

## NEWS HIGHLIGHTS

Paytm integrates BHIM UPI on its platform

SoftBank could ditch Uber investment for Lyft

India can benefit a lot from AI in agriculture: Microsoft CEO Satya Nadella

Flipkart, Paytm own 60% of their markets

Paytm Plans a Rs 5,000-cr Top-up Over Three Years

## Today's View

### Challenge Funds: Reloaded

Building up on yesterday's article (read [here](#)), Challenge Funds, established by a public entity or development partner, are meant to contribute financial resources to socially or environmentally worthy development projects being delivered by the private sector. Having supported a diverse range of projects, Challenge Funds have demonstrated their versatility in practice; from extending financial services to marginalized groups, solving health problems, and introducing socially and environmentally sustainable practices in agriculture.

As per **United Nations Development Programme (UNDP)**, over \$1 billion in funds is estimated to be invested in Challenge Funds worldwide with a leverage ratio in the range of 1:4. The **U.K. Department of International Development** spearheaded the development of Challenge Funds and remains at the center of development cooperation to date.

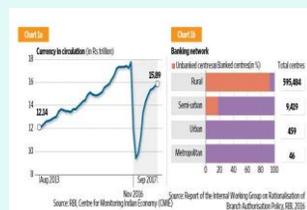
Challenge Funds offer grants, concessional finance, equity participation or guarantees in the form of standalone financing or as part of a larger bouquet of services/support. The combination of different financial products can help companies that have been awarded challenge funds to grow and graduate to commercial finance. For example, the **Africa Enterprise Challenge Fund** awards for-profit companies up to \$1.5 million in grants and interest-free loans. While, **Malawi Innovation Challenge Fund** disburses grants up to \$750,000 to enterprises in the agriculture sector.

The power of Challenge Funds has been leveraged and demonstrated by central banks as well. Singapore's **Monetary Authority of Singapore** and the **United Nations**

## INTERESTING NEWS

### How demonetization affected the Indian economy, in 10 charts

A year after demonetization, progress on black money, counterfeit notes, digitization and non-cash payments appears to be modest.



The associated economic costs were high. The rural and informal economy were worst hit. The liquidity squeeze led to a pile-up at wholesale markets, leading to a decline in WPI.

Source – Livemint

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Date – 07<sup>th</sup> Nov 17

**Development Fund (UNCDF)** formed a strategic partnership under the UNCDF's SHIFT (Shaping Inclusive Finance Transformations) programme for **Remittance Challenge Fund**. This Fund will develop innovative, scalable business models to foster regulated international remittances to Cambodia, Lao PDR, Myanmar, and Vietnam and concurrently increase the adoption and usage of remittance-linked financial products and services in the region. Similarly, some Challenge Funds are working toward improving financial literacy among the impoverished. Australian firm **Cardno** is managing the **Financial Education Fund** which is focused on financial literacy and access to financial services in Africa.

The coming together of public resources and private financing in the form of Challenge Funds has proved to be an effective mechanism for the public and private sector to partner for the development of a variety of sectors; especially including financial services.

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## Today's News

### Paytm integrates BHIM UPI on its platform in bid to double user base

Paytm has integrated BHIM UPI, the government's mobile payments interface, onto its platform as it looks to double its monthly user base over the next two years. Introducing payments via BHIM UPI will help Paytm broaden its customer base and help expand the usability of the instrument.

"We are now targeting 200 million monthly users in less than two years. UPI will also allow larger ticket size transactions," said Founder Vijay Shekhar Sharma. BHIM is an application developed by the NPCI for digital payments over the government-managed UPI network. Paytm users will now be allowed to send and receive money over BHIM UPI from within the Paytm app.

Source – Livemint

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### SoftBank could ditch Uber investment for Lyft: CEO Masayoshi Son

As SoftBank's negotiations for a stake in Uber head into the final stretch, Son said he could still walk away, and perhaps even invest in Uber's rival Lyft Inc. "Depending on the price and conditions, it is wholly possible we could shift our investment to the other main company Lyft. It is wholly possible," Son said.

He said if arriving at a price is difficult, he may decide not to buy. He also mentioned other conditions, such as the number of board members, voting rights and "the buying process." It's possible Son would invest in both of the rivals, although he didn't mention. He backed China's Didi Chuxing before starting talks with Uber. He also put money into India's Flipkart after taking an early stake in competitor Snapdeal.

