



**NEWS HIGHLIGHTS**

Sebi planning a 'riskometer' for stock market investments

Flush with funds, Flipkart boosts investments in logistics arm eKart

Bitcoin is not legal tender in India: finance ministry

Ola, Uber to tie up with railways, airports, metros for easy bookings

E-vehicles likely to get green number plates

**Today's View**

**ReCommerce**

In the midst of the recent festive fervor, majority of the merchants were banking on e-commerce to boost their volumes. However, nearly a quarter of e-commerce sales were expected to be returned, as per **Shorr Packaging research**. This rate of return varies from 10% in some areas to 30% in others. In terms of volume, the figure can be staggering: around \$260.5 billion, as per trade group **National Retail Federation**, world's largest retail trade association.

These returned goods are taken to bulk liquidation centres and sold off in bulk at deep discounts. In order to reduce such massive losses on returns, firms have originated an innovative solution - ReCommerce (also known as Reverse Commerce or Reverse Marketplace).

Global firms like **Gazelle** and **ReCommerce Solutions** and Indian firms **Cashify** and **Bundli** have been working on the ReCommerce business model. Recognizing the need and potential of ReCommerce, prominent e-commerce firms like **Amazon**, **SnapDeal** and **Infibeam** partnered with **ReGlobe** (now acquired by Cashify), a re-commerce marketplace, to allow customers to sell their old/used electronic gadgets on receiving an instant quote, followed by a free home pick-up, and on the spot payment.

Interestingly, ReCommerce companies are leveraging the power of fintechs to further improve their product offerings. Indonesian ReCommerce platform Jualo has partnered with Fintech start-up Kredivo to provide its

**INTERESTING NEWS**

**Government targets 90 reforms to climb Ease of Doing Business rank**

India is targeting 90 measures including quicker construction permits, simpler registration of new companies and Aadhaar-based identification of directors to achieve a higher ranking.

**Aiming Higher**  
India's Proposed Reforms for World Bank's Doing Business Ranking 2018

- Simpler registration of firms
- Using Aadhaar to identify directors
- No company seal to open bank a/c
- Cash refunds on capital equipment import
- No separate PAN for coos after registration
- Making SPICE compulsory
- Reducing cost, time for DIN, digital signatures

India jumped to 100th spot in 2017 rankings. It now aims to be in top 50. It's still ranked low on starting a business (156), construction permits (181) and registering property (154).

Several new reforms have been suggested by the finance, urban development and corporate affairs ministries, among others.

Source – *The Economic Times*

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Date – 04<sup>th</sup> Jan 18

users the comfort and safety of an Escrow payment feature where customer's payment gets transferred only after the product is delivered. To prevent defaults or delay in repayments, it evaluates the creditworthiness of each user using self-reported data, social media behaviour as well as data collected from mobile devices.

As per **CBNData**, ReCommerce category in China, at \$60 billion, was nearly three times the size of the nation's ride-sharing economy last year. Alibaba-owned **Xianyu** and Tencent-backed **Zhuan Zhuan** are transforming ReCommerce in the country, accounting for nearly 90% of the ReCommerce market in China. **Zhuan Zhuan** allows sellers to add product listings through an app which integrates with the **WeChat** platform.

However, the need for significant working capital and policy decisions like demonetisation are among factors that may have made things difficult for ReCommerce firms like **Surplus**, an online retail store for refurbished electronics.

Net-net with effective logistics management, information systems, customer relations and price optimisation, ReCommerce firms hold the potential to offer consumers a responsible way to dispose of their unwanted gadgets.

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## Today's News

### Sebi planning a 'riskometer' for stock market investments

SEBI will introduce an early-warning system to caution people about the risks of investing in stocks of overvalued companies, those with unsustainable business models and ones that may go bankrupt.

The proposed system would rate a stock on a numeric scale or a color-coded system which will allow investors to easily identify risks associated with a stock on account of its trading pattern or owing to the condition of the company's business.

Source – Livemint

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### Flush with funds, Flipkart boosts investments in logistics arm eKart

Flipkart has invested over \$400 million in four separate tranches in its logistics arm eKart over the past four months. The latest tranche of Rs 1,200 crore was the largest infusion that Flipkart made in eKart over the past six months.

eKart was started by Flipkart as an in-house logistics business and later spun off due to regulatory hurdles. Flipkart also separately allocated nearly \$460 million towards eKart for investments and acquisitions earlier in 2017.

