



NEWS HIGHLIGHTS

No incentives left for banks to push digital pay, fears Fintech

Govt announces more incentives for businesses embracing digital payments

Oyo to recast biz into 3 units to streamline operations

Zomato may launch online home-cooked meal service

Today's View

The Age of Prosumers

Canadian philosopher Marshall McLuhan made an incredible prediction in 1972:

“With the rise of technology, the consumer would become a producer.”

He foresaw the role of producers and consumers to blur and merge. The unskilled masses would become the creators of the content. More recently, a new term called ‘prosumerism’ has been coined, for similar phenomena, which signifies production by consumers.

The abundance of information means that consumers are more aware of products and how to use them. Complex equipments meant for professionals are being used by enthusiasts and hobbyists and semi-professional consumers. The easiest example comes from photography, where complex cameras from **Canon**, **Nikkon**, and **Sony** etc. are used in non-professional settings by consumers.

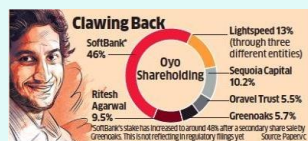
Prosumers are able to influence consumers easily due to the fact that customer voices can be heard. Companies now actively track and identify key opinion leaders on social websites like **LinkedIn**, **Instagram**, and **Facebook** etc. in order to build strong brands and move audiences favourably.

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Oyo founder in talks to buy back \$1.5 billion shares

Ritesh Agarwal, founder of Oyo Hotels & Home, is in the midst of buying back shares from early investors Sequoia Capital and Lightspeed Venture Partners to bulk up his ownership, said three people familiar with the matter.



Source – The Economic Times

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Date – 8th Jul 19

Users have been found to be the developers of many commercially important innovations, with up to 40% of users have been found to have developed or modified products for their own use, as per **University of Talca research**.

For example, **Roposo**, social entertainment platform which leverages prosumerism enabling users people express visually with homemade videos and photos. Catering to users aged between 16 and 35 years, the app offers a TV-like browsing experience with user-generated content on its channels. Users can also use editing tools on the platform and upload their content.

On the other hand, automotive firm **Tesla** has recently installed their first “Solar Roof”, which can feed power, not just from public charging stations but also from personal “Power Wall”. This idea of prosumerism producing their own power has the potential to revolutionize how we power our cities and homes in the future.

The open source software platforms are another significant examples of prosumerism. These are the platforms where people are able to collaborate, share, and build on what others have created. Some of the most successful examples of such platforms are the operating system **Linux** and statistics software **R**.

The rise of prosumerism has enabled companies to target technology experimenters, those ultra-early adopters that are willing to learn and give complex products a try. We believe this idea has potential to grow exponentially in today’s digital universe, facilitating new start-ups and challenging traditional incumbents.

Today’s News

No incentives left for banks to push digital pay, fears Fintech

The government’s surprise decision to order banks to stop charging merchants for digital payments might hurt revenue of banks and payment companies make from processing such transactions and thereby discourage new merchant on-boarding, according to industry executives. A clutch of bankers and payment executives raised concerns that overall expansion of digital payments could be directly affected by this move.

“This will hurt payment companies and help large organised retail, and it might hurt merchant on-board for banks,” said a senior bank on the condition of Banks like HDFC Bank, ICICI Bank, State Bank of India and Axis Bank have been leaders in providing card payment facilities to merchants. Merchants pay a fee to these lenders for the digital payment facilities they provide. This is referred to as merchant discount rate in common parlance. Now the government has banned such charges and asked banks to absorb them.

Source – *The Economic Times*

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This News Letter has been prepared with the assistance of **G Balakrishna and Manish Kulkarni**

More good news in works for start-ups

There could be more measures in the offing for start-ups following the budget announcements. The government is working on another set of measures that could be rolled out soon to do make it easier for them to do business in the country. A new set of tax return forms, aimed at saving angel investors and start-ups from any questioning by tax officers, will be rolled out by September.

“We would be modifying the return forms, which will allow the system to check if the investment made in the start-up is genuinely made by someone capable of making that kind of investment,” a senior government official said.

