

NEWS HIGHLIGHTS

GST Impact: Boom in Fintech Software Companies Due to GST Rollout

Google seeks RBI approval for entry into India's digital payments space

Alibaba and Paytm may pick up stake in Bigbasket

Government asks Amazon to keep food business and marketplace separate

Today's View

GST - A Boon For Fintechs

GST, a uniform tax regime conceptualized around 16 years ago, with a view to remove the cascading effect of tax on tax, has finally become the law of the land. The widely debated reform is estimated by some to add as much as 2% to the GDP besides expanding government revenue by widening the tax net.

A considerable shift from the current tax regime, GST is expected to impact the services sector more than the manufacturing or trading sector. So how is GST affecting the Banks, NBFCs and Fintechs?

For some complex and voluminous banking and financial operations such as, hire purchase, lease transactions, actionable claims, etc., GST compliance would be challenging to implement. GST compliance would require banks to separately register themselves in each state of operation while justifying its stance on chargeability in respective states and reason for utilizing input tax credit in different states. Also, GST compliance relating to CENVAT credit availed against inputs, input services and capital goods, leaves banks and NBFCs with reduced credit availment, thereby increasing cost of capital.

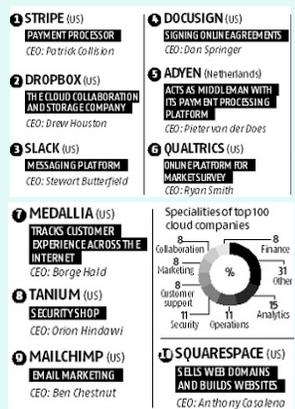
ATMs now have been placed in the 28% tax bracket, increasing the cost of deployment of new ATMs by smaller banks and newly-licensed small finance banks. Additionally, cash deposits, ATM transactions, card transactions, and financial products such as term policies, ULIPs, endowment policies, etc. will cost the customer more than it did in the former regime. Lastly, the total expense ratio charged for managing funds and distributor commissions would swell by 4-5 basis points, making mutual funds relatively expensive.

Fintech startups, on the other hand, believe GST implementation is yet another opportunity to penetrate into the financial sector and are leveraging the reform to offer a fresh and innovative product. ClearTax recently launched its product Billbook which is a GST compliant software for SMEs to handle credit notes and advance payments, create sales invoice, record discount, freight, insurance, & package handling charges.

OTHER INTERESTING NEWS

Hottest companies in cloud computing

Forbes Cloud 100, compiled with the help of partners Bessemer Venture Partners and Salesforce Ventures, is a list that tracks candidates by operating metrics such as revenue and funding, with the help of 25 of their public cloud CEO peers. Here are the top 10 companies:



Source-Business Standard

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Date- 13th July 17

Companies such as Tally, Zoho and Exotel, have also launched their platforms aimed at improving GST compliance for businesses. Instamojo, a digital payments platform, has collaborated with tax consultants such as Vakilsearch.com, Legal Raasta, and Profitbooks.com, to offer accounting services to its merchants, in the newly instituted GST regimen. Even, online marketplaces Flipkart and Amazon have stepped up to educate their sellers on the compliance theme.

Besides startups, major Indian IT companies such as SAP, Oracle, and Microsoft are providing expert business and technology consulting to help their clients manage the transition seamlessly. Stepping forward, Microsoft released its cloud-based compliance solution called DigiGST in association with E&Y.

With multiple compliance solution providers entering the market to benefit merchants, the success of such platforms will depend on the base infrastructure of the offerings, level of integration and automation, ease of adaptability for merchants, and pace of product evolution.

Today's News

GST Impact: Boom in Fintech Software Companies Due to GST Rollout

Fintech companies are cashing in on the boom unleashed due to GST implementation. They are going all out to woo clients and customers. Companies such as SAP, Zoho, Microsoft, Tally, Deskera and ClearTax are on the GST bandwagon, luring enterprises and SMEs with GST-compliant software. They claim to help businesses streamline processes keeping in mind GST compliance requirements.

The change is huge. The GST Network would have 5 billion invoices a month. There are 50 million enterprises in India and 15 million retailers for digitization of sales.

