CHAPTER - 6

ISSUES RELATING TO INTRODUCTION
OF INTERNATIONAL FACTORING IN
INDIA: SURVEY BASED REPORT

6.1 Introduction

This chapter contains the analysis of the data collected from the main three sources i.e. exporters (likely users), bank executives and existing factoring companies (likely providers) of the factoring services. The deliberations are broadly bifurcated in four parts:

Part I: Views of the exporters,
Part II: Views of the bankers,
Part III: Views of the existing factoring companies, and
Part IV: Conclusion.
Part I

Views of the Exporters

6.2 Profile of the Respondents

The questionnaires were sent to 250 exporting units, included in the sample but responses were received from 86 firms. After initial scrutiny, 18 responses were rejected owing to lack of consistency and reliability. Thus 68 responses were analysed. The basic profile of the respondents is given in the Table 6.1. It can be seen that:

(i) Majority of the respondents (64.71%) are in the Corporate Sector.

(ii) More than 2/3rd of the exporting units have started their business operation before 5 years or more, thus having expected to overcome their initial teething problems.

(iii) The response pattern is having bias towards manufacturing sector in as much as 62 out of 68 respondents are engaged in manufacturing activities.

The industry-wise, the specialised status-wise and sector-wise classification of the respondent exporting units is given in the Tables 6.2, 6.3 and 6.4 respectively and suggests that:

(i) A fair range of industries has been covered except the traditional export products like Tea, Coffee, etc.

(ii) The respondents include a fair share (25%) of units having some or other specialised status.
(iii) About 56 per cent of the respondents belong to the small sized units. The turnover (total as well as export)-wise classifications of the respondent units are given in the Tables 6.5 and 6.6 respectively. The above tables show that more than 2/3rd of the respondent units had both the total sales and export turnover in the range between Rs. 25 to Rs. 100 lacs - 77.94 per cent in respect of the former and 83.82 per cent in respect of the latter.

6.3 Perceptions of the Exporters Regarding Existing Export Credit Mechanism Backed by Letters of Credit

Since export factoring is being contemplated as a new financial product i.e. an alternate to the existing traditional modes of export financing, questions were asked regarding the perceptions of the exporters as regards existing bank finance. The primary objectives of the inquiry were to:

(i) Solicit their views and perception, and
(ii) Identify the problem areas, if any.

6.3.1 Present System

To the specific question as to whether they were satisfied with the existing system of export finance backed by letters of credit, majority (42 out of 68) replied in negative (Table 6.7). This obviously leads to inference that all is not well with the existing system.

The major reasonings given by the respondents as to their not being satisfied with the existing practices are as follows:
(i) Majority of the importers are not inclined to open letters of credit. The problem is more acute with the importers of developed countries.

(ii) Letter of credit backed financing is costly as it includes the various charges relating to opening, amendment, etc. of the credits concerned.

(iii) Negotiation of documents poses a problem in many cases as the documents normally have been observed to contain one or more discrepancies. As such, they fail to pass through the doctrine of strict compliance.

(iv) The procedure of transactions backed by letter of credit is very cumbersome. Any change in terms and conditions contained in the transactions, such as delayed shipment, substitution of importer(s), etc. need amendment of the concerned letter of credit each time.

6.3.2 Realisation of Export Receivables

A specific question was asked to know whether the exporters are facing any problem in realisation of export trade debts as per the prevalent procedures. The response was mixed in as much as 39 respondents (58%) replied in the affirmative while the remaining ones responding negatively (Table 6.8). This implies that majority of the exporters are facing one or the other problem in realisation of export trade debts in the existing scheme of things. The nature of the problems highlighted by the exporters can be summarised as under:
There is no agency to chase the importers and the exporters themselves have necessarily to follow up the debts.

There is inevitably some delay on the part of some of the importers to pay back the dues on due dates.

The banks are very bureaucratic in their approach in the sense that they religiously recall their dues on due dates without understanding their (the exporters') problems.

Though banks may have correspondent relationship with some of the banks in importer's country, this relationship is rarely utilised to recover the dues from the importer(s).

The with-recourse nature of financing of receivables by the banks inevitably leads to cash-flow problems in the event of non-recovery of the dues from the importer(s).

With a view to ascertaining the experiences of the exporters in respect of exports to different countries, a question was asked in this regard requesting the respondents to narrate their country-wise experience. However, no discernible trend was observed in this regard (Table 6.9). The general conclusion that can be drawn is that the problem of debt realisation is more importer specific, irrespective of the country(ies) to which export takes place.
6.3.3 Administration of Sales Ledger

Sales ledger administration is one of the most important functions of an exporter. The word administration here includes the detailed procedure relating to booking orders, preparation of delivery schedules, maintenance of sales registers, etc. A proper analysis of the sales ledger on an on-going basis would help an exporter to know (i) Outstanding debts, (ii) Overdue position, (iii) Age-wise analysis of debts, (iv) Payment records of importers, etc. Thus, it would enable him to exercise proper control on his sales portfolio and decide credit policies.

With a view to getting information about the present state of affairs in this vital area, questions were asked soliciting the following:

(i) Present set up for administering sales ledger, and

(ii) Whether the existing arrangements are adequate, efficient and economic for sales administration.

The response pattern is given in the Table 6.10.

The analysis reveals that about 74 per cent of the respondents are managing the various aspects of their sales ledgers through either a part-time or full-time employee. Further, the existing arrangements have been found to be adequate, efficient and economic by 63 per cent of the respondents. Therefore, in this area of operation, not much problem is encountered by the exporters.
6.3.4 Role of Export Credit Guarantee Corporation

(ECGC) of India Ltd.

Export transactions involve multifarious risks, the primary amongst them being the commercial risk arising from insolvency or protracted default of overseas buyers. Besides, the additional risks involved are known as Political Credit Risks. The two main political credit risks are:

(i) Transfer risk, where a shortage of foreign exchange in the importer’s country delays the payment to the exporter’s country, and

(ii) Political risk, which prevents payment outside even if foreign currency exists.

