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Chinese, US tech corporates re-energise Indian start-ups

Start-ups cross the 'bridge' for funds

Aadhaar authority to bring new layer of authentication

Indian Fintech start-up Telr raises Rs. 20 cr.

Digital gold sales picking up, says Paytm

## Today's View

### GST: The Revolution

Goods and Service Tax (GST) is tax imposed on sale, manufacturing and usage of goods and services. GST is applied on services and goods at a national level with a purpose of achieving overall economic growth. It is particularly designed to replace the indirect taxes imposed on goods and services by the Centre and States.

Currently, Indian consumers have to pay indirect tax on goods and services. GST will reduce the unfavourable effect of tax on the cost of goods and services. The act would make the tax procedure more transparent, fair and efficient. It will help in creating a single national market by merging several Central and State taxes under a one single tax procedure.

Four key supplementary GST (Goods and Services Tax) bills are Central Goods and Services Tax (CGST) Bill, Integrated GST Bill, Compensation GST Bill and Union Territory GST Bill 2017. The GST Council made it a four-tier tax structure with lowest tax slab fixed at 5 per cent followed by 12, 18 and 28 per cent brackets.

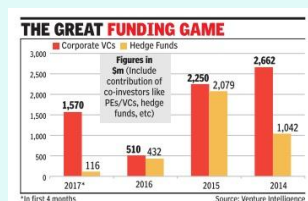
For successful and timely roll out of GST, Government has shortlisted 34 companies including Deloitte Touche Tohmatsu India and Reliance Corporate IT Park to provide the core backend infrastructure for the Goods and Services Tax Network.

The Government is also taking assistance of fintech companies. Firms such as **ClearTax** and **RazorPay** are building enterprise-facing applications to facilitate easy filing of tax returns. These can be mobile applications, returns filing systems and invoice upload functionalities for businesses, which will be required to file GST returns every month. Digital tax filing platform **Quicko** is also building a mobile application and a web interface, which will be enabled by National Securities Depository Ltd (NSDL), for companies to file GST returns online. In addition to this **LegalRaasta** has developed a mobile app for companies to send invoices directly.

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Chinese, US tech corporates re-energise Indian startups

There's a startup funding revival in 2017, and it is being driven by Chinese and US tech companies.



Microsoft and Tencent look for strategic opportunities and have a 15-20 year cycle. This is in line with the general optimism of India as a market. Hedge funds are opportunistic and invested in the Indian market because of the fear of missing out on a great opportunity.

Source-The Economic Times

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Date- 18<sup>th</sup> May 17

Fintech companies such as **SAP, Tally ERP, Deloitte** and others are looking at all the tax-paying segments of India to reap the revenues. In terms of mobile app space, the app providers offer various GST apps to ensure easy adoption of the technology to become tax compliant. Two recently launched GST Apps are CAClubIndia's GST APP and Deloitte India's GST Connect.

The tax reform is expected to be rolled out by the 1st of July this year. The biggest challenge for a smooth GST rollout is co-ordination between states and the Centre to ensure uniform tax rates for goods and services. Better acceptance of GST by general public, businesses and firms would not be easy. However, despite the teething problems in the initial implementation, we believe, in the coming future, GST will prove to be an efficient tax collection system.

### **Despite RBI warning, 2,500 Indians investing in Bitcoins daily**

Despite the Reserve Bank's call for caution to people against the use of virtual currencies, a domestic Bitcoin exchange today said it is adding over 2,500 users a day and has reached five lakh downloads.

Zebpay, an app-based Bitcoin exchange, said it has had five lakh downloads on the Android operating system and is adding more than 2,500 users every day. RBI has been repeatedly flagging concerns on virtual currencies like Bitcoins, stating that they pose potential financial, legal, customer protection and security-related risks.

Source-The Economic Times

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### **Paytm to become payments bank: Know what will happen to your money**

India's leading digital wallet player Paytm has received the final licence from the Reserve Bank of India for its payments bank entity. Paytm Payments Bank Limited will begin its banking operations from May 23, 2017.

As per the Central bank's guidelines, the company will transfer its wallet business to the newly incorporated payments bank entity.

