

PREFACE

The finance function has acquired extreme importance in the globalized, competitive and dynamic environment, being a scarce resource and impacting directly or indirectly every activity. One of the key factors contributing to the success of top companies / organizations is that they are finance-conscious and finance-driven. In fact, finance has acquired so much importance that large and mid sized companies have started adding / availing high-level financial expertise for their business groups. Chief Financial Officers (CFOs) are being brought in at Business Unit level to play key roles in bringing about the low cost / high value transformation, which the corporate level CFOs have been striving for. The successful conduct of finance function can protect, strengthen and improve current and future value of business. The partial & gradual opening up of Indian economy has brought forth many challenges and opportunities before the CFOs. The case of external commercial borrowings is no different. The raising and utilization of external commercial borrowings throw many challenges and opportunities before the Indian organizations and Indian economy. The organizations have been raising external commercial borrowings to add to current and future value of business.

The study / research aims at gaining valuable insights into various dimensions of external commercial borrowings, its contribution in supplementing domestic capital formation, globalization of Indian organizations and its role in management of macroeconomic problems.

The first chapter of the study covers the basic concepts & terms and definitions generally referred in relation to external borrowings. The chapter covers various types of instruments used for raising external commercial borrowings and the procedure / process to be followed for raising them. It also deals with various hedging options available for managing the risks in the context of international financing and the cost of raising an ECB.

The second chapter of the study covers the research design and review of existing literature. The research design deals with statement of problem focusing on the need of the study, research objectives, hypothesis, tools, scope of the study, chapter plan, limitations of study. The critical review of nearly fifteen reports / studies provides an insight into financial strategies adopted by the Indian organizations.

The third chapter provides an insight into evolution of government policy framework since independence and external sector reforms. The chapter also covers the scope of external commercial borrowings, general government policy framework, essentials of a sound / good ECB policy framework, recent external commercial borrowings policies and the hedging of risks. The chapter explains the flexibility available to an Indian organization for raising ECB with in the government policy framework.

The fourth chapter covers various developments in the sphere of external commercial borrowings at macro level over the last ten years in chronological order and provides insights into various factors influencing the flow of external commercial borrowings and the factors shaping / influencing the government policy framework. The chapter also deals with trends of overall / aggregate Indian external commercial borrowings and India's external debt.

The fifth chapter deals with the profile of the companies under study. The chapter explains their organizational structure, product mix, customer profile, the globalization of operations, recent financial highlights and the external commercial borrowings raised by the companies under study. The chapter provides insights into procedure followed for raising external commercial borrowings by the companies under study.

The sixth chapter covers data analysis. The data analysis has been done at two levels –micro (company) level and macro (national) level. A combination of financial ratios and comparisons have been applied on various data collected to understand cause and effect relationship between certain variables and to understand the financial strategies of the companies under study and the benefits of external commercial borrowings raised by them.

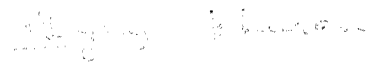
The seventh chapter highlights findings, which are based on the chapter nos 3,4,5 and 6.

The eighth chapter covers conclusions, highlighting the role of external commercial borrowings in supplementing domestic capital formation and globalization of Indian

business operations; and the steps and precautions needed in raising and utilization of external commercial borrowings.

This is followed by the ninth chapter covering bibliography. At the end various annexures are placed, which have been relied upon in the study.

The study is expected to provide insights into various dimensions of external commercial borrowings.



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