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In Brief

Paytm Ties up with Aditya Birla Finance

Online marketplace Paytm has tied up with Aditya Birla Finance Limited to extend collateral free loans to its seller base. It had earlier similarly tied up with Capital Float, which provides working capital to small and medium enterprises. This comes at a time when online businesses are leveraging their seller network to help banks and NBFCs identify the Indian SME customer base.

Alibaba set the precedent in March to help SMEs ramp up their production for exports, followed by loans extended by Amazon in China, India and other countries in June. Snapdeal recently launched its Capital Assist programme for its sellers.

The loans extended to SMEs do not have a cap nor require collateral. "It is an agreement between a seller and a financing company. The payment towards the loan will be managed through an Escrow account. We will only provide the financing companies with the data on seller performance and create a partner network," said Renu Satti, VP of SME business at Paytm. She added that the marketplace is in advanced talks with banks to join the network.