CHAPTER 3
LENDING OPERATIONS OF THE BANK

3.1 Introduction

EXIM bank is fully governmental bank. It has collaboration with United States of America and Japan. Several committees suggested forming this EXIM bank viz Export Import Committee in the year 1977 under chairmanship of Mr. Alexander and Export committee in the year 1980 under Mr. Tandon. EXIM bank started functioning from Mumbai headquarters on 1st March 1982. It has branches in India and many other countries. This bank was developed from Industrial Development bank of India (IDBI) as an international wing.

Export Financing Financial assistance extended by the banks to exporters at pre-shipment and post-shipment stages. While the pre-shipment finance is provided for working capital for the purchase of raw material, processing, packing, transportation, warehousing, etc, of the goods meant for export, post-shipment finance is generally provided in order to bridge the gap between the shipping of goods and the realization of proceeds. With a view to providing pre-shipment credit to Indian exporter at internationally competitive rates, interest, Reserve bank of India announced a new scheme in November 1993 to provide Pre-shipment Credit in Foreign Currency (PCFC) by the banks in India. The PCFC scheme is in addition to normal packing credit schemes in Indian rupees presently available to Indian exporters. Exporters are also permitted to draw foreign exchange from the authorized dealers for the purposes such as foreign travel or for giving advertisement aboard. Therefore, a person resident in India may open, hold and maintain with an authorized dealer, a foreign currency to be known as Exchange Earners’ Foreign Currency (EEFC) Account, subject to the terms and conditions of the EEFC Account Schemes.

EXIM bank Finance The Export-Import bank of India (EXIM bank) provides financial assistance to promote Indian exports through direct financial assistance. Overseas investment finance, term 85 finance for export production and export development pre-shipment credit, buyers’ buyer’s credit, lines of credit, relining credit facility, export bills rediscounting, refinance to commercial banks finance for computer software export, finance for export marketing, and bulk import finance. The EXIM bank also extends non-funded facility to Indian exporters in form of
guarantees. The diversified landing of the EXIM bank now covers various stages of export that is from the development of export market to expansion of production capacity for exports, production for export and pre-shipment financing \[^2\]. The EXIM bank’s focus is on export of manufactured goods, project exports and export of technology services. In this chapter the various lending schemes of exim bank have been studied. During the study period i.e. from 2004-2005 to 2014-2015, how much the bank has provided the finance for enhancing the foreign trade is studied.

### 3.2 Lending services rendered by EXIM bank of India are as follows

**To promote Indian exports through direct financial assistance**

Term finance is provided to Indian exporters of eligible goods and services enable them to offer, deferred credit to overseas buyers. Technology and other services come under deferred credits. Commercial banks take an active part directly or as risk arrangements

**Investment in overseas finance**

Overseas joint ventures of Indian companies are established. Here EXIM bank provides finance towards their equity contribution in the joint venture.

**Short Term finance for export related production and development**

Term loans/deferred payment are guaranteed to 100% export oriented units in free trade zones and computer software exporters by EXIM bank. EXIM bank in collaboration with International Finance Corporation, Washington, and EXIM bank provides loans to enable small and medium enterprises to upgrade export production capability \[^1\].

**Credit scheme for pre-shipment**

For companies with export contracts having cycle time more than six months EXIM bank provides finance. There is one more purpose of financing such export contract i.e. for amount mobilisation expanses required to construction project exporters.

**Credit based system for production line**

Foreign financial institutions and government agencies, besides foreign government finance, is available to lend in their respective country, for import of goods and services from India.
Credit based system for buyers
Credit is directly offered to foreign entities for import of eligible goods and services, on deferred payment.

Relending facility
Relending facility is extended to banks overseas to enable them to provide term finance to their clients worldwide for imports from India.

Rediscounting of export bills
The authorised commercial banks of India deal in Foreign Exchange can rediscount their short term export bills with EXIM bank [1], for an unexpired use period of not more than 90 days.

Refinancing to commercial banks
Authorised dealers in foreign exchange can obtain from EXIM bank 100% re-finance of deferred payment loans extended for export of eligible Indian goods. Such credit enables exporters to offer credit terms to foreign Importers.

Financing for marketing of export and import to commercial banks
This programme, which is a component of a World Bank loan, helps exporters, implement their export market development plans.