Source – Livemint

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This News Letter has been prepared with the assistance of **Sadhika A. and Manish Kulkarni**

### Titan invests \$5 million in wearable IoT firm Covelot

Titan Company has invested \$3-5 mn in wearable tech IoT startup Covelot.

The deal would be the first such investment by a strategic investor in the IoT space. The funds are going to be deployed towards product development, as well as research, analytics and so on.

Source – The Economic Times

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### Sequoia India leads Series B funding round in Smartkarma

Smartkarma, an investment research startup, has closed its Series B financing round led by Sequoia Capital India.

Existing investors Wavemaker Partners, Jungle Ventures and Spring Seeds also participated in the round. The latest round brings its total fundraising to \$21 million (Rs 135.8 crore).

Source – VCCircle

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### HDFC Bank makes RTGS, NEFT online transactions free from 1 November

HDFC Bank has made online transactions through RTGS and NEFT free of cost from 1 November, with an aim to promote a digital economy.

According to the revised fees and charges, customers will not have to pay any charge for doing online transactions through RTGS and the NEFT.

Source – Livemint

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## On the way up: India-UK tech partnership

Technology-led entrepreneurship drives the already strong traffic of investment between India and the UK. India is among the top four investors in the U.K., with technology companies accounting for the lion's share at 31%.

This reflects the wider India-UK commercial partnership. India presents huge opportunities for U.K. economy and business. The UK has been India's single largest G20 investor in the last 10 years, investing almost double what Germany and France do combined. The mayor of London and his deputy, visiting India next month, will talk about London's strengths as a global financial centre, the best location globally for fintech investment.

Source – Livemint

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## India can benefit a lot from AI in agriculture: Microsoft CEO Satya Nadella

Microsoft CEO Satya Nadella, on a two-day visit to India, interacted with the software engineers working at the Hyderabad campus, one of the largest R&D centers being run by the company outside its Redmond headquarters.

Nadella spoke about the use of artificial intelligence (AI) in improving efficiency in agriculture. "Taking AI to the oldest industry on our planet, agriculture, is something we have already been doing in collaboration with local stake holders like ICRISAT...If you can increase the yield (with the help of AI) in agriculture, the kind of impact it will have on economies like India will be huge," Nadella said.

Source – Business Standard

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## Flipkart, Paytm own 60% of their markets

Masayoshi Son claimed that the company's two largest investments in India — Flipkart and Paytm — enjoy majority market share in their respective spaces, and were ahead of their local and global rivals.

"Flipkart, India's number one e-tailer has 60% share in the domestic e-commerce market and is bigger than Amazon India. It is very difficult to see someone who is bigger than Amazon," Son said.

Source – Business Standard

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## Paytm Plans a Rs 5,000-cr Top-up Over Three Years

Paytm will invest another Rs. 5,000 crore in the business over the next three years, founder Vijay Shekhar Sharma said. "The biggest threat for us will be us, not anybody else," Sharma said. But the entry of global companies, he granted, would bring to India's digital payments market the "attention that is needed" and lead to rapid standardization of products, better consumer understanding and more applications.

Source – The Times of India

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## Cash Holdings by Asia's Rich Rise to Five-Year High, Survey Says

Rich Asians boosted their cash holdings to the highest level in five years as they sought to buffer their wealth against any downturn in buoyant financial markets, according to a survey by Capgemini SA.

HNIs with at least \$1 mn in investable assets, were also moving into cash to provide ammunition to re-enter the market at lower levels in the event of a correction. Cash holdings rose to about 25% of financial assets in the second quarter from 21 percent in the 2016 survey. Despite the shift to cash, Asia's rich remained heavily invested in equities.

Source – Bloomberg

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## Bitcoins not to be used for payments and settlements for now: RBI

The Reserve Bank of India (RBI) today reiterated its stand on cryptocurrencies saying the bitcoins will not be used for making payments and settlements for now.

Answering a query from the audience at the FIBAC banking event, S Ganesh Kumar, Executive Director of RBI said, "Our current position on bitcoins is that we will not be using it for any payments and settlements...though the technology underlying cryptocurrencies will not end."

Source – Moneycontrol

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