In view of the enhanced political risks emerging in the world during last three decades or so, the International Union of Credit and Investment Insurers, known as Berne Union has come into existence endeavouring its best to minimise the fallout of such risks. The result has been the emergence of a number of state sponsored insurance agencies in different countries of the world.

With a view to providing export credit insurance to Indian exporters, the Government of India set up the Export Risk Insurance Corporation (ERIC) in 1957. It was converted into Export Credit and Guarantee Corporation (ECGC) of India Limited in 1964 and later renamed as Export Credit Guarantee Corporation of India Limited in
1983. The company is wholly managed by the Government of India and is under the administrative control of Ministry of Commerce.

The covers issued by ECGC can broadly be divided into four groups:

(i) Standard policies issued to exporters to protect them against payment risks involved in exports on short-term basis. The two types of policies issued under this are (a) Shipment policy, and (b) Control policy. The commercial and political risks are covered under these policies. However, certain risks, viz., those arising from disputes as regard quality of goods or exchange fluctuation risks, etc. are not covered.

(ii) Financial guarantees issued to banks to protect them from risks of loss involved in their extending financial assistance to an exporter both at pre and post-shipment stages. There are two guarantees under this scheme namely, (a) Whole turnover packing credit guarantee (WTPCG) and (b) Whole turnover post-shipment export credit guarantee (WTPSG). The risks covered under both the guarantees are:

- Insolvency of the exporter, and
- Protracted default by the exporter to pay the amounts due to the bank.

(iii) Specific policies issued to protect the Indian firms against payment risks involved in (a) exports on deferred terms of payment, (b) services rendered
to foreign parties, and (c) construction work and turnkey projects taken abroad.

(iv) Special schemes, such as transfer guarantee to protect banks which add confirmation to letters of credit opened by foreign banks, exchange fluctuation risk insurance, insurance cover for buyer’s credit, etc.

Therefore, ECGC, as an insurance agency plays a very pivotal role towards export promotion of the country. With a view to eliciting the perceptions of the exporters as regards the efficacy of ECGC, a specific questions was asked as to whether they were satisfied with the existing system of issuance of standard policies by ECGC. The response pattern (Table 6.11) reveals that an overwhelming majority of the respondents - 59 out of 68 (87%) replied negatively expressing their dissatisfaction with the performance of ECGC.

The major problems identified by the exporters in this regard relate to:

(i) Setting up of buyer-wise limits - The issue identified here was the excessive delay on the part of ECGC to set up the said limits,

(ii) Delay in settlement of claims, and

(iii) The cumbersome procedures involved in transactions entered.

Consequently, to a separate query namely, if the exporters would like to have a separate institutional arrangement for protecting them against the possible financial losses arising out of financial inability/bankruptcy/ insolvency of the overseas buyers, almost all
the respondents (64 out of 68) expressed their opinion favouring the proposal. This means that, irrespective of the fact whether the exporters are satisfied or not with the performance of the ECGC, majority opinion favoured the formation of a separate institutional arrangement towards providing debt-insurance against business losses.

6.4 Awareness of International Factoring

As already mentioned in the introductory chapter, the research undertaken is an exploratory one. Therefore, one of the aspects which the researcher wanted to test was as to whether there is sufficient awareness about the concept of international factoring among the likely users, namely the exporters. Keeping this in view, the response was sought from the exporters in regard to whether they were aware of the concept of international factoring before receipt of the questionnaire. The response pattern is given in the Table 6.12 which reveals that 47 per cent of the respondents were not aware of the concept. Therefore, it is imperative that, with a view to improving the awareness about this innovative financial product, lot of marketing efforts are needed. However, this is true for every innovative financial service.

6.5 Potential Use of International Factoring

Even if international factoring services are introduced in the country, there is no guarantee that the exporters would avail of the same. It depends on their perception regarding the envisaged utility of the product. To a specific query namely, if the
exporters would like to avail of the international factoring services, in case the same are introduced in the country, the response pattern has been as in the Table 6.13.

The analysis of the response reveals that nearly half of the exporters (56%) are willing to avail of the international factoring services once the same are introduced. However, about 1/4th (23%) of the respondents were not sure, probably on account of their lack of total awareness regarding the potential use of the facility. Twenty-one percent respondents were not in favour of using the facility. This may be due to any of the following:

(i) They are satisfied with the existing system,
(ii) They are not fully aware of factoring facilities, and
(iii) They are not fully convinced about the benefits of factoring.

6.6 Types of Services Required

The details of the services that can be provided by an international factor are already explained in the Chapter 2. Opinions were sought as to which of the services the respondents would like to avail of, in case the international factoring services were introduced. The response pattern for the above is given in the Table 6.14.

The response shows that overwhelming majority of the respondents are interested in availing of the following three services:

(i) Finance against Trade Debts (85% respondents),
(ii) Debt Insurance Facility (84% respondents), and
A very small proportion of the respondent exporters sought for sales ledger maintenance (12%) and consultancy services (4%). This also reinforces the consistency of the response pattern that the respondents were quite happy about their existing system of sale ledger maintenance.

6.7 Possible Benefits of International Factoring Services

The main hypothesis of the study was that with the introduction of international factoring in India, other variables remaining the same, (i) exports of the country, and (ii) profits of the exporting enterprises, increase and realisation of export receivables becomes quicker. Reverse is the case when international factoring is not there. In absence of quantitative data, as international factoring is not-existent in India, broad indication regarding the relationship stated above, was examined on the qualitative perceptions of the exporters.

