CHAPTER VII

SUMMARY OF FINDINGS,
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EXIM Bank is operating varied lending and service programs. These programs are tailored to meet the needs of different customer groups, viz. Programs for the Indian Exporter, Programs for the Commercial Bank and Programs for the overseas entities. A brief account of the efficacy of EXIM Bank made in important programs are as under.

1. The Approvals, Disbursement, Loan assets and repayment of Exim Bank of India. It has been noticed that there is an increasing trend in approval, disbursement, loan assets and repayments. The linear and compound growth of approval, disbursement, loan assets and Repayment from 1992-93 to 2011-12. The linear growth rate is 21.73% for approvals, 21.31% for disbursement, 18.14% for loan assets and 1.20% for repayment. Subsequently the compounded annual growth rate over the same period of time is 24.31% for approvals, 23.76% for disbursement, 19.89% for loan assets and 1.21% for repayments.

2. The paired t-test for financial assistance to Lines of Credit (LOC) by EXIM Bank of India depicts the t value -9.236 is significant at 1% level, therefore the null hypothesis is rejected. So, a significant difference persists among the second and first decade of the reform periods for the financial assistance extended by the EXIM Bank to Lines of Credit (LOC).

3. The paired t-test for financial assistance to Export Oriented Unit (EOUs) by EXIM Bank of India shows the t value -5.391 is significant at 1% level, hence the null hypothesis is rejected. Therefore, a significant difference exists among the second and
first decade of the reform period for the financial assistance extended by the EXIM Bank to Export Oriented Units (EOUs).

4. The paired t-test for financial assistance to Production Equipment Finance by EXIM Bank of India depicts the t value -2.421 is significant at 5% level; hence the null hypothesis is rejected. Therefore, a significant difference persists among the second and first decade of the reform period for the financial assistance extended by the EXIM Bank to Production Equipment Finance (PEF).

5. The paired t-test for financial assistance to Working capital terms loan by EXIM Bank of India shows the t value -3.354 is significant at 1% level, hence the null hypothesis is rejected. Therefore, a significant difference exists among the second and first decade of the reform period for the financial assistance extended by the EXIM Bank to Working capital terms loan.

6. The paired t-test for financial assistance to Technology Up-gradation Fund by EXIM Bank of India shows t value -8.269 is significant at 1% level; hence the null hypothesis is rejected. Therefore, a significant difference has been there among the second and the first decade of the reform period for the financial assistance extended by the EXIM Bank to Technology up-gradation Fund.

7. The paired t-test for financial assistance to Overseas Investment Finance by EXIM Bank of India exhibits the t value -5.992 is significant at 1% level; hence the null hypothesis is rejected. Therefore, a significant difference exists among the second and the first decade of the reform period for the financial assistance extended by the EXIM Bank to Overseas Investment Finance.
8. The t value -4.770 is significant at 1% level, hence the null hypothesis is rejected. Therefore, a significant difference persists among the second and the first decade of the reform period for the financial assistance extended by the EXIM Bank to Bulk Import Finance.

9. The t value -6.018 is significant at 1% level; hence the null hypothesis is rejected. Therefore, a significant difference persists among the second and the first decade of the reform period for the financial assistance extended by the EXIM Bank to Import Finance.

10. Project exports offered by EXIM Bank plays a significant role in securing export contracts for 1146 project export contracts which were under execution in 84 countries by 226 Indian companies involving a value of Rs. 31915Crs during 2011-2012 as against 84 project export contract which were executed in 7 countries involving a value of Rs. 1090 Crores. The t value -8.435 is significant at 1% level; hence the null hypothesis is rejected. Therefore, a significant difference persists among the second and the first decade of the reform period for the financial assistance extended by the EXIM Bank to Project Export Finance.

11. The result of one way ANOVA for the various schemes of financial assistance of Exim Bank of India depicts the F value is 8.217 and the corresponding p-value is given as <0.000. Therefore the null hypothesis is rejected and concludes that the average schemes provided by the EXIM Bank of India are not the same in all the years of the First Decade.

12. The result of one way ANOVA for the various schemes of financial assistance of Exim Bank of India exhibits, the F value is 7.537 and the corresponding p-value is
given as <0.000. Hence the null hypothesis is rejected. The average financial assistance between and within years to various schemes provided by the EXIM Bank of India is not the same for all the years of the second decade.

13. The result of one way ANOVA for the various schemes of financial assistance of Exim Bank of India shows the F value is 5.112 and the corresponding p-value is given as <0.000. Hence the null hypothesis is rejected. The average financial assistance between the various Schemes provided by the EXIM Bank of India is not the same for all the schemes of the first decade.

14. The result of one way ANOVA for the various schemes of financial assistance of Exim Bank of India depicts the F value is 2.848 and the corresponding p-value is given as <0.000. Hence the null hypothesis is rejected. The average financial assistance under various schemes provided by the EXIM Bank of India is not the same in all the schemes of the second decade.