Source – *The Economic Times*

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Oyo to recast biz into 3 units to streamline operations

Oyo Hotels & Homes is restructuring its business into three units — India, international and technology & brand licensing — as it looks to simplify operations and attract different investors. The move comes at a time when the company is seeking to raise funds at a valuation of \$10 billion.

The parent company Oravel Stays will transfer the India hotel business, which also includes new areas like co-working and event management, to its subsidiary Alcott Town Planners, according to regulatory filings. All Oravel Stays shareholders will get an equal number of shares in the India unit.

Source – *The Economic Times*

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Govt announces more incentives for businesses embracing digital payments

In a bid to promote cashless transactions, the government said businesses with annual turnover of over Rs 50 crore can offer low-cost digital modes of payments and no charges or Merchant Discount Rate (MDR) will be imposed on them or their customers. Presenting the Union Budget for 2019-20, finance minister Nirmala Sitharaman also said two per cent tax deducted at source (TDS) will be levied on cash withdrawals exceeding Rs 1 crore in a year from a bank account to discourage the practice of making business payments in cash.

"Propose that the business establishments with annual turnover more than Rs 50 crore shall offer such low-cost digital modes of payment to their customers and no charges or MDR shall be imposed on customers as well as merchants," she said. The finance minister said the Reserve Bank of India (RBI) and banks will absorb these costs from the savings that will accrue to them on account of handling less cash as people move to these digital modes of payment.

Source – *The Economic Times*

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Zomato may launch online home-cooked meal service

A latest tweet by food delivery platform Zomato has triggered speculations that it may launch a service where people can order home-made food -- like that age-old tiffin service which is still popular in several parts of the country especially among students, working-class people and those living in private hostels. Its rival Swiggy is already catering to over 1,000 customers in Gurugram with its new app called "Swiggy Daily" that lets people order home-cooked meals prepared by tiffin service providers and home chefs.

The new Swiggy app comes with a subscription-only plan for a period of one day or week or for months. The tweet by Zomato is an indication that it is set to launch a Swiggy-style home-cooked meal service.

Source – *The Economic Times*

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RBI to provide liquidity support to banks to deal with NBFCs

The budget threw non-banking finance companies (NBFC) an Rs 1 lakh crore lifeline with a promise to stand part guarantee on loans purchased by state-run banks for six months. Banks can borrow from the RBI by pledging their excess government bond holdings to fund the purchase of NBFC assets. The RBI has advanced a new mandatory government bond holding rule for banks to buy such assets, which could potentially release Rs 1.3 lakh crore.

The government guaranteed to bear the first loss of up to 10% of the assets, but that may fall short of what the industry has been demanding in terms of support. "Whether banks will be able to use the limit in six months for securitisation is to be seen," said Umesh Revankar, MD and CEO, Shriram Transport Finance. "Direct refinancing window would have been a better option. We have to see how banks formulate their credit policy. It will mostly go to housing finance companies."

Source – *The Economic Times*

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Uber may lease 700k sq ft office space in Bengaluru

Uber is in talks to take on lease about 700,000 sq ft office space in Bengaluru to set up its biggest hub in the country, people with direct knowledge of the matter said. "The facility will help the ride-hailing app expand its product and engineering Centre and map department in the city to customize solutions for the local market," one of the persons said.

Uber India Systems, which provides support and marketing services to the cab aggregator, "will soon inspect the site and this deal is expected to close in another 2-3 months," another person said.

Source – *The Economic Times*

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Co-living startup, Homigo accused untraced, pace of probe irks tenants

It has been more than three months since the three cofounders of Bengaluru-based startup Homigo — which left hundreds of tenants facing eviction notices — have evaded arrest. Left to fight court cases, the complainants are questioning the pace of the police investigation.

Homigo, which reported revenues of Rs 16.98 crore in FY 2017-18, had recently held initial acquisition talks with home rental marketplace Nestaway. The company leased apartments from owners and, in turn, leased it out or rented it to customers. Homigo was recently believed to be looking to raise more funds.

Source – *The Economic Times*

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