



**A presentation on**  
**Exim Bank Initiatives in facilitating International Trade**

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# **Exim Bank – An Overview & Initiatives**

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# *Exim Bank of India*



## **THE GENESIS**

- SET UP BY AN ACT OF PARLIAMENT IN SEPTEMBER 1981**
- WHOLLY OWNED BY GOVERNMENT OF INDIA**
- COMMENCED OPERATIONS IN MARCH 1982**
- APEX FINANCIAL INSTITUTION TO PROVIDE MEDIUM AND LONG TERM EXPORT FINANCE**



# *Objectives*



*“for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country’s international trade...”*

*“... shall act on business principles with due regard to public interest”*

**(Export-Import Bank of India Act, 1981)**



# *Evolving Vision*



**Product Centric Approach**



**Export Credits**  
1982-85

**Export Capability Creation**  
1986-94

**Customer Centric Approach**

**Comprehensive Range of Products And Services**  
– All Stages of the Business Cycle –  
**Exim Bank TODAY**

“To develop commercially viable relationships with a target set of externally oriented companies by offering them a comprehensive range of products and services, aimed at enhancing their internationalisation efforts”

**Leadership and Expertise in India’s Export Finance**



# Organisation



## OFFICES

### Mumbai

9 Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Pune, Guwahati

5 Washington D.C., Singapore, Budapest, London, **Johannesburg**

## ORGANISATIONAL STRUCTURE

- Customer-centric organisation
- Inter-Office connectivity
- Total Staff < 200



# *Range of Products & Services*



## Presence Across All Stages of Business Cycle

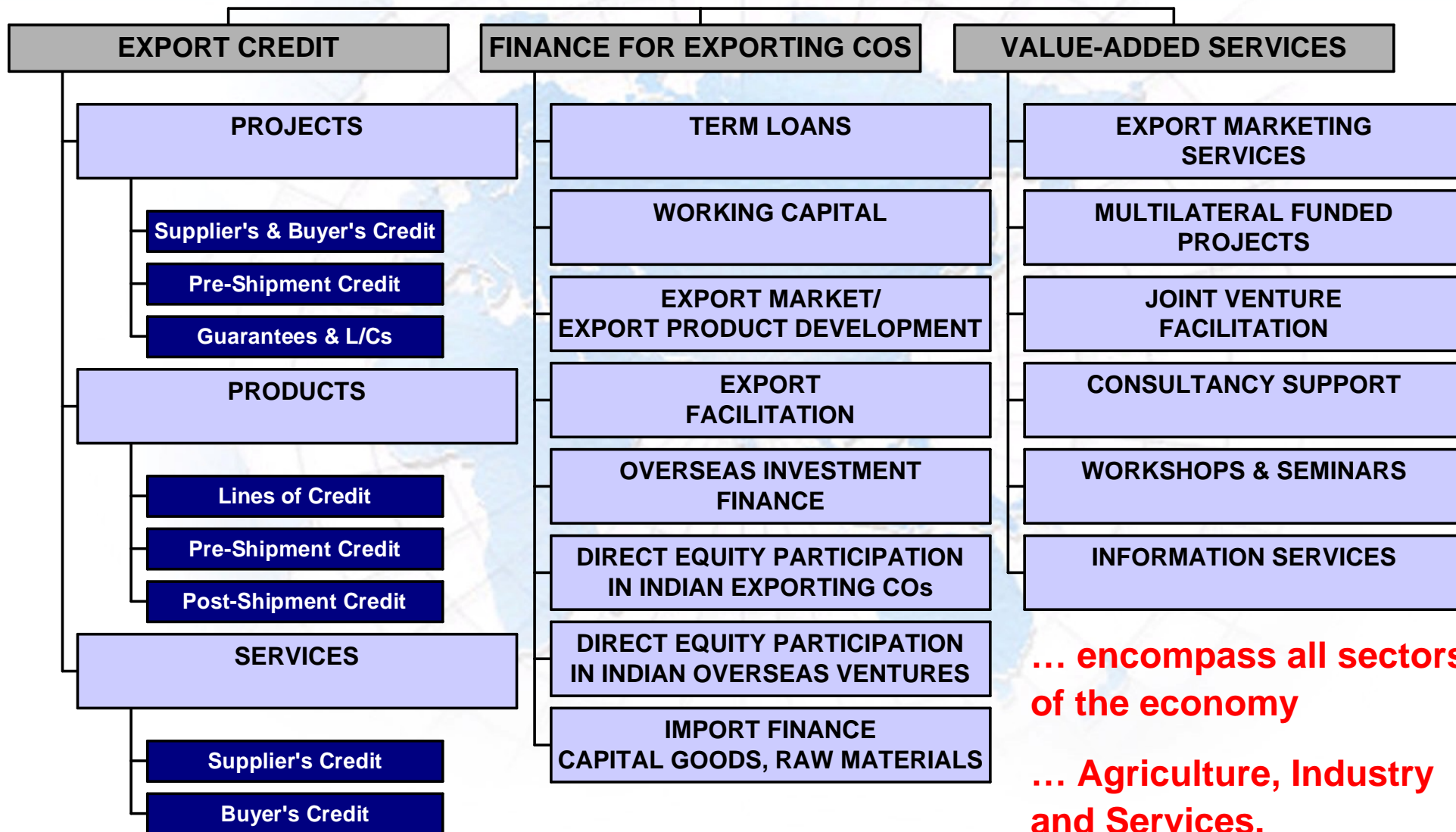


## Value Based Services





# Major Programmes



... encompass all sectors of the economy

... Agriculture, Industry and Services.





# ***Project Exports***



## **Pioneering Role in Promoting Project Exports**

- ❑ **Exim Bank plays a pivotal role in promoting and financing project exports from India. Over the past two decades, increasing number of contracts have been secured by Indian companies in **North Africa, Sub Saharan Africa**, West Asia, South & South East Asia, CIS and Latin America.**