A specific question asked in this regard related to the perceptions of the exporters regarding the extent of possible benefits that the availment of international factoring may bring into their business. The benefits listed in this regard were:

(i) Increase in exports,
(ii) Increase in profits,
(iii) Improvement in cash-flow position,
(iv) Improvement in collection period,

(iii) Collection of Trade Debts (62% respondents).
Security against bad debts,

Lessening of work load,

Others (if any).

The exporters were requested to rate their perception from 1 to 5 scale where, 1 = significant effect, 2 = some effect, 3 = not much effect, 4 = little effect and 5 = no effect at all.

The response pattern is given in the two-way Table 6.15.

The analysis reveals the following trends:

(i) Maximum number of the respondents (61.76%) have considered the significant effect to be in the area of providing security against bad debts, followed by improvement in collection period (50%) and improvement in cash-flow position (45.59%). There was none to state that there will be no effect at all on the provision of security against bad debts by availing of international factoring services.

(ii) The least number of respondents considered the international factoring to have significant effect on two areas, namely increase in exports (35.29%) and lessening of work load (33.82%).

(iii) However, if we combine the two columns, namely "significant effect" and "some effect", the areas in which the exporters have perceived to have
benefits as a result of availing of international factoring services, in descending order, are as follows:

(a) Security against bad debts - 82.35 per cent
(b) Improvement in collection period - 73.53 per cent
(c) Improvement in cash-flow position - 72.06 per cent
(d) Lessening of work load - 70.58 per cent
(e) Increase in profits - 64.71 per cent
(f) Increase in exports - 51.47 per cent

This shows that majority of the respondents have perceived benefits to some degree in all the parameters contained in the question. This also validates reliability of the data in as much as this response pattern broadly agrees with the response received under the head "Types of services required" wherein the over-whelming majority of the respondent exporters sought mainly the three services, namely (i) Finance, (ii) Debt insurance, and (iii) Collection facility. Since providing finance coupled with efficient collection facility improves the cash-flow position, the two response patterns have significant convergence.

Theoretically, the framework of international factoring and its resultant impact can be described by the following logical sequencing:
1. Flexible financing + Efficient collection service -------> Improvement in cash-flow

2. Improvement in cash-flow -------> Quick turnover -------> Improvement of productivity of resources -------> Improvement in profitability (other variables remaining the same).

3. Improvement in profitability -------> Improved bias for exports (domestic factors remaining the same).

Therefore, the perception analysis of the respondent exporters tends to prove the hypothesis that, if international factoring services are introduced, the same may result in

(i) Quick realisation of export receivables, and

(ii) Improvement of productivity of resources which may ultimately lead to promotion of exports.

6.8 Pricing Aspects of Factoring

Pricing of any new financial product is of vital importance to influence its success. This is more so in respect of international factoring, as the existing export finance is provided by the banks at a concessional rate. Therefore, a specific question was asked as to how much the exporters were ready to pay towards factoring facilities. The response pattern reveals the following trend:

(i) For finance charges, it should not be more than the existing bank interest.
Administrative charges should be as minimum as possible, the range being between 1 - 1.25 per cent of the projected turnover of the exporter(s).

6.9 Provider of Service

For the success of any financial product, the role of provider assumes great importance because of the concept of "inseparability" between the service and the provider. As is known, the existing export finance is provided by banks. The bank sponsored subsidiaries are offering domestic factoring services. This means that as on date, the private sector operators are not in existence for either export or domestic factoring facilities.

Therefore, with a view to eliciting the views of the exporters in this regard, it was enquired of them that, if international factoring services were introduced, who should provide the same. The response (Table 6.16) shows that overwhelming majority (82%) of the respondents were in favour of the banks or the bank-sponsored subsidiaries to be the providers of the service. This is possibly on account of the fact that they were well acquainted with the functioning of the banks and were convinced that the banks could provide such service quite efficiently. The existing good performance of the domestic factoring companies could be the other possible reason.

6.10 Relationship Dilemma

If the banks themselves start international factoring services departmentally, factoring may not have effect on the portfolio of the banks. But, if this service is offered
by other organisations, including the bank-sponsored subsidiaries, there is a probability of banks loosing some good business to the factors. This has happened in the scenario of domestic factoring as a result of which sometimes banker and factor consider themselves as competitors. The debate regarding fostering good relationship between the banker and the factor has, thus, assumed great importance. This possibility does exist in case of international factoring too.

Therefore, perception of the exporters was sought as to whether according to them, availing of factoring services would adversely affect their relationship with their existing bankers. However, the interesting revelation has been that 75 per cent of the respondents felt that this would not happen (Table 6.17). If this perception comes true, it would, indeed, be a happy phenomenon for factoring to succeed in India.

6.11 Summary of Views of the Exporters

(i) There are some vital drawbacks of the existing system of export finance backed by letters of credit in as much as the importers, especially belonging to developed countries are not inclined to open the same. The other drawbacks include the costly nature of the financing and cumbersome procedures involved. Doctrine of strict compliance is the other contributing factor.

(ii) The exporters face some problems in realisation of export receivables. The major factors responsible for the same include absence of any specialised
agency to chase the debts, reluctance on part of some of the importers to pay back the debts on due-dates, and the banks' procedures of recalling the amount advanced promptly on due dates without looking into the problems of the exporters.

(iii) The exporters, in general, are satisfied about the present arrangements for administering their sales ledger.

(iv) There is substantial dissatisfaction regarding the performance of Export Credit Guarantee Corporation (ECGC) of India Limited. These primarily relate to delays on the part of ECGC in respect of both setting-up buyer-wise limits and settlement of claims. Majority of the exporters are in favour of having a separate institutional arrangement for providing them debt insurance against business losses.

(v) Majority of the exporters are inclined to avail of international factoring services, if introduced in India. However, they would mainly like to avail of some of the specialised services, namely (a) Finance, (b) Debt insurance, and (c) Collection facility. The other two facilities namely, (a) Sales ledger administration, and (b) Consultancy services are of least importance in their priority list.