Source-The Economic Times

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### **Kotak Mahindra Bank enables blockchain based trade financing operation**

Private sector lender Kotak Mahindra Bank has enabled end to end trade financing for one of its clients by utilising the blockchain technology thereby reducing the time taken for a letter of credit (LC) to few hours from 20 to 30 days.

In a first of its kind transaction in India, Kotak partnered with Deloitte and used the blockchain technology to complete LC transactions with JP Morgan Singapore as Partner bank.

Source-The Economic Times

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This News Letter has been prepared with the assistance of Pankaj Tadas

### **Digital gold sales picking up, says Paytm**

Digital Gold, launched a couple of months back in partnership with MMTC and Switzerland's PAMP, has triggered people's interest. Krishna Hegde, Senior Vice-President, Paytm said that a good number of Paytm users are now testing the product to understand if they can really buy Rs. 1 worth of digital gold. After the initial success, they try to buy for Rs. 11.

According to Hegde, people had bought digital gold from as many as 4,000 pin codes in India in the last two weeks.

Source-Business Line

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### **Start-ups cross the 'bridge' for funds**

A Mumbai-based start-up had raised \$500,000 in seed funding from early-stage venture capital (VC) firms. It has shown good traction, but it is far from meeting the milestones in a year to raise a Series-A round. The reality is that it takes time to build a business in India.

The investors have two options: To let this start-up die or give it some capital and hope it achieves the metrics needed to raise the next round of funding. This is what investors call a bridge round, which provides a start-up with a new lease of life and extends its runway.

Source-Business Standard

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## Aadhaar authority to bring new layer of authentication

After more than 13 crore Aadhaar numbers were leaked through several government websites, UIDAI is in talks to include a new layer of authentication through voice recognition.

Nuance Communications, the company behind Apple's Siri voice-based assistant, has held early talks with the government to offer voice-based authentication, which the company claims is so far more secure and reliable than fingerprint scan and Iris scans.

Source-Business Line

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## Banks must be the change agents in the digitisation of the rural economy

Over a span of six years, the number of banking outlets in villages has increased eight-fold, basic savings bank deposit accounts six-fold and agriculture credit offtake has doubled.

The focus of the government on the Jan Dhan – Aadhaar – Mobile (JAM) trinity and more recently demonetisation, have induced a behavioral change in hitherto unbanked masses towards banking services.

Source-Hindustan Times

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## Agents to give PAN, other info to SEBI for digital payments

All the market intermediaries will have to provide information about their PAN, registration number, mode of payment and banking details to SEBI after making payment in digital mode.

The Securities and Exchange Board of India (SEBI), in March, amended various regulations to enable the market participants to make payments to it through digital mode. The move was aimed at enabling ease of paying penalties, disgorgement amounts, settlements amounts, legal charges, recovery amounts, filing fees for IPOs, takeover fees and payments from mutual funds.

Source-The Economic Times

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## India's mobile payment infrastructure 'is five years ahead of the US,' says Ezetap CEO

Ezetap CEO Bobby Bose said that the payment infrastructure in India "is probably five years ahead of the U.S. India is going through a digitalization of almost everything. It started with commerce, went to transportation, and now banking and finance — which is the biggest because it literally affects everyone.

The social capital-backed mobile payments company is India's part of movement towards democratizing digital payments for the entire country, intensified by Prime Minister Narendra Modi's decision to demonetize Indian currency.

Source-CNBC

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## Indian Fintech start-up Telr raises Rs. 20 cr. from Innovations East fund

Singapore and India based, emerging market-focused fintech startup Telr has raised \$3 million (about Rs.20 crore) in a fresh round of equity financing, which has been led by the Innovations East fund.

The three-year-old B2B startup will use the proceeds from the Series-B round of funding to further expand its presence, with a particular focus on Indonesia, Saudi Arabia and Egypt.

Source-ET Tech

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## Digital transactions put Telangana on top

With a huge 22.26 crore digital transactions post demonetisation, Telangana has bagged number one position in e-transactions in the country.

According to the ETAA data, Telangana is number one in per capital transactions with 6,326 e-transactions per 1,000 people. This is credited to the intensive awareness campaign by the State government to go for cashless transactions. Telangana ranked first in digital transactions followed by Kerala, Andhra Pradesh, Gujarat and Himachal Pradesh.

Source-Telangana Today

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