Source – Livemint

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

## Beijing plans to build \$2 billion AI Development Park

Beijing is planning to build a 13.8 bn yuan AI development park in the city's west. The AI Park will house up to 400 enterprises and have an estimated annual output of 50 bn yuan.

This comes amid heightened tensions between Beijing and the U.S. over the competitive applications of AI in military technology.

Source – Business Standard

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## Aadhaar uncovers ~ 130,000 ghost teachers in colleges

The decision to use Aadhaar as proof of identity in the annual collation of data on teachers employed in higher education has led to the discovery: nearly a tenth of them turned out to be ghost teachers.

This will lead to a focus on improving the quality of teaching. However, this has revealed that understaffing in higher education is far greater than estimated so far.

Source – Livemint

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## Uber investors sell at discount, still make billions

Even though they sold at ~30% discount from what the shares were worth in 2016, those who invested early made nearly 100 times their initial stake. The reasons for the discount are - scandals, lawsuits, fights, and competition.

Source – NY Daily News

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## Ola, Uber to tie up with railways, airports, metros for easy bookings

India's ride-hailing bigwigs are partnering mass transit companies. Both Ola and Uber have been tying up with mass transit companies, setting up easy-booking kiosks at metro stations and airports to grow user base.

Ride hailing still has a long way to go in replacing car ownership, but the market is beginning to mature in India. Customers are beginning to pay for rides even when fares are not heavily subsidized, while budget-conscious users are opting for services such as ride-sharing that both the firms offer.

Source – Business Standard

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## E-vehicles likely to get green number plates

NITI Aayog is planning to add green color number plates to electric vehicles (EV). The government's think tank has prepared a draft policy on electric vehicles that also suggests three-year free parking and toll waivers. The draft policy also proposes that residential, shopping, and office complexes will be asked to reserve 10% parking space for EVs. There are two main reasons for this transition, one rising pollution and other concerns over oil security.

Source – The Economic Times

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## Naspers may partner Tencent to deliver \$200 million to Swiggy

Naspers has emerged as the frontrunner to lead a \$150-200 million investment in Swiggy, after SoftBank and Flipkart ended independent funding discussions. The deal could value Swiggy at \$600-650 million before the investment. For the funding round, Naspers could forge a strategic partnership with Tencent Holdings, which would come in as a new investor in Swiggy.

Source – The Economic Times

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## PhonePe Lands First Punch, says UPI Boom is Cashbacks

In perhaps a first-of-its-kind public outburst around incentivisation on the UPI platform, CEO of PhonePe Sameer Nigam attributed the huge jump in UPI transactions in December to artificial transactions driven by cashbacks, which have inflated the overall transaction number.

Source – The Economic Times

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## Start-up investors are doing fewer deals

VC firms are doing fewer deals but are willing to write bigger cheques for start-ups that are doing well. The average ticket size for VC deals in start-ups rose to \$9.38 million in 2017, up from \$7.63 million in 2016, even as VCs invested in fewer start-ups. Start-ups raised \$3.15 billion in 2017 in venture capital from 336 deals, a notch lower than \$3.45 billion raised in 2016 from 452 deals.

Source – Business Standard

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## InstaCash eyes to expand footprint in refurbished smartphone market

InstaCash acts as a complete chain by providing a one-stop platform for selling used smartphones, and supplying refurbished smartphones to potential markets.

It provides a transparent price discovery mechanism for used smartphones. After a successful pilot in Delhi, it is now expanding its footprint in Mumbai and Jaipur. InstaCash has bought about 12,000 smartphones from its C2B app and supplied refurbished smartphones to the high-demand markets in the tier-II and -III towns of India.

Source – BusinessLine

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## Security flaws put virtually all phones, computers at risk

Security researchers disclosed a set of security flaws that they said could let hackers steal sensitive information from nearly every modern computing device containing chips from Intel Corp, Advanced Micro Devices Inc and ARM Holdings.

One of the bugs is specific to Intel but another affects laptops, desktop computers, smartphones, tablets and internet servers alike. Intel and ARM insisted that the issue was not a design flaw, but it will require users to download a patch and update their operating system to fix.

Source – Reuters

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