- ❑ **Construction contracts secured during the year include multiple gas transmission pipeline projects in Libya, dualisation and realignment of road in Oman, Luxury Residential Tower & pipeline relocation projects in Qatar, school buildings in Saudi Arabia, and buildings for Dubai Lagoon project in UAE.**



# ***Project Exports***



## **Pioneering Role in Promoting Project Exports**

- ❑ Supply contracts secured during the year included exports of tyres, pharmaceuticals, textiles to countries like Singapore, Switzerland, Turkey, USA etc. Indian companies also secured contracts for export of chemicals, gems & jewellery to Hongkong, Japan & Mauritius as well as export of industrial products.

### **Projects executed with Exim Bank support during 2006-07**

<b>No. of Contracts</b>	<b>:</b>	<b>816</b>
<b>Value of Contracts</b>	<b>:</b>	<b>Rs. 18450 crores</b>
<b>No. of Countries</b>	<b>:</b>	<b>93</b>
<b>No of Companies</b>	<b>:</b>	<b>172</b>



# *Exim Bank Lines of Credit (LOCs)*



## A Catalyst for Trade Promotion

- ❑ Enables import of Indian equipment and technology on deferred credit terms
- ❑ Particularly relevant for small and medium sectors
- ❑ Extended to Overseas Governments, Government agencies overseas, National or regional development banks abroad, Commercial banks abroad
- ❑ GOI Lines of Credit also extended through Exim Bank
- ❑ 73 Operative LOCs currently amounting to US\$ 2.3 billion in more than 83 countries in **Africa**, Asia, CIS and Latin America. Some recent LOCs have been extended to finance and catalyse exports by way of energy transmission and distribution project, electrification projects, export of mango juice and tomato paste processing unit, tractors and water pumps for development of agri sector, supply of food processing equipment for woman poverty alleviation programme, supply of technical & laboratory equipment, scientific equipments, solar electrification project, commercial vehicles, cement plants, sugar plants, upgradation of railway system, setting up of traffic signal system & renovation of refinery.



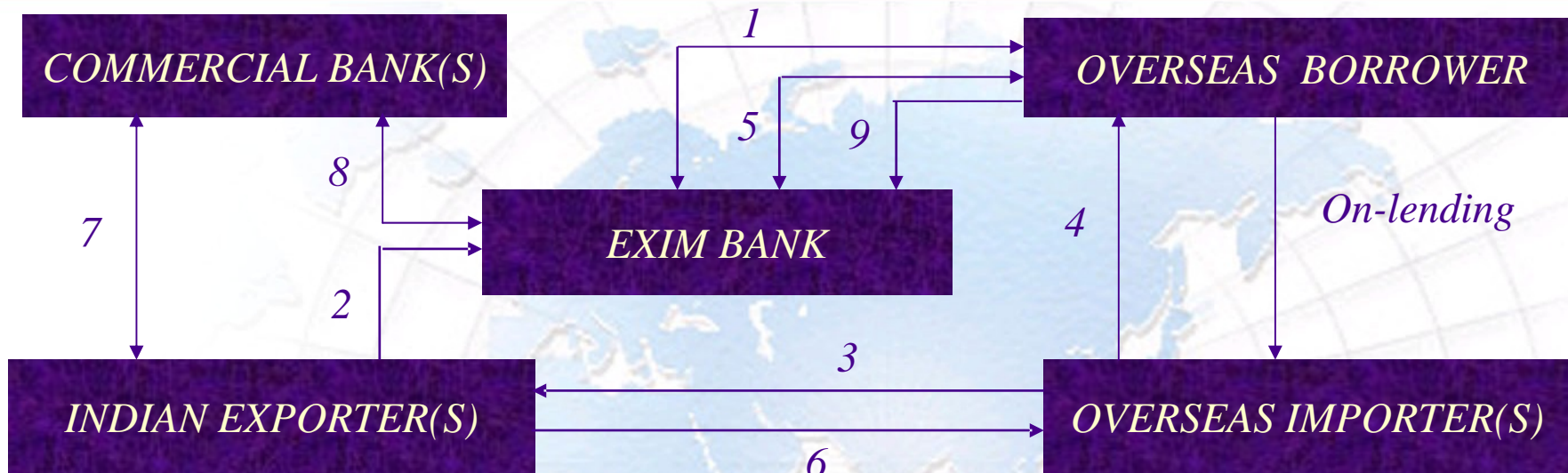
# Benefits under Lines of Credit



- **No recourse to Indian exporters**
- **Exporters get payment on shipment**
- **Lines of Credit: A catalyst for trade promotion**
- **Enables import of Indian equipment and technology on deferred credit terms**
- **Direct exposure on overseas borrowers**
- **Particularly relevant for small and medium enterprises**
- **An arrangement for financing a number of export contracts under one umbrella.**



# Lines of Credit



1. Exim Bank signs agreement with Borrower
2. Exporter checks procedures and Service fee with Exim Bank and negotiates contract with Importer
3. Importer consults borrower and signs contract with exporter
4. Borrower approves contract
5. Exim Bank approves contract and advises borrower and also exporter and commercial bank
6. Exporter ships goods
7. Commercial bank negotiates shipping documents and pays exporter
8. EXIM Bank reimburses Commercial bank on receipt of claim by debit to borrower
9. Borrower repays EXIM Bank on due date



# Lines of Credit (LOCs)



<i>Region</i>	<i>No. of LOCs</i>	<i>No. of Countries</i>	<i>Amount (US\$ mn)</i>
Africa	34	33	1028.37
Asia	8	7	317.76
CIS	4	12	55
Middle East	4	1	250
Europe	3	3	30
LAC	6	13	58



# *Overseas Investment Finance*



**Facilitates value addition, contributes to capacity building & capability creation in host countries**

- ❑ Exim has provided finance to 176 ventures set up by over 147 Indian companies in 54 countries. Aggregate assistance extended for overseas investment ~ Rs. 4962 crores.
- ❑ Term loan towards equity of Indian company (promoter funding); Term loan towards Indian promoter's loans to overseas Joint Ventures (JVs): Term loan or working capital directly to JVs
- ❑ Exim Bank also undertakes direct equity participation in Indian ventures abroad to enhance credibility and acceptability of Indian ventures overseas.
- ❑ Various sectors covered include pharmaceuticals, home furnishings, ready made garments, chemicals and dyes, computer software & IT, engineering goods.