15. The result of one way ANOVA for the various schemes of financial assistance of Exim Bank of India exhibits the F value is 5.112 and the corresponding p-value is given as <0.000. Hence the null hypothesis is rejected. The average financial assistance over the period under various Schemes provided by the EXIM Bank of India is not the same in all the years over the period of the study.

16. The result of one way ANOVA for the various schemes of financial assistance of Exim Bank of India shows the F value is 9.404 and the corresponding p-value is given as <0.000. Hence the null hypothesis is rejected. The average financial assistance over the period under various schemes provided by the EXIM Bank of India is not the same in all the schemes over the period of the study.
The assistance provided towards the various schemes of assistance was in an increasing trend during both the decade of the reform period. Among the schemes Project Export Finance has been identified as a major contributor towards the business of the Export Import Bank. In case of the overall financial assistance under the various schemes extended by the Export Import Bank of India is in an increasing trend. The Gap between the sanction and disbursement of financial assistance by the Exim Bank is also gradually declining during the period of study. To conclude, the analysis of the operating efficacy of Export Import Bank of India exhibits a better lending performance during study period.

**Financial Efficacy**

Financial efficacy analysis is the process of identifying the financial strengths and weaknesses of the EXIM Bank by properly establishing the relationship between the items of balance sheet and profit and loss account. It also helps in short term and long term forecasting and growth can be identified with the help of financial performance analysis. The analysis of financial statement is a process of evaluating the relationship between the component parts of financial statement to obtain a better understanding of the EXIM Bank’s financial position and performance.

1. The Current ratio of the EXIM Bank of India depicts the financial soundness of EXIM Bank was high during the second decade of the reform period. In 2009-10 was 2.59 as compared with that of the first decade of the reform period which was very low in 1994 -95 was 0.52.

2. The Debt Equity Ratio of Exim Bank of India reveals during the second decade of the reform period which is very high in 2007-08 as 9.79, when compared to the first decade of the financial sector reform period, the debt equity ratio was low in
1997-98 as 2.45, which establishes the financial instability in the long run because of its huge borrowing in both the decade of the reform Exim Bank.

3. The Fixed Assets Ratio of Exim Bank of India indicates during the first and the second decade of the reform period. It is less than one, and explains the Exim Bank has not raised long term funds to meet its fixed asset requirements.

4. The Proprietary Ratio of Exim Bank of India elicits very high proprietary ratio which states the greater soundness of the Exim Bank of India during the first and the second decade of the reform period.

5. The Capital to Total Assets of Exim bank of India explains low ratio of 2.94% during the year 2007-08 in the second decade of reform when compared to the first decade as it records a high ratio of 12.47% in 1995-96.

6. The ratio between the profit before tax and capital of Exim bank of India, recorded that a higher profitability of 49.27% during the year 2008-09 in the second decade of financial sector reform when compared with the first decade of the reform it has been recorded a lower profitability of 14.86% during the year 1992-93.

7. The profits before tax to net worth of Exim bank of India stated higher profitability of 17.66% during the year 2008-09 in the second decade of financial sector reform when compared with the first decade of the reform, it has been recorded a lower profitability of 9.13% during the year 1992-93.

8. The ratio between the profits before tax to Capital Employed of Exim Bank of India, recorded a lower return of 1.19% during the year 2006-07 in the second
decade of financial sector reform when compared with the first decade of the reform it has been recorded a higher return of 5.07% during the year 1998-99.

9. The Interest Spread of the Exim Bank of India, states there is an increasing trend in the both the decades of the financial sector reform period. During the second decade of the reform period the exim bank records a highest spread is ` 12691.2 crores in the year 2011-12 as compared with the first decade of the reform period lowest spread is ` 596.5 in 1992-93.

10. The Activity Ratio of Exim Bank of India depicts the various activities such as Compensation per Employee, Business per Employee, Profit Before Tax per Employee, Profit After Tax per Employee. It states during the second decade of the reform period Compensation per Employee is highest during 2010-11 is Rs.1089.75 Business per Employee is highest during 2011-12 is Rs.2130064.43, Profit Before Tax is highest in 2011-12, is Rs. 40194.86, Profit After Tax is highest in 2011-12, is Rs.26798.81 when compared with the first decade of the reform period Compensation per Employee is lowest during 1991-92 is Rs. 149.24, Business per Employee is lowest during 1991-92 is Rs.122618.94, Profit Before Tax is the highest in 1991-92, is Rs.4257.58, Profit After Tax is highest in 1991-92, is Rs. 4257.58.

11. It has been observed that under the CAMEL rating of Exim Bank of India, based on overall ranking score ( Mean = 7.75; Std. Dev. = 8.20)the researcher classified score into 4 grade namely, Excellent (E), Good (G), Moderate(M), and Poor (P). Performance of the bank is indicated by the grade in the above table. It exhibits
excellent during 2006-07, good during 2007-08 to 2011-12 in the second decade of the reform period as compared with first decade of the reform period.

