:

- The primary motivation for Facebook seems to be JioMart. Keeping the huge user base in mind, Facebook wants to bring small Jio’s small business platform JioMart -- to its messaging app-WhatsApp.
- The payments ecosystem in India includes Alibaba backed Paytm, Walmart owned-PhonePe as well as global players such as WhatsApp Payment, Google Pay, and Amazon Pay. These platforms are leveraging the highly engaged user base to drive the payments business
- Whatsapp had run into problems when the Indian government and the Reserve Bank of India (RBI) expressed concerns over some of WhatsApp’s features. Now between Facebook and Jio, they will own a large chunk of the hyperlocal, ecommerce, payments, telco provider and advertising ecosystem.
- Jio now eyes 60 million small businesses across the country which are the fabric of the unorganised retail economy. With communities around the world in a lockdown, many of these entrepreneurs need digital tools they can use to find and communicate with customers to grow their business.
- The clear gap that the likes of Facebook and Google faced with their Marketplace or Neighbourly models was the offline connection and Jio-Reliance Retail presence offers that scale.