Provides non-funded guarantee facility to exporters
EXIM bank participates with commercial banks in India in the issue of guarantees required by Indian Companies for Export contracts and for execution of overseas construction and turn key projects. Construction contracts involve erection, civil works, commissioning etc. In setting up a textile mill, supply of equipment accounts for major value of the contract. In such contracts, an Indian Exporter usually requires bid bond [1] advance payment guarantee, performance guarantee, guarantee for retention money and guarantee for borrowing abroad.
3.3 EXIM bank provides a diversified lending programme at different stages of exports

Exports in the field of manufacturing sector, is a vital part of economy and a key component of countries competitiveness. EXIM bank makes it easy for many exporters to compete in commercial markets where current and future competitors continue to enjoy aggressive support from their countries’ export credit agencies [3].

Facilities for Exporters of Engineering goods and Turnkey project Exporters:-

Deferred payment exports arise when export process are to be received beyond six months, from the date of shipment. Turnkey projects are those which involve, rendering of service like design, civil construction & erection and commissioning of plant along with supply of equipment. Typical projects include supply, erection and commissioning of equipment for generation transmission and distribution of power and plants for manufacture of cement, sugar, textiles, chemicals etc. When an Indian Exporter extends deferred credit directly to the overseas buyer the export contract falls under category of supplier’s credit. On the other hand, if a foreign buyer is offered, credit by a financial institution in India and the Indian Exporter is paid the export value by the institution in India, and the relative export contract falls under the category of buyer’s credit.

Suppliers Credit:-

Credit is provided by the EXIM bank on deferred payment basis, in participation with commercial banks to Indian Exporters of Engineering goods and turnkey projects to enable them to extend credit to importers overseas where the individual value of contract is more than Rs.1 crore. Banks may provide the credit and avail 100% refinance from EXIM bank.

Overseas Buyer’s Credit:-

As an alternative to supplier’s credit availed by the Exporters, credit is extended by the EXIM bank to buyers abroad, with a view to enable the latter to import Engineering goods and projects from India, on deferred credit terms. Credit to overseas buyers is also available from the EXIM bank in the form of lines of credit to overseas financial institutions, foreign governments, and agencies, and relending facilities to overseas banks.
Foreign Currency Loans:-

Foreign currency loans can be availed of from EXIM bank at market rates to cover purchase/procurement of machinery from the third countries.

Technology and Consultancy Services Finance:-

Credit is available to eligible Indian Exporters of technology and consultancy services to enable them to extend term credit to Importers overseas. Exporters of Engineering goods and turnkey projects are also provided the following facilities.

a) Issue of Bid Bonds
b) Issue of Advance Payment Guarantee
c) Issuance of Performance Guarantee
d) Issue of Guarantees for releasing retention money
e) Issue of Guarantee for raising borrowing overseas

Facilities to Overseas Construction Project Export:-

EXIM banks also provide facilities for project exports similar to those available for turnkey projects.

Facilities for Syndication of Export Credit Risks:-

Commercial banks in participation with EXIM bank provide long term credit at competitive rates of interest to Indian Exporters of capital goods, turnkey projects and consultancy services, thereby enabling Indian Exporters to compete effectively in the international market. The facility of syndication of term export credit risks lends flexibility to the export credit mechanism by allowing banks to assume risks without blocking their funds for long terms.

3.4 Advisory Services

Through its International Merchant banking division, the EXIM bank offers the following advising service:

a. Work closely with Indian companies in designing financing packages for joint ventures in third countries.
b. Advise Indian companies executing contracts abroad on sources of favourable financing overseas.
c. Providing access to Euro financing source and global credit source to Indian companies engaged in Exports.
d. Advise on exchange control practices globally
e. Advice and design financial packages for export oriented industries in India.
3.5 Finance to Export Oriented Units

EXIM bank has been operating a lending programme for extending finance to export oriented units and units in Export Processing Zones/Free Trade Zones.

To respond to the financial needs of Domestic Tariff Area (DTA) units with minimum 25% export orientation EXIM bank has expanded its lending programme. The scheme covers:

a. Existing DTA units with 25% export orientation.
b. New units with plants for maximum 25% export orientation evidenced by firm marketing arrangements.
c. Modernisation/expansion of existing unit so as to achieve/maintain 25% export orientation.
d. Purchase of Equipment/Machinery on a stand along basis by units with minimum 25% export orientation through refinance to commercial banks only.