12. It was noticed through Altman’s Multiple Discriminate Analysis of EXIM Bank’s Z score for the second decade of the financial sector reform was above 1.81 which was satisfactory, an indication for better solvency position when compared with that of first decade of the financial sector reform were below 1.81 was a sign of financial unsoundness of the EXIM Bank of India.

**Exim Bank and Economic Growth**

1. The analysis of regression co-efficient of Exim Bank’s under various schemes of assistance and GDP exhibits Rs1Crore increase in the Technology Up-gradation Fund (TUF) has a positive impact on GDP at Rs. 0.23Crore. Rs. 1 Crore increase in financial assistance to Export Oriented Units (EOUs) has a positive impact on GDP at Rs. 0.25Crore.

2. The analysis of regression co-efficient of Exim Bank’s under various schemes of assistance and Export shows the Rs.1Crore increase in the Technology Upgradation Fund (TUF) has a positive impact on Export at Rs. 0.209 Crore. The Rs.1Crore increase in financial assistance to Export Oriented Units (EOUs) has a positive impact on Export at Rs. 0.308Crore. The Rs.1Crore increase in financial assistance to Project exports has a positive impact on export to the extent of Rs 0.118Crore.

3. The analysis of regression co-efficient of Exim Bank’s under various schemes of assistance and import exhibits the Rs.1Crore increase in the Technology Up-gradation Fund (TUF) has a positive impact on Import at Rs. 0.243 Crore.
The Rs.1Crore increase in financial assistance to Export Oriented Units (EOUs) has a positive impact on import at Rs. 0.338Crore.

4. The analysis of regression co-efficient of Exim Bank under various schemes of assistance and Balance of Payments exhibits the Rs.1Crore increase in the technology Up gradation fund (TUF) has a positive impact on Balance of Payments at Rs. 0.485Crore.

5. The analysis of regression co-efficient of Exim Bank’s under various schemes of assistance and Balance of Trade elicit, the Rs.1Crore increase in the technology Up-gradation fund (TUF) has a positive impact on Balance of Trade at 0.408 Crore. The Rs.1Crore increase in financial assistance to overseas investment finance (OIF) has a positive impact on Balance of Trade at Rs.0.331Crore.

6. The analysis of regression co-efficient of exim banks under various schemes of assistance and total credit exposure exhibits, the Rs.1Crore increase in the technology Up-gradation fund (TUF) has a positive impact on total credit exposure at Rs.0.231Crore.

The impact of Exim Bank’s contribution towards the economic growth under the scheme-wise assistance extended during the period of the study, a multiple regression model has been fitted. The result of the multiple regression coefficient proved the existence of the Exim Bank has been contributed towards the economic growth under various scheme – wise assistance during the study period. Hence, the operational efficacy of EXIM Bank has its relevance on macro economic variables, which explains the Exim Bank has significant
contribution towards the economic growth of India through its assistance under various schemes.

**Suggestions**

1. The EXIM Bank has to be made as an institution to provide assistance for medium scale and small scale industries.

2. The EXIM Bank has to participate directly with all exporters rather than refinancing through commercial banks.

3. The EXIM Bank should plan to have annual target for each of the schemes so as to improve its competitiveness in increasing India’s exports considerably.

4. The Exim Bank should organise exporter’s meet once in year to know their requirements of the exporters to enhance global competitiveness.

5. Exim Bank can set up escort cell to address the grievances of the exporters.

6. Being a developmental bank Exim Bank can take initiatives to create awareness at grass root level.

7. The Exim Bank should put in place Export Marketing Services (EMS) Programme, to assist in the creation and enhancement of export capabilities of Indian companies.

8. The Exim Bank can also assist in identification of opportunities for setting up plants or projects or for acquisition of companies overseas under Export Marketing Services (EMS) Programme.

9. Exim Bank can supplements its financing programmes with a wide range of valuadded information, advisory and support services, which enable exporters to evaluate international risks, to exploit global opportunities for export and to improve export competitiveness
CONCLUSION

The past three decades of existence, provide a strong foundation to EXIM Bank from where it will continue to catalyse India’s international trade and investment. The Bank is committed to go beyond traditional financing and facilitate exports of a variety of products and services which have the potential to go overseas, by creating a niche for them in the international market. From this study it is inferred that EXIM Bank consistently performing well since the decade of reform period i.e. 2001-02 onwards. The liquidity & profitability position of the bank are also consistently good. The select macroeconomic variables are significantly associated with Exim Bank’s assistance under the various schemes in contributing towards India’s foreign trade which in turn enhances the economic growth of India.

SCOPE FOR FURTHER RESEARCH

1. A study can be conducted to ascertain the quality of services offered by the EXIM Bank of India through a structured interview schedule.


3. A study can be made in relation to the EXIM Bank’s contribution towards India’s foreign trade.

4. A comparison on trade finance between commercial banks and EXIM Bank of India.