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Dear Comrades,

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News of Interest 16th SEP

MOTIVATIONAL QUOTES

“THE EARTH IS THE MOTHER OF ALL PEOPLE, AND ALL PEOPLE SHOULD HAVE EQUAL RIGHTS UPON IT. “ CHIEF JOSEPH

HIGHLIGHTS

1. AMAZON TIES UP WITH BANK OF BARODA TO ATTRACT MORE SELLERS
2. NPA RESOLUTION: BANK UNIONS SCEPTICAL OF BANKRUPTCY PROCESS
3. PENSION REGULATOR PROPOSES MAXIMUM ENTRY AGE LIMIT FOR NPS TO 65 YEARS
4. DROP MERGER AND CONSOLIDATION PLANS: BANK UNIONS APPEAL TO FINANCE MINISTER
5. RBI SHOULD INTERVENE TO ARREST RUPEE APPRECIATION: ACHARYA

Business Standard

1. Amazon ties up with Bank of Baroda to attract more sellers

Amazon tied up with the Bank of Baroda to offer micro loans to its sellers

Abhijit Lele | New Delhi

Online marketplace giant Amazon India is racing against time to bring in more sellers so that they sell more on its platform during the festive season. On Friday, it tied up with the Bank of Baroda to offer micro loans to its sellers.

The firm's arm, Amazon Seller Services Pvt Ltd (ASSPL), is bringing in more financial partners so that it can cater to its 225,000 seller base. The company had last year announced the launch of a seller lending programme in India for small and medium businesses to get fast and easy access to working capital.

The company had partnered with Capital First Limited, an independent Mumbai-based non-banking financial company (NBFC), for the programme. Capital First provides

secured and unsecured loans to sellers from Rs 5 lakh to Rs 2 crore at competitive interest rates.

According to the company, Bank of Baroda loans would be offered on invite-only basis to sellers, based on their performance. The programme was piloted by Amazon in July this year in association with the bank. The loans would be extended in the range of Rs 1-25 lakh at annual interest rates between 10.45 per cent and 11.5 per cent.

In India, unsecured loans of Rs 1-25 lakh have very low approval rates. Small-scale businesses get loans at high annual interest rates of 18-30 per cent, with a processing time of up to 30 days. In addition, small businesses have to go through heavy documentation and due diligence to get loan approvals, executives from the bank said.

"Through our engagement with sellers, we realised that lack of financial resources can hinder the growth of small businesses as they scale up, which can impact expansion, especially ahead of the festive sales," Amazon India director and general manager (seller services) Gopal Pillai said.

Online marketplace players help sellers secure loans so that they can buy or produce more and in turn sell more on their platform. Bengaluru-based online player Flipkart also offers loans for as little as Rs 25,000 to Rs 2 crore. According to industry estimates last year, both Amazon and Flipkart disbursed around Rs 2,500 crore in loans to more than 350,000 sellers in all.

"We clearly understand the specific needs of SMEs for e-commerce business and are proud to partner with Amazon India to provide comprehensive banking solutions to their over 200,000 seller base," the bank's managing director and CEO P S Jayakumar said. He said the bank expects to get on board 15 to 20 per cent of Amazon sellers on this programme in the next one year.

The sellers on Amazon will receive pre-approved indicative offers from the bank for the loan amount they are eligible. They will be able to use their sale disbursements on the Amazon marketplace to directly repay the loan.

2. NPA resolution: Bank unions sceptical of bankruptcy process

Bank unions today claimed the bankruptcy process initiated by various lenders for NPA resolution will not help in bringing the money back

By: [PTI](#) |

Bank unions today claimed the bankruptcy process initiated by various lenders for NPA resolution will not help in bringing the money back. Bankruptcy process is not going to yield desired results in terms of NPA resolution as recovery is likely to be very low, All India Bank Employees Association (AIBEA) General Secretary C H Vekatchalam said. "Banking Regulations Act has been amended to resort to Insolvency and Bankruptcy Code against big defaulters but this litigation route is time consuming and there is no guarantee of banks getting back the entire loans. Banks will incur further losses on account of these accounts," he said.

RBI recently identified 12 accounts with non-performing assets (NPAs) of about Rs 2.5 lakh crore and asked various banks to initiate bankruptcy process against these firms. He added that United Forum of Bank Unions (UFBU) will hold a protest march here tomorrow against various government policies, including privatisation of PSU banks. Adequate capital should be provided by the government to public sector banks to strengthen their balance sheet and the administration should desist from any move towards privatisation, UFBU Convenor Sanjeev Bandlish said.

Effective measures are to be taken to recover the huge bad loans and banks should not be consolidated, amalgamated or merged, said All India Bank Officers Confederation (AIBOC) Joint General Secretary Ravinder Gupta. The protest march will begin from Ram Leela Maidan and culminate at Sansad Marg police station, he added. "Poor people, students and farmers are being harassed for non-repayment of loans but big corporates are enjoying all concessions. This is anti-people," he said.