For projects with cash investments upto Rs.3 crores EXIM bank provides 100% refinance to commercial banks.

For projects with cash investment over Rs. 3 crores, EXIM bank participates directly in extending finance with commercial banks or All India Financial Institutions.

3.6 Foreign Currency Pre-shipment Credit Scheme

Export and trading houses and selected manufacturing exporters can now get pre-shipment credit in foreign exchange under a new scheme announced by the EXIM bank. This foreign currency pre-shipment credit (FCPC) can be used for financing import related exports such as raw materials, components and consumables. The loan will be repayable in foreign currency from the proceeds of the relative exports. maximum period of an advance under this scheme introduced for the first time in the country will be 180 days. Such transactions will also be self liquidating in nature.

Export & trading houses with annual turnover exceeding Rs. 10 crores and manufacturing units with minimum export of 25% of their production or export turnover of Rs.5 crores, whichever is lower are eligible for FCPC. In the case of manufacturing units, only physical exports of commodities will be taken into account. Such exports could be made either directly or through trading house.
Exporters can avail FCPC from Commercial banks, which normally given pre-shipment credit in Rupee. The interest rate on FCPC advance will be 2% more than the rate at which funds is borrowed by EXIM bank. The banks operating FCPC will be exempted from the maintenance of Statutory Liquidity Ratio (SLR) & Cash Reserve Ratio (CRR) in respect of foreign currency borrowing from EXIM bank Scheme.

3.7 General Guidelines on EXIM bank’s Lines of Credit

EXIM bank extends lines of credit to overseas governments or agencies nominated by them to enable buyers in these countries to import capital/engineering goods, industrial manufacturers and related services from India on deferred payment terms. This facility enables Indian Exporters to offer deferred credit terms to customers in these countries as per the terms and conditions negotiated between EXIM bank, and the overseas government. The Exporters can obtain payment of eligible value from EXIM bank against negotiation of shipping documents without recourse to them.

Loans to Indian Companies Deferred Payment Exports

In this programme commercial banks directly or indirectly play role in risk management. He companies involved in export contracts are taken care by EXIM bank. Rupee mobilization enables provision of expenses for construction / turnkey project exporters. EXIM bank provides loans to 100% export units. For upgradation of small and medium scale industries and exporters, EXIM bank provides loans so that they can upgrade their production capabilities \(^4\). Joint ventures companies with overseas counterparts are provided finance towards their equity contribution. Credit is offered to foreign financial agencies for import of goods and services, on deferred payment.

How it works: The buyer arranges to obtain allocation of funds under the credit line from the borrower. The exporter then enters into contracts with the buyer for the eligible items covered under the line of credit. The contracts would need to conform to the basic terms and conditions of the respective credit lines (as available from EXIM bank).

Relending facility to banks enables them to provide term loan to their clients world-wide for imports from India.
3.8 Features of the Programme

1. The credit facility is extended to Sovereign governments or agencies nominated by them. Such governments/Agencies are borrowers and EXIM bank the lender.

2. The delivery period stipulated in the contracts should be such that credit can be drawn from EXIM bank within the terminal disbursement date stipulated under the respective line of credit agreements. Also all contracts should provide for pre-shipment inspection by the buyer or agent nominated by the buyer.

3. The buyer arranges to comply with procedural formalities as applicable in his country and submit the contracts to the borrower for approval. The borrower in turn forwards copies of the contract to EXIM bank for approval.

4. EXIM bank advises approval of the contract to the borrower with copy to the Exporter, indicating approval number, eligible contract value, act date for disbursement and other conditions subject to which approval is granted.

5. The buyer on advice from the borrower establishes an irrevocable letter of credit. A single LC is to be opened covering the full value of the contract including freight and/or/insurance as laid down in the contract.
Chart 3.1 Algorithm to realize the lending method

START

1. Buyer Arranges - Allocation Funds - Under Credit - From Borrower - Exporter into Contracts - Eligible Items of Credit - At Basic Terms and Conditions - Respective Credit

2. Delivery Period Of Contracts - Credit From EXIM bank - Terminal Disbursement Date - Respective Line Of Credit Agreements - Contracts Provide - Pre-Shipment Inspection By Buyer.


4. EXIM bank Advises Approval of Contract - Borrower with Copy to Exporter - Approval Number, Eligible Contract Value, Act Date for Disbursement and Other Conditions subject To Which Approval Is Granted.


9. bank Charges - Commission, ECGC Premium etc. are Charged To Account Of The Exporter.

10. EXIM bank Will Not Entertain - Any Claim Towards Interest Charges.

STOP
6. The letter of credit is advised through a bank in India, designated by EXIM bank.

7. Exporter ships the goods covered under the contract and presents the documents for negotiation to the designated bank. Bank forwards the negotiated documents to the buyer.

8. On receipt of clean non negotiable set of shipment documents along with the relative invoices, inspection certificate etc. from the negotiating bank and after having satisfied itself, that all formalities have been complied with in conformity with the terms of credit agreement, EXIM bank reimburses the eligible value to the negotiating bank for onward payment to the Exporter on receipt of certificate from negotiating bank that the documents were negotiated as per terms of LC.

9. EXIM bank then debits the borrowers account and arranges to collect interest and principal receivable on due dates under the terms of the line of credit agreement between EXIM bank and the respective government agencies.

10. Any bank charges, commission, ECGC premium etc. are charged to the account of the Exporter.

11. EXIM bank will not entertain any claim towards interest charges.

3.9 Exchange Earners Foreign Currency Account

Exporters and other resident recipients of Inward remittance in foreign currency/convertible Rupee are permitted to open EEFC account with authorised dealers. The remittance from ACU countries is also eligible for this account.

Currency of the Account: The account can be opened in any one of the permitted currencies. Maximum 15% of the foreign currency realised is eligible to the credited to EEFC account; where remittance is received in Indian Rupees or ACU Mechanism 15% of the realised proceeds is converted to any one of the permitted foreign currencies (at the depositors option) to be credited to EEFC.
**Type of the Account:** It can be opened in the form of SB, CD or term deposit. No pass book, cheque book or deposit receipt is issued, withdrawal will be allowed on request. No overdraft or loan is allowed.

**Interest Rate:** The interest is to be determined by the banks concerned. Interest on SB a/c is credited to the account at the end of every month.

**SLR / CRR:** banks have to maintain SLR/CRR on the EEFC deposits.

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(Source: Annual report EXIM bank 2014-15)

The table 3.1 shows percentage rise and fall in lending from EXIM bank the highest and lowest values are observed to be 36.27% in the year 2005-06 and 13.82% in the year 2014-15 respectively. The fall in lending in year 2014-15 is due to the world recession. It is also observed that oil prices fluctuation is also playing a role in the changes of world economy.
Chart 3.2: Lending of EXIM bank over a period of ten years

**Withdrawals:** Depositor is free to withdraw the deposit for remittance abroad, for payment of import bills or for local payments.

**Loan Records:** Here the chart shows the growth of EXIM bank in terms of loan disbursement. These loans are allotted to, many internal and overseas projects. A growth of 15% has been recorded from previous years in the EXIM bank financial statement 2014-15. To name some of the projects and areas where EXIM bank invested the amount are discussed.

The bank provides export credit services like finance for export of projects and consultancy services, capital equipment finance, export project cash-flow deficit finance and guarantees. The bank is capable to offer a financing package to Indian exporters including funded support and project related guarantee facilities.

During fiscal year 2014-15, 105 contracts tuning to Rs 497.81 billion covering 40 countries were secured by 56 Indian exporters. The contracts during the year comprised 43 turnkey contracts valued at Rs 236.44 billion, 24 construction contracts valued at Rs 233.02 billion, 11 supply contracts valued at Rs 15.02 billion and 27 technical consultancy & services contracts valued at Rs 13.33 billion. Some major project contracts supported during the year included: Engineering, procurement, construction, testing & pre-commissioning, commissioning & training of company’s
personnel and performance testing of new gathering in Kuwait, being executed by Larsen & Toubro (L&T) Ltd. Mechanical, electrical and plumbing engineering works by Voltas Ltd. at Lekhwiya sports club, Doha, Qatar.

During the year, the bank approved loans aggregating Rs 257.34 billion by way of supplier's credit, buyer's credit, and finance for project exports. Disbursements to Rs 151.82 billion were made during the year. Guarantees sanctioned and issued during the year amounted to Rs 59.68 billion and Rs 20.83 billion respectively. These guarantees pertain to overseas projects in sectors such as power generation, transmission and distribution, infrastructure development and export obligation guarantees.

Buyer’s credit is an exclusive programme of EXIM bank which facilitates Indian exports by way of extending credit facility to overseas buyers for financing their imports from India. Under buyer’s credit programme, EXIM bank makes payment of eligible value to Indian exporters, without recourse to them. Buyer’s credit is a safe, non-recourse financing option available to Indian exporters, especially to small and medium enterprises, which motivates them to enter overseas markets. During 2014-15, bank extended buyer’s credit facility aggregating Rs 33.20 billion to 26 overseas companies. Disbursements under buyer’s credit programme aggregated Rs 26.57 billion for exports to countries that include Uganda, United Kingdom, Zambia and Zimbabwe. The products exported under buyer’s credit included transport vehicles and auto spare parts, engineering goods, IT services, fruits and vegetables, rice, other agro-based products and commodities, plain and studded gold / diamond jewellery, steel wires and wire rods, fuel & furnace oil, tyres and yarn etc. Several exporters from small and medium enterprises were beneficiaries under the buyer’s credit programme, receiving non-recourse payment. The bank has laid strong emphasis on enhancing India’s project exports, the funding options for which have been strengthened with the introduction of the buyer’s Credit under GOI’s National Export Insurance Account (BC-NEIA) programme. BC-NEIA is a unique financing mechanism that provides a safe mode of non-recourse financing option to Indian exporters and serves as an effective market entry tool to traditional as well as new markets in developing countries, which need deferred credit on medium or long term basis. Mining equipment and Blast Hole Drill supplied to Zimbabwe by BEML. The response to the programme has been encouraging. The bank has sanctioned an aggregate amount of US$ 2.68 billion for 18 projects valued at US$ 4.40 billion,
including the supply, erection and commissioning of a Water Treatment Plant and distribution to reservoirs across the Dambulla region in Sri Lanka; setting up a 187 km (132 Kilo Volt) power transmission line from Lusaka to Luangwa along with distribution network and three 132 Kilo Volt substations in Zambia; setting up of an integrated LPG and Bitumen Storage Facility at the Beira Port in Mozambique; Plant and Design-Build Contract for Civil and Mechanical & Engineering Works for the Aluthgama, Mathugama and Agalawatta Integrated Water Supply Project in Sri Lanka and supply of Blast Hole Drill and Mining Equipment in Zimbabwe. Construction of a water treatment and distribution plant in Dambula region was undertaken by a firm V.A. Tech Wabag Ltd. in Sri Lanka. The bank has also given in-principle commitments for supporting 28 projects with an aggregate value of US$ 3.60 billion under buyer’s credit under national export insurance account (BC-NEIA). A Line of Credit of US$ 1 billion was extended to the government of Nepal for financing hydropower, irrigation and infrastructure development projects in Nepal.

Lines of Credit

EXIM bank extends Lines of Credit (LOCs) to overseas financial institutions, regional development banks, sovereign governments and other entities overseas, to enable buyers in those countries to import developmental and infrastructure projects, equipments, goods and services from India, on deferred credit terms. Indian exporters can obtain payment of eligible value from EXIM bank, without recourse to them, against negotiation of shipping documents. During the year, the bank extended 17 LOCs, aggregating US$ 1.67 billion, to support export of projects, goods and services from India. LOCs extended by EXIM bank during the year include LOCs to the governments of Cuba, Democratic Republic of Congo, Madhu Road-Talai Mannar train service in Sri Lanka, financed under EXIM bank’s government of India supported Line of Credit of US$ 416.39 million to the government of Sri Lanka. Djibouti, Fiji Islands, Gambia, Mauritius, Nepal, Nicaragua, Nigeria, Republic of Congo, Senegal, Togo and Vietnam. These LOCs will finance and catalyse exports by way of financing projects such as cement plant, electrification expansion, transmission lines and substation, rice self sufficiency programme, fertilizer plant and upgradation of the sugar industry. One hundred and ninety four LOCs, covering 63 countries in Africa, Asia, CIS, Latin America and Oceania with credit commitments aggregating US$ 11.68 billion are currently available for utilisation, while a number
of prospective LOCs are at various stages of negotiation. H.E. Paul Kagame, President of the Republic of Rwanda, inaugurated the Nyaborongo Hydropower Plant financed under EXIM bank’s government of India supported Lines of Credit of US$ 60 million and US$ 20 million to the government of Rwanda.

The bank operates a range of financing programmes aimed at enhancing the export competitiveness of Indian companies. A variety of financing services are offered to export-oriented units, importers and for overseas investment by Indian companies. The financing programmes cater to the term loan requirements of Indian exporters for financing their new projects, expansion, modernization, and purchase of equipment, research and development (R&D), overseas investments and also the working capital requirements. During 2014-15, EXIM bank sanctioned loans aggregating to Rs 216.58 billion under programmes for enhancing export competitiveness. Disbursements amounted to Rs 197.91 billion under these programmes. EXIM bank assisted Narayana Hrudayalaya Pvt. Ltd. (NH) Bangalore for its equity investments in a Cayman Islands based 140 beds tertiary care hospital jointly promoted by NH and Ascension Health Alliance, USA.

The bank recognizes the importance of foreign direct investment (FDI) in tradable sectors, which boosts exporting capacity by productivity improvements through technology, learning and competition, thus improving the Current Account Balance of the country. The bank has facilitated many large overseas companies to set up manufacturing facilities in India with the sole objective of exporting back to the parent’s value chain overseas, thus creating jobs in India. This is more pronounced in labour-intensive industries due to the availability of skilled manpower at competitive costs in India. For instance, a sample survey of 10 such FDI manufacturing projects financed by EXIM bank with total assistance of Rs 15.97 billion has been able to facilitate FDI of Rs 43.80 billion into the country and cumulative exports of Rs 277.07 billion in the last five years.

During the year, the bank approved term loans of Rs 44.45 billion to 40 export-oriented units. Disbursements amounted to Rs 40.16 billion. Under the Production Equipment Finance Programme, 11 exporting companies were sanctioned Rs 2.53 billion for financing acquisition of production equipment. Disbursements amounted to Rs 4.23 billion. Twelve companies were sanctioned long-term working capital loans aggregating to Rs 7.99 billion. Disbursements amounted to Rs 6.98 billion.
EXIM bank is one of the nodal agencies appointed by government of India (GOI), Ministry of Textiles, to establish and approve the eligibility of projects under technology upgradation fund scheme (TUFS), and release subsidy directly to the approved projects. As on March 31, 2015, the bank had accorded approval for 216 projects with aggregate cost of Rs 169.91 billion. Loans approved and disbursed aggregate to Rs 57.75 billion and Rs 32.95 billion, respectively. The bank’s assistance under TUFS to the textile industry is spread across various segments in textile manufacturing and covers several states in India.

The bank has a comprehensive programme covering equity finance, loans, guarantees and advisory services, to support Indian outward investment. During the year, 35 corporate were Synthite Industries Limited, Kerala, was supported to set up a unit in China to procure the best quality Capsicum Paprika and manufacture paprika oleoresin. 23 sanctioned funded and non-funded assistance aggregating to Rs 58.07 billion for part financing their overseas investments in 11 countries. So far, EXIM bank has provided finance to 533 ventures set up by 430 companies in 91 countries. Overseas investments supported during the year include acquisition of a veterinary products plant in Turkey, setting up of a chilli manufacturing unit in China and acquisition of an engineering unit in Germany, among others. Aggregate assistance by the bank to support overseas investment by Indian corporate amounts to Rs 432.10 billion covering various sectors including pharmaceuticals, home furnishings, readymade garments, construction, paper & paper products, textiles & garments, chemicals & dyes, computer software & IT, engineering goods, natural resources (coal & forests), metal & metal processing and agriculture & agro-based products.

The bank also selectively undertook finance towards imports under the Bulk Import Finance Programme and Import Finance Programme. Sanctions and disbursements amounted to Rs 9 billion and Rs 19.53 billion, respectively under the Bulk Import Finance Programme. Under the Import Finance Programme, companies were sanctioned term loans aggregating Rs 30.31 billion and disbursements aggregated Rs 16.77 billion.

To facilitate the transactions of Export-Oriented Units, the bank issues letter of credits (LCs) mainly for imports financed by the bank. During the year, the bank opened 229 LCs of Rs 26.68 billion. The bank also handles negotiation/collection of export documents. The bank handled 2,185 export documents worth Rs 32.47 billion. The bank’s aggregate non-funded portfolio, comprising Guarantees, LCs & standby
LCs (SBLCs), as on March 31, 2015, stood at Rs 108.47 billion as against Rs 94.26 billion as on March 31, 2014, representing a growth of 15 per cent. Offshore Patrol Vessel Barracuda funded under the Line of Credit to the government of Mauritius, supplied by Garden Reach Shipbuilders & Engineers Ltd. Kolkata.

The bank, through its grassroots initiatives, envisages supporting globalization of enterprises based out of rural India. The programme seeks to address the needs of relatively disadvantaged sections of society while creating expanded opportunities for traditional crafts persons and artisans, and rural entrepreneurs of the country. During the year, the bank provided support to a Maharashtra based social enterprise that promotes beekeeping to increase agricultural productivity, enhance income and improve livelihoods of marginal farmers in India. The intervention by the bank is aimed at part financing the working capital requirements of the organization, which provides direct market access to over 3,000 small beekeepers across six states of India. Financial support was provided to an Orissa based non-profitable society which is into Dhokra craft, tribal jewellery, tribal painting and tribal textiles. More than 2000 artisans belonging to the weaker sections of the society are associated with this organization. Intervention in the form of lending support was also provided to Nilgiris, a Tamil Nadu based social enterprise which works with nearly 2000 artisans, mostly from the tribal communities, promoting agro-ecological products. The organization provides a marketing platform for primary producers, forest dwellers, weavers and craftsmen from marginalized and indigenous communities. The bank also continued its support to an artisan and farmer’s cooperative society in Kumaon, Uttarakhand, which is into production of naturally dyed silk and wool textiles and enhanced its support to a social enterprise sourcing off-the-loom products from handlooms in Bhagalpur, Bihar.

The bank plays a promotional role and seeks to create and enhance export capabilities and international competitiveness of Indian companies through its Marketing Advisory Services. The bank provides assistance in helping Indian firms in their globalisation efforts by locating overseas distributor(s)/ buyer(s) / partner(s) for their products and services. EXIM bank also assists in identification of overseas opportunities for setting up plants or projects or for acquisition of companies overseas. The bank leverages its high international standing, in-depth knowledge and understanding of the international markets and well established institutional linkages, coupled with its physical presence, to support Indian companies in their marketing.
initiatives on a success fee basis. The bank assisted following Indian companies in identifying partners in overseas markets:

- The bank facilitated Pune based Force Motors in partnering with a Nigerian automobile Importer & distributor; Lafbart Innovations and Consulting Ltd, for supplying traveller buses to Nigeria.
- A contract was signed between Kolkata based GPT Infra pvt. ltd. and National Housing Development Authority, Sri Lanka, for construction of low cost housing condominiums.

EXIM bank supported Anwar Ali Jute Crafts and Pochampally Handloom Park to participate at Cottage Corporation of India’s Exhibition in New Delhi.
- The India Craft House, New Delhi, and Azimuthal perspectives, UAE, entered into a supplier’s registration agreement enabling Azimuthal perspectives to set-up an online portal to sell authentic Indian Handicraft products to the Middle East markets.
- TVS Sundaram-Clayton Limited, a solution provider for light metal castings, signed non-disclosure supply agreement for providing high pressure casting parts to Europe based Modine Europe GmbH, with the assistance of EXIM bank. During the year, the bank signed mandates with over 20 companies to assist in marketing of their products and services. Around 65 orders in domestic as well as overseas markets were generated for various products. The success stories include placement of readymade garments such as sarees, kurtas and stoles with a multi-brand retailer in major cities. Orders were also generated for Mango Puree Pulp in the United Kingdom, supplying setups for wedding/events in France, handicraft items and tribal & folk paintings across India and laminated tubes in Sri Lanka. The bank also supported and assisted in placement of handicraft and handloom items such as leather bags, quilts, art painting, handmade paper products, palm leaf painting, artefacts, block printing products, jute products, handicrafts & textiles, pottery, carpets and river grass products.

The bank in partnership with Surajkund Mela Authority sponsored 5 stalls at the Surajkund Mela which was held in Haryana during February 2015. The internationally acclaimed event drew large number of buyers and helped the artisans find new market opportunities. Artisans supported by the bank displayed crafts including Madhubani Paintings, Papier Mache & other Kashmiri handicrafts &
textiles, Jute Bags and Folders, Sanjhi Arts and Rajasthani miniature paintings at the Mela and earned several accolades and an appreciation. The bank supported booth space for Bidar Bidri Youth Mandal and The Ants Craft Trust during the Kala Ghoda Arts Festival event held in Mumbai during February 2015. The Festival served as a platform for artisans of these organisations to showcase their Bidriware Artefacts’ and Black Pottery products and obtained several new enquiries. The bank also offered assistance to Pochampally Handloom Park Ltd. by offering booth space at the Home Expo India event in New Delhi during April 2014. The event was organized by Export Promotion Council for Handicrafts. The event provided access to a large number of buyers and helped Pochampally Handloom Park find new business opportunities in both local and overseas market. The bank in collaboration with National Centre for Design & Product Development and Central Cottage Industries Corporation of India Ltd supported Pochampally Handloom Park and Anwar Ali Jute Crafts & Bags to participate at an exhibition-cum-Sales event in New Delhi during May 2014. EXIM bank sponsored several artisans to participate at Surajkund Mela in Haryana and Kala Ghoda festival in Mumbai.

EXIM bank’s Research & Analysis Group offers a range of research insights on aspects of international economics, trade and investment through qualitative and quantitative research techniques. The research work carried out in the Group under the broad classification of regional, sectoral and policy related studies are published in the form of Occasional Papers, Working Papers, Books, etc. The bank was conferred the Outstanding Development Project Award under the “Trade Development” category by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). A Line of Credit of US$ 100 million was extended to the government of the Socialist Republic of Vietnam, for financing the purchase of equipment / supplies from India.

The bank provides a wide range of information, advisory and support services, which complement its financing programmes. These services are provided on a fee basis to Indian companies and overseas entities. The scope of services includes market-related information, sector and feasibility studies, technology supplier identification, partner search, investment facilitation and development of joint ventures both in India and abroad. In order to step up India’s commercial engagements with CLMV countries (Cambodia, Lao PDR, Myanmar and Vietnam), the bank was tasked by the government of India to undertake a study to assess the
feasibility of establishing an institutional mechanism for encouraging investments by Indian manufacturing and infrastructure development companies in CLMV countries. The study, which entailed field visits to these countries, recommended setting up a project development company as a part of an overall Project Development and Facilitation Framework (PDFF), which could help catalyse India’s commercial and strategic interests in the CLMV region. The bank was commissioned by the Commonwealth Secretariat, London, to undertake a study on the Indian experience of gender disaggregation of access to finance data initiative and the priority sector lending programme. The former case study presented an overview of the policy framework developed by the government of India for empowering women with specific reference to their access to finance through directives, guidelines, and institutional framework. It mapped the achievements of these policies in improving their access to finance, highlighting the challenges associated with implementation of such policy framework and the way forward to furthering the success. The latter case study presented an overview of the performance of priority sector lending and captured the evolution of the policy in line with the developments in Indian economy. The study assessed the replicability of the Indian experience in other Commonwealth countries that have similar legal systems and institutional framework. During the year, the bank was commissioned by the Commonwealth Secretariat to also carry out a follow-on assignment to assist the Sri Lanka Export Credit Insurance Corporation (SLECIC) towards operationalising the recommendations made by the bank as part of the assignment completed in 2013-14. The follow-on assignment also entails strengthening the export credit institutional structure in Sri Lanka, inter alia, comprising SLECIC, commercial banks and the government policy and regulatory framework. The objective of the assignment is to enhance the trade competitiveness of Sri Lanka by facilitating greater flow of export credit, and by deepening and broadening the export base of the country [5]. (Source: Annual report EXIM bank 2014-15)

Hypotheses accepted

Table no 3.1 shows that during the study period the bank disburse the loan in the year 2004-05 provide the loan for Rs 129104 Million and in the year 2014-15 provide the loan for Rs 849100 Million, which shows increasing trend every year. Hence hypothesis no 1 “The Exim bank provides adequate finance to exporters” is accepted
References


5. Annual Report EXIM bank, 2014-15, Under the chairmanship of Shri Yaduvendra Mathur, date of publication 27 April 2015, pp no 2