

# UAE mulls nearly \$50 bn investment in India

**BLOOMBERG**

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The United Arab Emirates (UAE) is considering investing nearly \$50 billion in India, its second-largest trading partner, as part of a broader bet on the world's fastest-growing major economy.

Provisional pledges from the UAE could be announced early next year, people familiar with the matter said, asking not to be named as the information is not public. Any new investments would follow Prime Minister Narendra Modi's meetings with UAE President Sheikh Mohammed bin Zayed Al Nahyan in July.

The two countries have been seeking to bolster ties over the past decade, and aim to increase non-oil bilateral trade to \$100 billion. Modi's July visit to Abu Dhabi marked his fifth trip to the Gulf nation since he took over as prime minister in 2014. The last Indian premier to visit the UAE before him was Indira Gandhi in 1981.

Deals being discussed include stakes in key Indian infrastructure

projects and state-owned assets, with announcements likely before Modi seeks a third term in national elections due next year, the people said. Some of the investments could involve sovereign wealth funds such as the Abu Dhabi Investment Authority (ADIA), Mubadala Investment Co. and ADQ, they said.

The pledges are unlikely to have clear timelines for a large chunk of the investments, the people added. No final decisions have been made

on the size or timing of the announcements.

As part of the push, entities overseen by Sheikh Tahnoon bin Zayed Al Nahyan have held early-stage talks on investing billions of dollars in India, one of the people said. Sheikh Tahnoon is the UAE president's brother and chairman of International Holding Company (IHC), which disclosed a 5 per cent stake in Gautam Adani's flagship conglomerate last month. Turn to Page 6 ▶



## BOLSTERING TRADE TIES

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## CEA...

Last month, the Monetary Policy Committee (MPC) of the RBI unanimously kept the repo rate unchanged at 6.5 per cent for the fourth consecutive policy review. The MPC has hiked the repo rate by 250 basis points between May 2022 and February 2023 to curb rising inflationary pressures in the economy.

On the risks associated with oil prices, Nageswaran said India was well within the margins of safety of where the oil price forecast was assumed to be. The RBI's forecasts are based on a crude oil price of \$85 a barrel in the second half of the financial year. Nageswaran said capital formation would underpin India's growth this decade. However, some of the risks for the India economy, he said, would include a significant price correction in the global stock markets. The US especially will have a spillover effect on many other countries, including India, with a knock-on effect on sentiment and consumption. "If geopolitical developments worsened considerably and oil prices shoot up well above \$100-\$105 (per barrel), the speed and the magnitude will matter for India."

The CEA said there was no indication that the fiscal policy was about to be loosened, because of the upcoming elections. "The fiscal deficit is 40 per cent of the annual estimate, which is very well on track to achieve the 5.9 per cent (fiscal deficit target) which we have in place for the Union government."

## UAE...

That came days after IHC sold down holdings in two Adani firms, though the firm reiterated its commitment to India at the time.

Representatives for India's finance and trade ministries, the UAE government, and

Sheikh Tahnoon's private investment firm Royal Group didn't respond to requests for comment. ADIA, ADQ and Mubadala declined to comment.

## Growth engine

Royal Group has long prized India, and executives there have called the country a potential growth engine of the next decade, Bloomberg has reported. Sheikh Tahnoon is also chairman of ADQ as well as ADIA — one of the world's largest wealth funds, with close to \$1 trillion in assets.

Lured by a rising middle class and seeking to diversify away from traditional investment destinations like Europe, Gulf state-backed investors have boosted ties with India. Others including the Qatar Investment Authority and Saudi Arabia's Public Investment Fund have also emerged as prominent investors in the country. The UAE's plan is a further indicator of the government's push to position itself as a country that avoids taking sides in a world increasingly split between Washington and Beijing. For India, any large foreign investments would help Prime Minister Modi highlight his efforts to bolster the economy ahead of the 2024 vote.

## Zurich...

According to data from the General Insurance Council, Kotak General Insurance's gross direct premium income rose to ₹284 crore in April-September 2023, a jump of 61 per cent from ₹176 crore in the year-ago period. The company has a market share of 0.52 per cent in the country's general insurance segment.

Zurich had been looking to enter the Indian insurance space for a while now. It had also held discussions with an Indian business group to jointly bid for Reliance Capital's general insurance business, sources in the investment banking industry said.

The transaction between