(vi) Majority of the exporters have perceived, that as a result of availment of international factoring services, the three areas of their business that would
have "significant" or "some" effect are, (a) Security against bad debts, (b) Collection period, and (c) Cash-flow position. However, the other areas, namely (a) Work load lessening, (b) Increased profits, and (c) Increased exports would also be affected in a positive manner according to roughly 1/3rd of the respondents.

(vii) As regards pricing of factoring services, the finance charges should not be more than the existing bank interest and administrative charges should be kept as minimum as possible, the range being between 1 - 1.25 per cent of the projected turnover.

(viii) Majority opinion is in favour of banks or bank-sponsored subsidiaries to provide international factoring services. Further, availing of factoring services is not likely to affect the relationship of the exporters with their bankers.
Part II

Views of the Bankers

6.12 Profile of the Respondents

Questionnaires were sent to General Managers (International Banking) of 28 public sector banks out of which 12 responded. Discussions were held with 8 of the 12 executives who responded to the questionnaires to elicit further information and clarification. In addition, discussions were held with 85 banker participants who had attended the various training programmes at National Institute of Bank Management, Pune during the years 1991 and 1992, in either general management programmes (Bank Management Programme and Management Education Programme) or programmes in international trade, finance and banking. The respondent executives were in the Scale II (Middle management) to Scale V (Senior management) and their age ranged between 32 and 54 years. Thus, the total sample comprised of 97 bank executives.

Questions asked were mainly open-ended ones. The response-analysis is discussed in the following paragraphs.

6.13 Assessment Regarding Future Prospects of International Factoring in India

Overwhelming majority of respondents (89 out of 97) have opined that the future of international factoring in India is bright. The scope for this type of activity has been analysed by them in the following context:

(i) Indian exporters today require the foreign importers to open letters of credit in their favour - whether the export is on cash or usance basis. For the importer, opening LC is an irritant, and the trade between the developed countries is moving away from LC-terms. Thus, the Indian
exporters are put to a disadvantage. With the introduction of export factoring, this irritant will be removed. In the present day context of foreign exchange crisis, this will be a boon to the Indian exports.

(ii) Indian importers, similarly, are opening LCs in favour of foreign exporters. Foreign LCs opened by Indian banks are ensuring two things: firstly, compliance with import licensing formalities, and secondly, payment on presentation of documents on due dates (in case of usance). As imports are substantially getting liberalised, the first issue is becoming less important. Further, if import factoring is introduced in the country, the second issue will be effectively taken care of, obviating the need to open LCs by the importers.

6.14 Likely Problems and Solutions Thereto

Response was sought as to the nature of the problems that are likely to be encountered while launching international factoring in the country. The respondents were also asked to offer suggestions for overcoming the problems.

6.14.1 Problem Areas

The main problems identified by the respondents related to:

(i) Legal problems relating to assignment of debt, with special reference to existing Foreign Exchange Regulation Act (FERA), 1973 provisions.

(ii) Transmission of funds to Indian factoring companies (that is, Should factors become authorised dealers under FERA?).

(iii) Managing exchange rate fluctuations by the factor.
(iv) Managing political and funds repatriation risks, which are not covered by the import factors abroad.
(v) Pricing aspects as the cost of factoring may be high compared to the present cost of obtaining post-shipment export finance from banks.
(vi) Tie-ups with counterparts abroad, particularly in the developing/less developed countries to which destination Indian exports are made.
(vii) Management of import factoring. As factoring companies are likely to be few and geographically not well spread and the credit information services are not well established, the not-so well reputed importers are not likely to be benefited.
(viii) Lack of knowledge relating to factoring on part of the exporters, importers and even the bank executives.

6.14.2 Suggestions

The suggestions offered by the bank executives to overcome the problems stated above are as follows:

(i) Recommendations of the RBI working group (Kalyanasundaram Committee) should be implemented. These include, certain amendments to Foreign Exchange Regulation Act as well.

(ii) Companies permitted to handle international factoring should be accorded the status of authorised dealers under the Foreign Exchange Regulation Act.

(iii) As authorised dealers, factoring companies should be permitted to book forward contracts, as bankers do presently.
(iv) Factors should take upon themselves the commercial risks and have an arrangement with Export Credit Guarantee Corporation (ECGC) of India Ltd. to cover political risks.

(v) Factors are to be given interest subsidy for the prepayment allowed by them so that their terms of credit become similar to those of bank financing. Further, exporters should be permitted to negotiate for payment of factor's fees only in Rupees, in India, and not either by remittance in foreign exchange or by deduction of fees from realised proceeds.

(vi) Indian factors should develop correspondent relationship with the factors abroad.

(vii) Import factoring may have to be restricted till geographical spread of factoring and credit information services improve.

(viii) Marketing strategies may have to be adopted to popularise the concept. Bank staff have to be given training in factoring for creating awareness as well as developing expertise.

6.15 Nature and Extent of Competition

International factoring, once it stabilises in India, is likely to take away some business from the banks. It will obviously provide an alternate window to the exporters for getting not only finance but also the other allied services. Therefore, it is expected that with the growth and development of factoring, the competition between the banker and the factor would increase.
Therefore, opinions were sought from the respondents as to how they envisage the nature and extent of competition between on international factoring agency (say, a subsidiary of a bank) and the bank providing export financing.

The response has been varied. Half of them (53%) felt that the competition in days to come is going to be intense. One extreme view has been that a situation may arise wherein the banks would even start financing exports without insisting on LCs, merely on ECGC cover. This act may eventually reduce the business value for the factors. However, the other view (47% of respondents) has been that the competition between factoring agencies is not likely to be significant, at least in the beginning. The main aspects of competition would be in the areas of cost factor and providing collection services in the countries where both factoring and banking facilities are not abundantly available. Therefore, in the opinion of this group of respondents, exporters in India would still prefer to transact through banks rather than factors, wherever the exports are destined to developed/developing countries.