Financial Express

3. Pension regulator proposes maximum entry age limit for NPS to 65 years

PTI

Pension fund PFRDA regulator has proposed to raise maximum entry age limit for subscribing National Pension System (NPS) to 65 years.

The entry age to NPS is now proposed to be increased to 65 years from 60 years and there is an option to continue up to age of 70 years, a Finance Ministry statement issued today said.

NPS should also be explored, as an additional retirement benefit, for corporates where superannuation funds are not available and employees are covered only under the mandatory EPFO (Employees' Provident Fund Organisation) schemes, Pension Fund Regulatory and Development Authority (PFRDA) Chairman Hemant Contractor said.

"With opening up of economy people started getting more job opportunities, switching jobs suitable to their skills and talents. Job switching has become more frequent and people seek more controls on their finances, when they start moving jobs and place from one to another," he said.

The concept of portability came in and people started thinking about having better control on their retirement savings, he said.

Currently, NPS has more than 1.71 crore subscribers with total Asset under Management (AUM) of more than Rs. 2.04 lakh crore.

Defined benefit pension schemes, which were predominant earlier, became unsustainable not only for the government sector but also for the private sector because of various factors.

A Defined contribution scheme was, therefore, launched in 2004 which was initially only for central government employees, but which was later extended to state government employees and later to the private sector. This scheme is the NPS, which is regulated by PFRDA.

Business Line

4. Drop merger and consolidation plans: Bank unions appeal to Finance Minister

K. R. SRIVATS

The United Forum of Bank Unions (UFBU), the representative body of nine bank unions, on Friday urged Finance Minister Arun Jaitley to immediately drop plans for

any mergers or consolidation of banks, stating that the country needs expansion of the banking system, not consolidation.

This was among the several suggestions made to Jaitley when a UFBU delegation called on him at North Block here.

The UFBU also took out a Morcha to Parliament House, opposing the reforms pursued by the Centre in the banking sector.

"We have emphasised that the Centre should reconsider the plans of merger and consolidation of banks. If banks are made bigger by merger, there is no guarantee that big banks will be strong banks," CH Venkatachalam, General Secretary, All India Bank Employees Association (AIBEA), told Business Line after the UFBU members met Jaitley here.

Wilful default

The UFBU had conveyed to Jaitley that wilful default should be considered a criminal offence and suitable criminal action should be taken against defaulters, he added. Also, the RBI Act should be amended to provide for the publication of the names of such defaulters.

Among those present at the meeting were Sanjeev Bandlish, Convenor, UFBU; S Nagarajan, Secretary General, All India Bank Officers Association (AIBOA); and D Raja, Member of Parliament.

The UFBU has also requested the Centre to withdraw the Bill on the insolvency regime for financial firms, calling the proposed law "draconian".

In a memorandum submitted to Jaitley, the UFBU suggested that corporate non performing assets (NPAs) should be recovered and not written off.

It was also suggested that the Centre should not allow banks to pass on the burden of corporate NPAs on bank customers by hiking charges. The UFBU delegation stressed the need for the government to accept and implement the recommendations of the Standing Committee on Finance to ensure better recovery of bad loans. A case was also made to ensure accountability of top management/executives for the bad loans and put in place stringent measures to recover such loans.

5. RBI should intervene to arrest rupee appreciation: Acharya

OUR BUREAU

The RBI should step in to prevent further appreciation of the rupee, according to Shankar Acharya, Honorary Professor, ICRIER, and former Chief Economic Advisor.

This would help the economy in the short term, even while structural reforms such as the GST could usher in growth in the medium to long term, he said at an economic forum here organised by the Merchants' Chamber of Commerce & Industry on Friday.

"As a short-term solution to the economy, the RBI should act now and arrest the appreciation of the rupee," he said.

RBI's intervention would help boost exports as well as the domestic manufacturing sector, which has been witnessing a slowdown in the last couple of quarters, he added.

The demonetisation was a rather scary experiment by the government, which brought about a slowdown in the economy, Acharya further said. "Demonetisation happened when the economy was anyway slowing down and it led to a further slowdown in economic activity, if not bringing it to a grinding halt," he added.

While GST is a good thing in medium to long term, it will also be growth negative in the next couple of quarters, he said.

There is still uncertainty over the revenue outcome post GST, he said, adding: "Though gross revenue collection seems to be on target, net revenue collection could be lower, both for the Centre and State."

According to Acharya, what is more worrisome is the fact that in FY18, the combined fiscal deficit of the Centre and the States would be around 7 per cent of GDP, which is very high.

"States are already in a bad situation due to farm loan waivers. So it is going to be a problem," he pointed out.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY