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e-NAM a non-starter in MP as crisis-hit farmers struggle to find buyers

91% of businesses in India feel cyber-attack risk

Zendesk ties up with Cloud communications firm Knowlarity

Today's View

TReDS: A Different Discount

Micro, Small and Medium Enterprises (MSMEs) play a vital role in the framework of a country's economy, yet formal financial institutions have been largely unable to serve these customers due to the customer's inability to provide identity documentations, absence of collateral, credit history etc. Even if they met these factors, the small ticket size still made it an unviable proposition for the formal institutions.

As per the International Financial Corporation (IFC), a 'funding gap' of \$ 2.1 to 2.6 trillion exists for all formal and informal MSMEs in emerging markets alone, which is equivalent to 30 to 36 per cent of current outstanding MSME credit. Apart from funding gap, other major problems like delayed payments, lack of discounting facilities further exacerbate the MSME credit scenario.

In order to solve the problem of delayed payments to MSMEs, RBI has licensed three entities for operating the Trade Receivables Discounting System (TReDS). The objective is to create Electronic Bill Factoring Exchanges which could electronically accept and settle bills so that MSMEs could encash their receivables without delay. The system would facilitate the financing of trade receivables of MSME enterprises from corporate and other buyers, including government departments and public sector undertakings (PSUs) through multiple financiers.

As soon as the bills are raised by the MSMEs and approved by large corporates on TReDS platform, banks or financiers can bid for them based on the risk rating of large corporates. MSMEs will receive their dues from the banks or financiers without waiting for the credit period agreed with large corporate. The shortening of payment cycle and the smooth flow of liquidity through the platform will ensure that MSMEs do not lose out on business opportunities due to shortage of funds. The cost of funds will be reduced for MSMEs as banks will be bidding basis the risk rating of a corporate.

This move by RBI is slated to bring all stakeholders – large corporates, their suppliers (SMEs) and banks on single platform to transact their business and all will benefit from the efficiency of the process and platform. Banks will also benefit through the platform as cost of acquisition and servicing the business will reduce substantially. Further the

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Payment Companies See Big Business as Colleges go Digital

In what could be a big boost to the country's digital payments ecosystem, the ministry of human resource and development has advised every institution to switch over from cash to digital, thereby opening up a huge market for banks and digital payments entities.



No. of students who paid digitally Expected rise in transactions in 18 months Payments through credit cards

Source- The Economic Times

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Date- 09th June 17

MSME funding on platform will qualify for Priority Sector lending (PSL) criteria, thereby enhancing the compliance for the banks.

A win for all!

NEWS HIGHLIGHTS

Digitization can pave the way for Internet of Things in India

Businesses across sectors have realized that they must use digital channels to engage with their key stakeholders to remain relevant and drive the conversation forward

In fact, India is set for a "digitization revolution" which, in turn, would fuel the growth of the Internet of Things (IoT). IoT is bridging the physical, digital, cyber and virtual worlds and this requires extensive information processing capabilities

Source- Mint

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Bodhtree Consulting inks partnership with Infosys to provide GST solutions

IT consulting and software service provider Bodhtree Consulting Limited today announced it has entered into a strategic partnership with Infosys as an application service provider (ASP) wherein the clients of the Bengaluru-headquartered company will have an option to utilise GSP platform of the former for their GST filings.

"The size of the project could be over Rs 200 crore and we are working towards realising these revenues in the next three years," Bodhtree Consulting said in a statement.

Source-The Economic Times

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Apple seeks changes in phased manufacturing programme for setting up unit in India

iPhone maker Apple has sought modifications in the government's phased manufacturing programme (PMP) as it plans to set up a manufacturing unit in the country.

The objective of Electronics and IT ministry's PMP is to boost indigenous production of mobile phones by providing tax relief and other incentives on components and accessories used for the devices. The programme will be rolled out over a period of time.

Source- The Economic Times

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This News Letter has been prepared with the assistance of Manish Kulkarni

91% of businesses in India feel cyber-attack risk

When it comes to cyber security, 91 per cent of businesses in India say their organisation is at risk because of the complexity of business and IT operations, which is above the APJ (Asia-Pacific and Japan) average of 85 per cent and the global average of 83 per cent.

According to a global study by leading IT firm Citrix and Ponemon Institute, 72 per cent of businesses say it is time for a new security framework.

Source - The Economic Times

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SBI says 'future ready' with transaction speed of 15K/sec

SBI has attained the speed of 15,000 transactions per second as against the current utilisation of only 4,600/second, and is "future ready", the country's largest lender told its shareholders.

SBI attained the "strong" operational infrastructure post-merger of its five associate banks and Bharatiya Mahila Bank, effective April 1. From a business perspective, this consolidation will provide significant long-term benefits to the bank, SBI's annual report 2016-17 said.

Source-The Economic Times

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Tata Consultancy Services launches app development kit for banks

Global software major Tata Consultancy Services (TCS) on Thursday launched "BaNCS App Development Kit" (ADK) that will enable banks to fast design and build their own apps and deploy it across devices and desktops seamlessly.

"BaNCS ADK" will help banks to design and deploy both enterprise and consumer apps in a hybrid architecture, adopting modern principles of responsive web design.

Source- *The Economic Times*

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EY launches SAM tool

Consultancy firm EY on Thursday launched a software asset management (SAM) tool to help businesses optimise their spending on IT.

It is an automated tool that can help businesses manage software entitlements, deployments, costs and associated compliance with software licensing terms and conditions, and intellectual property regulations, it said.

Source- *The Hindu Business Line*

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e-NAM a non-starter in MP as crisis-hit farmers struggle to find buyers

As farmers in Madhya Pradesh struggle to find buyers for their bumper crop, an electronic National Agriculture Market (e-NAM), the Union government move that was designed to help them in that very task, is still a work in progress.

The e-NAM is envisaged as a pan-India electronic trading portal which networks the existing APMC (Agricultural Produce Marketing Committee) wholesale markets (mandis) to create a unified national market. While material flow continues to happen through mandis, the online market was aimed at reducing transaction costs and information asymmetry.

Source- *Business Standard*

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IT majors face multiple margin issues

Amid slowing growth and rising protectionism in the key market of America, Indian information technology (IT) companies are facing multiple margin headwinds for the next one year, at least. Operating margins of most IT companies are closer to their historical lows.

The sector has been grappling with structural and cyclical growth issues in recent times. These include the disruption caused by strong rises in client spending on digital technologies such as automation, the internet of things (IOT), cloud and data analytics.

Source-*Business Standard*

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Zendesk ties up with Cloud communications firm Knowlarity

NYSE-listed, customer-service software company Zendesk, which entered the Indian market last year, is looking for partnerships to expand its services here. It has tied up with Knowlarity, a Cloud communications company, in this regard.

The partnership will help Zendesk further enrich its product and integrate a call solution in its software, an essential feature for a customer engagement software suite for emerging markets such as India.

Source- *The Hindu Business Line*

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Srei, Russian body to create IT fund

Srei Infrastructure Finance has announced the signing of a memorandum of understanding with Russian State development institution Vnesheconombank to create a \$200-million IT and innovation fund.

Srei, a Kanoria Foundation entity, is an integrated infrastructure institution with around \$5.5 billion of consolidated assets under its management.

Vnesheconombank operates to enhance competitiveness of the Russian economy, diversify it and stimulate investment.

Source- *The Hindu Business Line*

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