To a subsequent question if, according to the respondents, the introduction of international factoring, would gradually replace the letters of credit backed export-finance in India, the overwhelming majority (94%) replied in negative. Even the remaining 6 percent of the respondents who gave a positive response were of the opinion that this would eventually be a long-drawn process. Further, the extent of replacement would also depend on whether packing credit is also offered by the export factor or not. However, this facility is not normally provided by the factors.

This shows that bank executives, in general, do not envisage a situation of the total extinction of LC backed international trade transactions. This is quite in tune with the
international experience in as much as that even in the countries with very well developed factoring network, factoring has never been able to replace totally the LC backed export credit.

Further, funds deployed in foreign documentary demand bill, also would remain intact in a situation where the exporter is not willing to offer credit. Thus replacement, if any, would take place only in respect of export bills drawn on usance basis.

6.16 Areas of Cooperation

If the experiment of initiation of international factoring services is to be a success, the close cooperation between the banker and the factor is imperative. Therefore, views were sought from the bank-executives as to the possible areas of cooperation between a banker and an international factor. The areas identified by the respondents in this regard are as under:

(i) Banks can provide packing credit (pre-shipment finance) against firm export contracts (but without LCs) and get them adjusted by prepayments drawn by the exporter from the factor.

(ii) Banks can handle documents as authorised dealers, on behalf of the export factor.

(iii) Banks on behalf of the export factor, can book the forward contracts on account of the exporter.

(iv) In respect of their own borrower customers (importers), the banks can assist the Indian import factor in getting the invoices realised.

(v) Banks can provide import financing to the exporter in respect of his imports of raw materials or capital goods.
6.17 Perception Regarding Possible Benefits of Factoring

Perception of the bankers regarding the possible benefits of international factoring was considered very important to analyse the whole gamut of the exploratory work. The reasons were mainly on account of their knowledge of international trade and finance and analytical ability to assess the impact of a new financial product likely to be launched in their own areas of operation (Respondents were mostly handling international banking operations). The list of benefits identified for their response were:

(i) Improvement in exports of the country,
(ii) Expeditious collection of export trade debts, and
(iii) Improvement in profitability of the exporters availing of the factoring service.

The response was sought only in affirmation (yes) or negation (no) meaning thereby whether they felt that introduction of international factoring services in India would help in achieving the above objectives or not. The response pattern is given in the Table 6.18.

The analysis reveals that majority of the respondents have felt that there will be improvement in all the three parameters on introduction of international factoring services. However, the overwhelming majority (84%) of the respondents have expressed in favour of improvement in exports. This is possibly due to their better appreciation of macro-aspects of the economy. These findings reinforce the validity of the hypothesis of the study regarding possible benefits of introduction of international factoring in the country.
Willingness of the management and the organisational preparedness are the two essential pre-requisites for initiating any new financial activity. With a view to eliciting the extent of willingness on part of the bankers, a specific question was asked namely, if the respondents wished that their bank(s) should launch the international factoring services. The response has quite been mixed (Table 6.19).

The response shows that, while 43 per cent of the respondents expressed the willingness that their bank should start international factoring service, 39 per cent expressed their opinion in the negative form. A substantial number of respondents (18%) were non-committal. This shows that many of the bankers are not very sure about the future prospects of this service; or they have hesitation to enter into an unknown arena. This reinforces the promise that a lot of marketing efforts are needed to popularise this concept.

The bank-executives who offered positive response were further requested to indicate the areas in which organisational preparedness on the part of the bank is required. The important suggestions offered in this regard have been as under:

(i) Commitment of the top management,
(ii) Training intervention,
(iii) Marketing strategies,
(iv) Development of systems and procedure including internal control, and
(v) Inter-bank cooperation.

6.18 Organisational Preparedness

Willingness of the management and the organisational preparedness are the two essential pre-requisites for initiating any new financial activity. With a view to eliciting the extent of willingness on part of the bankers, a specific question was asked namely, if the respondents wished that their bank(s) should launch the international factoring services. The response has quite been mixed (Table 6.19).

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(iv) Development of systems and procedure including internal control, and
(v) Inter-bank cooperation.

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One of the banks which has a domestic factoring subsidiary has observed as under:

"International factoring could be accommodated as an additional service by the same company (i.e. the domestic factoring subsidiary). The set-up at our factoring subsidiary has to be strengthened to take care of additional responsibilities. It is not advisable for any bank to have a separate organisation only for international factoring. It is desirable to have ECGC as one of the co-promoters of a public sector factoring company which would like to take up international factoring services".

6.19 Summary of Views of the Bank Executives

(i) The prospects for both export and import factoring in India are bright.

(ii) Several problems are likely to be encountered while launching international factoring services. These relate to the legal complications including existing inhibiting provisions of FERA, managing exchange rate fluctuations and political/transfer risks, and pricing aspects. Lack of knowledge on the part of the exporters, importers and even bank executives has been the other area of concern. Management of import factoring may also pose a problem in view of limited geographical spread of the existing factors and undeveloped state of credit information system in the country.

(iii) Regarding the extent of competition between the banks and the factoring companies, the response has been mixed. One view was that the competition would be intense, while the other was not so in the near future. However, it was strongly felt that international factoring, even if
introduced in India, would not be able to replace LC backed export financing.

(iv) There is a need for development of close cooperation between the banker and the factor. The main areas in this regard have been identified as banks continuing to provide pre-shipment finance to be adjusted out of proceeds of factored debts, banks negotiating the documents, providing forward cover, assisting the import factor in realisation of the import invoices, etc.

(v) Majority of the respondents have perceived that introduction of international factoring in the country would help in improving the exports, expeditious collection of trade debts and improving the profitability of the exporters.

