

Religare Finvest, Just Buy Live join hands to provide credit to local retailers

Expect new product to reduce retailers' dependence on suppliers for credit

OUR BUREAU

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A worst-kept secret of the Indian economy is how distributors of products, from soaps and shampoos to water and watches, have a vice-like grip over millions of small local retailers, who, in the absence of capital, keep toeing their line when it comes to buying decisions.

Freeing local retailers (*kirana* stores or *aam dukandaars* (ordinary shopkeepers) from such a precarious relationship and empowering them to buy whatever and whenever

is a new credit product called 'Udhaar by Just Pay'.

Launched jointly by Religare Finvest, a non-banking finance company, and 'Just Buy Live', the world's first e-distributor, the product aims to offer retailers structured credit lines for their stock-in-trade requirements. An independent credit line will help local retailers decide on the product mix, completely democratising their buying ability.

'Will level the field'

This facility — provided through an app — will truly

level the playing field and democratise trade, said Sahil Sani, Chairman and CEO, Just Buy Live Enterprise, which follows a 'brand to retail' (B2R) business model.

With this facility, a small retailer can buy what he wants to sell and not what a distributor wants him to sell.

Nearly 98 per cent of Indian micro, small and medium enterprises have never borrowed from any institution, being solely dependent on multiple suppliers. A small proportion of Indian MSMEs have access to structured business credit. Most local retailers get credit from suppliers.

In the developed world,



MSMEs have significant access to structured business credit, without hypothecating every asset they own.

Pre-approved credit lines

Just Buy Live and Religare Invest have now already pre-approved credit lines for over

20,000 Just Buy retailers and aim to provide five lakh retailers with structured lines by the end of 2016.

Kavi Arora, Managing Director and CEO, Religare Finvest, said this tie-up was part of the company's digital strategy and strengthened its commitment to SMEs and the entrepreneurial ecosystem.

He said Religare Finvest will bear the credit risk and offer the credit through Just Buy and also carry out the know-your customer (KYC) process.

This tie-up will augment what MUDRA — a newly created refinance institution for micro businesses — is trying to do for the Indian economy, Arora said.