

Business Standard

Get a loan within 24 hrs! Amazon India launches lending network for sellers

The seller needs to have a business history of at least four to six months on the Amazon platform to avail a loan

Samreen Ahmad | Bengaluru June 14, 2018 Last Updated at 00:27 IST



In another India-first initiative, Amazon has launched a lending network connecting lenders and its sellers, who will be able to avail loans at competitive rates in as swiftly as 24 hours.

The Amazon Lending programme will offer loans, including term and overdraft loans, between Rs 200,000 and Rs 50 million depending on the requirement of the seller via an online application process. The e-commerce giant has brought on board six lenders, including Aditya Birla Finance, Bank of Baroda, Capital First, Capital Float, Flexiloans and YES Bank, to provide a wide range of loans to the sellers to expand their businesses online.

“Our sellers come from different parts of the country with different needs. Lack of working capital is one of the main reasons that stops sellers from selling online, and we wanted to remove that obstacle,” said Gopal Pillai, GM & Director Seller Services, Amazon India.

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The seller needs to have a business history of at least four to six months on the Amazon platform to avail a loan. “We have a proven algorithm which predicts the seller’s capability to repay based on their historical performance,” informed Pillai, adding that about 65 per cent of the sellers who are invited for a loan avail it. The company also claims that sellers who are taking loans on their network get an equal amount of incremental business on the e-commerce platform.

Taking a cue from Amazon Seller Central and Brand Central, the e-commerce major has also come up with a separate portal for lenders called Lenders Central, on which lenders can manage their business in a more streamlined manner, including tracking the repayment schedule, application status, and amount locked in.

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While the Amazon lending programme had started in 2016, the loan was offered only from a single lender. However, with multiple lenders now on board, the interest rates get competitive for sellers who can pick and collaborate with a lender according to their needs. Since 2016, the company has seen a 4.5 times growth in the amount of loans that have been availed.

Locked in an intense battle with homegrown e-commerce major Flipkart, Amazon has come up with several Indian-first initiatives to expand the network of its sellers, which has grown from 100 in 2013 to over 340,000 today.

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The company had earlier started a Chai Kart initiative informing sellers about the benefits of starting an online business and helping them understand the entire process over a cup of tea. Two years ago, the e-commerce giant had also announced the launch of Amazon Tatkal, an initiative that enabled small and medium businesses to go online within 60 minutes and sell products.

The Seller Flex programme is another India-specific initiative which came into being to provide the best-in-class fulfillment experience to sellers without having to build a centre. The US online retail giant had expanded its global selling programme earlier this year in India by enabling its local sellers to tap business clients in markets such as the US, Europe and Japan. It currently has over 32,000 sellers on its global selling programme who can ship products to consumers in other countries.