(vi) As regards willingness to launch factoring services, the response has been mixed. One section of the respondents were in favour of their banks starting this activity while the others were not in its favour. Further, the respondents who supported the view that their banks should undertake international factoring business felt that organisational preparedness is necessary before it was launched. The major areas of organisational preparedness identified in this regard were commitment of top management, training intervention, proper marketing strategies, development of systems and procedures including internal control, etc.
PART III

VIEWS OF EXISTING FACTORING COMPANIES

6.20 Profile of the Respondents

Copies of the questionnaire were sent to both the existing factoring companies namely, SBI Factors and Commercial Services Pvt. Ltd. and Canbank Factor Ltd. Responses were received from both of them. Questions asked were a combination of closed-ended and open-ended ones. The analysis of the responses received is contained in the following paragraphs.

6.21 Assessment Regarding Future Prospects of International Factoring in India

Both the respondents have considered the future prospects as bright. The scope of this type of activity has been analysed by them in the following context.

(i) If export factoring is introduced in India, it would evoke positive response from Indian exporters, especially small exporters and new entrants who find it difficult to secure LCs for their exports.

(ii) It is observed that the goods exported from India comprise nearly 38 percent on LC terms and 62 percent on non-LC terms. This is primarily because, in respect of exports on "open account" basis terms of payment are more attractive. Therefore, export factoring has a bright prospect.

(iii) Similarly, while availing of import factoring services, Indian importers would be able to expand their purchasing power without having to use their existing bank credit lines. Further, no LC commissions or bank
charges need to be incurred by the importers as the factoring charges are borne by the overseas exporters.

6.22 Types of Services to be Offered

In response to the question as to which of the services they would like to offer once they have obtained the necessary permission to start international factoring services in the country, both the respondents were unanimous in their response in as much as that they would like to offer both export and import factoring, however, only on with-recourse basis. Since in export factoring the cover for bad debt protection is offered by the import factor, this response is appropriate for import factoring cases. This shows that the Indian factoring companies are quite cautious and conservative in their approach.

6.23 Tie-Up Arrangement with ECGC

Since Export Credit Guarantee Corporation (ECGC) of India Ltd. is already providing insurance facilities to the exporters against insolvency/bankruptcy of the importers, a specific question was asked namely, "If the factoring companies during their operations would like to enter into tie-up arrangements with ECGC." Surprisingly, both the respondents have replied in the negative. This clearly implies that, like the exporters (based on their responses discussed earlier) the factoring companies are also not implicitly happy with the functioning of ECGC. They would rather prefer to work on a correspondent relationship with the import factors who would provide the necessary debt insurance facilities.

6.24 Membership of International Chain

As discussed earlier, two major chains/associations of factoring organisations are in existence namely, International Factors Group and Factors Chain International. The
essential objective of both the chains/associations is to develop better and more efficient international factoring based on their correspondent relationships. Therefore, not surprisingly in response to a specific question, both the respondents replied affirmatively in favour of the idea of becoming a member of the chain. Both of them have shown their positive inclination to become the member of Factors Chain International (FCI), Amsterdam. Rather, SBI Factors and Commercial Services Pvt. Ltd. have informed that they have already become the Associate Member of the above group.

6.25 Pricing of Services

One of the important issues for consideration while launching international factoring services in the country is the pricing aspect. It should not only be competitive with the existing bank charges (for export credit) but also be commensurate with the services to be provided. Therefore, a specific question was asked as to what were their proposed charges for pricing international factoring services. The response has been quite vague. Since international factoring has not been undertaken by them, they were not clear in their reply. However, the respondents have made their intention clear that besides the finance charges (which would be similar to the bank charges while negotiating the export documents), their administrative charges (service charges for providing the other facilities including debt insurance) would be in the range of 1 to 2.5 per cent which is also the international standard.

6.26 Market Research

To a specific question if they have conducted any market research to determine potential of international factoring in the country, both the respondents responded in the
negative. This implies that, as stated earlier, there is substantial gap in literature as far as international factoring is concerned.

6.27 Problem Areas And Suggestions

Response was sought as to the nature of the problems that are likely to be encountered while launching the international factoring in the country. The respondents were also requested to offer suggestions for overcoming the problems.

6.27.1 Problem Areas

The main problems identified by both the respondents related to:

(i) Trade barriers among different countries of the world.
(ii) Searching avenues/new market for export of non-traditional goods.
(iii) High import duty rates.
(v) Stamp duty on debt assignment.
(vi) Registration of assignment.
(vii) Non-availability of charge on factored receivables.
(viii) Raising resources from share-holder banks/inter-bank market.
(ix) Absence of credit information services.

6.27.2 Suggestions

The suggestions offered by the factoring companies to overcome problems mentioned above are as follows:
(i) The issues relating to international factoring need to be resolved by the Reserve Bank of India to make factoring service an effective export promotion tool.

(ii) Foreign Exchange Regulation Act (FERA), 1973 needs to be amended. These issues are discussed in a subsequent chapter (8).

(iii) Free access to flexible resources by borrowings from shareholder banks/inter-bank market be permitted to the factoring companies to allow continuous availability of cheap resources.

(iv) Factored debts should be considered outside the purview of the banks’ charge on receivables as factoring companies are finding it extremely difficult to secure waiver letters or letters of disclaimers from banks.

(v) All factoring assignments should be made totally exempt from stamp duties.

(vi) Government is to provide arrangements for registration of factoring assignments. This would facilitate the factoring companies to obtain legal and publicly notifiable status to the charge vis-a-vis other creditors.

6.28 Nature and Extent of Competition with Banks

A specific question was asked eliciting the perception of the respondents regarding the envisaged competition between a banker and a factor. Both the respondents were of the view that the roles would be complimentary rather than competitive. They expressed the opinion that there is a need to develop close cooperation between the factoring companies and the banks providing export credit. Both of them further opined that
international factoring would not be in a position to totally replace letters of credit backed export finance in India.