Source- BW Disrupt

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Fee on IMPS transactions under Rs 1000 removed by SBI

State Bank of India (SBI) on Wednesday waived charges on all money transfers of less than Rs 1,000 made through the Immediate Payment System (IMPS) channel, in a bid "to promote small ticket size transactions".

Earlier, any IMPS transfer of up to Rs 1 lakh out of an SBI bank account would attract a charge of Rs 5, in addition to service tax.

Source- Financial Express

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Google seeks RBI approval for entry into India's digital payments space

Google has sought the approval of the Reserve Bank of India (RBI) to integrate the Unified Payment Interface (UPI) within its Android Pay application marking its entry into India's fast growing digital payments space.

In India, nine out of ten smartphones sold run on Google's Android operating system, giving the company access to hundreds of millions of customers here.

Source- Aerospace

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

Fintech startup Open raises \$250k from PayU India's Amrish Rau & Jitendra Gupta

PayU India CEO Amrish Rau and managing director Jitendra Gupta have together invested \$250,000 in Bengaluru-based fintech startup Open, which is set to offer digital banking, bookkeeping, invoicing and other services to micro-entrepreneurs.

The capital will be used for branding and expansion of the 12-member team. Open will launch its platform in August.

Source- ET Tech

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Paytm buys majority stake in ticketing platform Insider.in

India's largest digital payments startup Paytm has acquired a majority stake in online ticket booking platform Insider.in as it looks to take on the country's largest events and movie ticket booking service, BookMyShow.

Paytm said the partnership would enable its 218 million registered customers to discover a wide range of events and book them instantly.

Source- Business Standard

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Government asks Amazon to keep food business and marketplace separate

The government, while clearing Amazon's \$500 million (Rs 3,225 crore) food retailing proposal on Monday, asked the US giant to maintain a separate management and offices for the food retailing venture and not mix it up with its marketplace business.

The approval comes with a host of riders. These include the need to have totally separate companies having separate boards, staff, bank accounts and inventories.

Source- *The Economic Times*

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Snapdeal wants Flipkart to pay at least \$900 million for buyout deal

Online marketplace Snapdeal has asked bigger rival Flipkart to pay at least \$900 million in stock after rejecting the latter's latest buyout offer.

Mint reported on 4 July that Snapdeal (Jasper Infotech Pvt. Ltd) had rejected an offer of \$700-750 million from Flipkart, which had initially proposed buying Snapdeal for close to \$1 billion.

Source- *Mint*

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Alibaba and Paytm may pick up stake in Bigbasket

Alibaba and SoftBank-backed Paytm are believed to be in discussions to pick up minority stake in online grocery retailer Bigbasket for about \$200 million. The due diligence is on and the deal could be finalised in the next few weeks.

According to a report by Franchise India, the online grocery market is expected to be Rs 270-crore market by 2018-19.

Source- *Business Standard*

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SoftBank is said to mull investing in robotics start-up Makeblock

SoftBank Group Corp. is in talks to invest in Makeblock Co., a Chinese maker of DIY robotics, people familiar with the matter said.

Makeblock is seeking to raise about \$60 million in a series C round by the end of this year as it targets a doubling of its valuation to \$400 million. The figures are preliminary and could vary depending on negotiations.

Source- *Mint*

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500 Startups, Rajan Anandan Back Chatbot Creator Bottr.Me

Chatbot creation tool Bottr.me has raised an undisclosed amount of funding from 500 Startups.

The startup will use the newly raised funds for team expansion and product development. It is currently looking to enhance its user base and enter B2B category as well. Launched in private beta earlier this year, California-headquartered Bottr.me allows users to create an AI-based virtual avatar.

Source- *Inc 42*

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Google acquires Bengaluru-based AI start-up Halli Labs

In a fresh impetus to its artificial intelligence dreams, Google has acquired Bengaluru-based start-up Halli Labs. Founded by Pankaj Gupta, the start-up is focused on building deep learning and machine learning systems.

Halli Labs was founded with the goal of applying modern AI and ML techniques to old problems and domains in order to help technology enable people to do whatever it is that they want to do, easier and better.

Source- *The Economic Times*

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