

As with valuations
amazon beefs up
india



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While there is so much talk about cash burn and dipping valuations in the Indian ecommerce space, the US retail giant has decided to beef up investments in the country. Amazon, which recently saw Tiger Global Management reduce its stake in the company, will infuse Rs. 1,350 crore in India. According to regulatory filings dated May 31, Amazon's latest investment will take its total investment total to Rs. 8,618 in India since early 2015. The US retail giant's ambitions in India seem unfazed by dipping valuations and markdowns in the country's ecommerce market.

Amazon CEO Jeff Bezos said at the Recode media conference last week that India and China, where it failed to compete with Alibaba, are completely different markets. "We have done much more local market customization in India; China needed more local customization," Bezos had said. Indian e-commerce woes On the other hand, Indian e-commerce giant Flipkart has been grappling with valuation and cash burn woes. Ecommerce companies, including Flipkart, have taken several measures to cut down on cash burn, which include deferring placements, cutting jobs and halting pay hikes for the current year. Both Flipkart and Snapdeal have been grappling to attract fresh capital this year, according to media reports. Ecommerce companies in India, including Amazon, are challenged by new FDI policies that prevent any single merchant from accounting for more than 25% of the sales on an online marketplace and disallow any discounting led by the online platforms.

This has lowered the number of online sales over the last few months.

However, going by the market study jointly done by Google and A. T.

Kearney, customers are willing to buy online despite the absence of sales.

Consumers are keener on getting value added services, according to the

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report. It will be interesting to see how the US retail giant utilizes this new investment to nullify the impact of new Indian regulations.