6.29 Perceptions Regarding Possible Benefits of Factoring

Perceptions of the factoring companies regarding the possible benefits of international factoring were considered crucial. The list of benefits identified for their response are:

(i) Improvement in exports of the country,
(ii) Expeditious collection of export trade debts, and
(iii) Improvement in profitability of the exporters availing the international factoring services.

The response pattern reveals that, according to both the respondents, introduction of international factoring in the country would have a positive impact in respect of all the three parameters stated above. This finding also reinforces the validity of the hypothesis of the study regarding envisaged benefits of launching international factoring services in the country.
6.30 Concluding Remarks

This chapter discussed the findings and analysis of the perception of three major players involved in the game of international factoring, namely (i) exporters, (ii) bankers, and (iii) existing factoring companies. The essential findings have been that, according to exporters, there are some problems and gaps in the existing systems of export financing. According to overwhelming majority of the respondents in all the three categories, prospects of international factoring, if introduced in the country, are bright to fill some of the gaps in the existing export-finance market. There is also a felt need for such a new financial product. International factoring, if introduced, would also have a positive impact on collection of export trade debts as well as profitability of the exporting units. It may also help improving the exports of the country. However, there are some problem areas that need to be looked into before international factoring is introduced in the country.

However, one of the important aspects that needs deliberation is the potential of export factoring in India in quantitative terms. This aspect is discussed in the following chapter.
Table 6.1
Profile of Respondent Exporting Units

N = 68

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Constitution</td>
<td></td>
</tr>
<tr>
<td>Sole proprietorship</td>
<td>6</td>
</tr>
<tr>
<td>Partnership</td>
<td>18</td>
</tr>
<tr>
<td>Private Limited Company</td>
<td>24</td>
</tr>
<tr>
<td>Public Limited Company</td>
<td>20</td>
</tr>
<tr>
<td>(b) Number of Years of Business Activity</td>
<td></td>
</tr>
<tr>
<td>Below 5 years</td>
<td>7</td>
</tr>
<tr>
<td>5 - 10 years</td>
<td>24</td>
</tr>
<tr>
<td>10 -15 years</td>
<td>29</td>
</tr>
<tr>
<td>More than 15 years</td>
<td>8</td>
</tr>
<tr>
<td>(c) Nature of Activity*</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>62</td>
</tr>
<tr>
<td>Trading</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>--</td>
</tr>
</tbody>
</table>

*If a unit is engaged in both manufacturing and trading activities, the classification is done on basis of the activity having more than 75 per cent of the total turnover.
<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Industry Classification</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Engineering Products</td>
<td>26</td>
</tr>
<tr>
<td>2.</td>
<td>Electronics</td>
<td>6</td>
</tr>
<tr>
<td>3.</td>
<td>Electricals</td>
<td>14</td>
</tr>
<tr>
<td>5.</td>
<td>Chemicals</td>
<td>4</td>
</tr>
<tr>
<td>6.</td>
<td>Computer Software</td>
<td>2</td>
</tr>
<tr>
<td>7.</td>
<td>Gem and Jewellery</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 6.2

Industry-wise Classification of Respondent Manufacturing Industries

N = 62
Table 6.3

Specialised Status-wise Classification of Respondent Exporting Units

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Specialised Classification</th>
<th>Number of Respondents*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>100% Export Oriented Unit</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Export House</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Trading House</td>
<td>Nil</td>
</tr>
<tr>
<td>4.</td>
<td>Star Trading House</td>
<td>Nil</td>
</tr>
<tr>
<td>5.</td>
<td>Unit in Free Trade Zone</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Unit in Export Processing Zone</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Any Other</td>
<td>Nil</td>
</tr>
</tbody>
</table>

*Number of respondents are not equal to 68 as other units do not fall in any of the specialised categories.
### Table 6.4

**Sector-wise Classification of Respondent Manufacturing Industries**

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Sector</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Registered Small Scale Industry</td>
<td>38</td>
</tr>
<tr>
<td>2.</td>
<td>Non Small Scale Industry</td>
<td>24</td>
</tr>
</tbody>
</table>

*N = 62*
Table 6.5

Turnover-wise Classification of Respondent Exporting Units

N = 68
(Rs. in lacs)

<table>
<thead>
<tr>
<th>Turnover for the Three Years ending March 1990, 1991 and 1992</th>
<th>Number of Respondents</th>
<th>Percentage to the Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25</td>
<td>8</td>
<td>11.76</td>
</tr>
<tr>
<td>25 - 50</td>
<td>18</td>
<td>26.47</td>
</tr>
<tr>
<td>50 - 75</td>
<td>13</td>
<td>19.12</td>
</tr>
<tr>
<td>75 - 100</td>
<td>22</td>
<td>32.35</td>
</tr>
<tr>
<td>More than 100</td>
<td>7</td>
<td>10.30</td>
</tr>
</tbody>
</table>
### Table 6.6

**Export Turnover-wise Classification of Respondent Exporting Units**

\[ N = 68 \]

(Rs. in lacs)

<table>
<thead>
<tr>
<th>Average Export Turnover for the Three Years ending on March 1990, 1991 and 1992</th>
<th>Number of Respondents</th>
<th>Percentage to the Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25</td>
<td>4</td>
<td>5.88</td>
</tr>
<tr>
<td>25 - 50</td>
<td>22</td>
<td>32.35</td>
</tr>
<tr>
<td>50 - 75</td>
<td>14</td>
<td>20.59</td>
</tr>
<tr>
<td>75 - 100</td>
<td>21</td>
<td>30.88</td>
</tr>
<tr>
<td>More than 100</td>
<td>7</td>
<td>10.30</td>
</tr>
</tbody>
</table>
Table 6.7
Satisfaction with Existing System of Export Finance Backed by Letters of Credit

\[ N = 68 \]

<table>
<thead>
<tr>
<th></th>
<th>Satisfied</th>
<th>Not Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>26</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>(38.24)</td>
<td>(61.76)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict the percentage.
### Table 6.8

**Problem in Realisation of Export Receivables**

\[ N = 68 \]

<table>
<thead>
<tr>
<th>Problems Faced</th>
<th>No Problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>(57.35)</td>
</tr>
</tbody>
</table>

*Note: Figures in the parenthesis depict the percentage.*
Table 6.9
Difference in Experience with Different Countries (Realisation of Export Receivables)

N = 68

<table>
<thead>
<tr>
<th>Existence of Difference</th>
<th>No Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>32</td>
</tr>
<tr>
<td>(47.06)</td>
<td>(52.94)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict the percentage.
Table 6.10
Maintenance of Sales Ledger

\[N = 68\]

(a) Present Set-up

<table>
<thead>
<tr>
<th></th>
<th>Self Managed</th>
<th>Part-time Accountant</th>
<th>Full-time Employee</th>
<th>No Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>16</td>
<td>18</td>
<td>32</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(23.53)</td>
<td>(26.47)</td>
<td>(47.06)</td>
<td>(2.94)</td>
</tr>
</tbody>
</table>

(b) Whether Existing Arrangements are Adequate

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>No response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>43</td>
<td>23</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(63.24)</td>
<td>(33.82)</td>
<td>(2.94)</td>
</tr>
</tbody>
</table>

Note: Figure in the parenthesis depict the percentage.
Table 6.11
Satisfaction in Dealing with Export Credit Guarantee Corporation (ECGC) of India Ltd.

N = 68

<table>
<thead>
<tr>
<th>Satisfied</th>
<th>Not Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>(13.24)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict the percentage.
Table 6.12
Awareness Regarding International Factoring

<table>
<thead>
<tr>
<th></th>
<th>Aware</th>
<th>Not Aware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>36</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>(53)</td>
<td>(47)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict percentage.
Table 6.13
Exporters' Perceptions Regarding Possible Availment of International Factoring Services

<table>
<thead>
<tr>
<th></th>
<th>Willing to Avail of</th>
<th>Not Willing to Avail of</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>38</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>(56)</td>
<td>(21)</td>
<td>(23)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict percentage.
Table 6.14
Types of Facilities Solicited by Exporters
(in percent)

<table>
<thead>
<tr>
<th>Facility</th>
<th>(in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance against Trade Debts</td>
<td>85</td>
</tr>
<tr>
<td>Collection of Trade Debts</td>
<td>62</td>
</tr>
<tr>
<td>Maintenance of Sales Ledger</td>
<td>12</td>
</tr>
<tr>
<td>Debt Insurance Facility</td>
<td>84</td>
</tr>
<tr>
<td>Consultancy Services</td>
<td>4</td>
</tr>
<tr>
<td>Others</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Note: Total will not be 100 as more than one service was sought for by the exporters.

N = 68
Table 6.15

Perceptions of Exporters Regarding Possible Benefits of International Factoring on Their Business (in per cent)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Significant Effect</th>
<th>Some Effect</th>
<th>Not Much Effect</th>
<th>Little Effect</th>
<th>No Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in Exports</td>
<td>35.29</td>
<td>16.18</td>
<td>26.47</td>
<td>8.82</td>
<td>5.88</td>
</tr>
<tr>
<td>Increase in Profits</td>
<td>41.18</td>
<td>23.53</td>
<td>19.12</td>
<td>2.94</td>
<td>7.35</td>
</tr>
<tr>
<td>Improvement in Cash-flow Position</td>
<td>45.59</td>
<td>26.47</td>
<td>13.24</td>
<td>7.35</td>
<td>4.41</td>
</tr>
<tr>
<td>Improvement in Collection Period</td>
<td>50.00</td>
<td>23.53</td>
<td>17.65</td>
<td>2.94</td>
<td>4.41</td>
</tr>
<tr>
<td>Security against Bad Debts</td>
<td>61.76</td>
<td>20.59</td>
<td>11.76</td>
<td>5.88</td>
<td>0.00</td>
</tr>
<tr>
<td>Lessening of Work Load</td>
<td>33.82</td>
<td>36.76</td>
<td>11.76</td>
<td>7.35</td>
<td>7.35</td>
</tr>
<tr>
<td>Others</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Note: Total would not come to 100 as there were a few non respondents.
Table 6.16
Perceptions of Exporters Regarding Providers of International Factoring Services

<table>
<thead>
<tr>
<th></th>
<th>Banks</th>
<th>Bank Sponsored Subsidiaries</th>
<th>Private Factoring Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>46</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>(67)</td>
<td>(15)</td>
<td>(18)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict percentage.
Table 6.17

Effects on Relationship with Existing Bankers

N = 68

<table>
<thead>
<tr>
<th>Relationship will be Affected</th>
<th>No Effect on Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>(25)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict the percentage.
### Table 6.18

Perceptions of Bank Executives Regarding Possible Benefits of International Factoring in India

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement in Exports</td>
<td>81 (84)</td>
<td>14 (14)</td>
</tr>
<tr>
<td>Expeditious Collection of Export Trade Debts</td>
<td>68 (70)</td>
<td>25 (26)</td>
</tr>
<tr>
<td>Improvement in Profitability of the Exporters</td>
<td>65 (67)</td>
<td>30 (31)</td>
</tr>
</tbody>
</table>

**Notes:**

(i) Figures in the parenthesis depict percentage.

(ii) Total number of respondents do not tally with 97 as there were some non-respondents.
Table 6.19

Willingness of the Bank Executives to Launch International Factoring Services

<table>
<thead>
<tr>
<th></th>
<th>Positive Response</th>
<th>Negative Response</th>
<th>No Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td>42</td>
<td>38</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>(43)</td>
<td>(39)</td>
<td>(18)</td>
</tr>
</tbody>
</table>

Note: Figures in the parenthesis depict percentage.