# *Overseas Investment Finance*



- ❑ Other sectors included natural resources (coals and forests), metal & metal processing, and agriculture and agri-based products.
- ❑ Some examples of overseas investments supported by Exim Bank include acquisition of a Spanish company engaged in manufacture of branded generic formulations, acquisition of a large home textiles company in the UK, acquisition of South East Asian largest Design & Build/EPC Company in Singapore, acquisition of an agrochemical company in the Netherlands, acquisition of an oil drilling company in Norway, acquisition of a company in Malaysia which is the owner and operator of the largest integrated pulp and paper mill in Malaysia along with large forest concessions of forest land, setting up of a wholly owned subsidiary in Sharjah, UAE for manufacture of liquid packaging (HDPE Drums).





## AGRI BUSINESS GROUP:



- ◆ The Bank has put in place an **'Agri Business Group'**
- ◆ The Group looks for viable projects and export transactions in agriculture sector.
- ◆ The Bank has set up an **agro-portal**, in-house, which is an IT initiative to promote knowledge-based agriculture enterprise.  
<http://www.eximbankagro.in/>
- ◆ The Bank brings out a bi-monthly newsletter **'Agri Export Advantage'** to facilitate information dissemination in 10 regional languages.



# *Finance for Agri Exports*



- ❑ **Buyer's credit to**
  - ➔ **Olam International, Singapore to finance export of agri commodities from India**
  - ➔ **Emirates Grain Products, Sharjah, to finance export of wheat from India**
  - ➔ **Mohd. Mustafa, Singapore, for financing export of fresh fruits, dairy and processed/packaged food items**
- ❑ **Term loans to export oriented agri/food processing industry with backward linkages to farmers: e.g. gherkin project in Karnataka, herbal food supplements in Kerala, passion fruit project in Manipur, seabuckthorn fruit (Lehberry) in Ladakh, dehydrated onion & banana puree projects in Maharashtra.**
- ❑ **Financing for development and export of Organic Products**
- ❑ **Promoter Member of Small Farmers Agri Business Consortium**
- ❑ **MOU with NABARD, APEDA, Ministry of Food Processing Industries, CFTRI**



# *Small and Medium Enterprises*



- ❑ Bank has taken the initiative to set up an SME Group to address this sector in a focussed manner.
- ❑ A MOU was signed with ITC Geneva, to implement the Enterprise Management Development Services (EMDS) programme of ITC for supporting SMEs in their globalisation efforts.
- ❑ As part of the co-operation arrangement with ITC, an Exim officer is being placed as 'Expert in Residence' at ITC's headquarters in Geneva to acquire special marketing skills to assist SMEs.
- ❑ Both the above initiatives are being launched by ITC for the first time in any country.



# Small and Medium Enterprises



## Agency Credit Line for SME

- ❑ Operated successfully the first ever Agency Credit Line for the SME sector from IFC, Washington for US\$ 15 mn from 1986-1991
- ❑ Exim Bank acted as the Agent of IFC in financing export oriented SMEs thereby facilitating direct access to foreign currency loan from IFC to SME sector
- ❑ Exim Bank provided matching rupee loans
- ❑ Exim Bank's administration of the programme was commended by IFC
- ❑ Followed up by a direct line of credit extended by IFC to Exim Bank
- ❑ Exim Bank has an arrangement with IFC for supporting Indian consultants for providing consultancy services to SMEs in developing countries



# Small and Medium Enterprises



## Export Marketing Fund

- ❑ Administered first ever EMF from World Bank
- ❑ SMEs extended export marketing finance to implement strategic export marketing plans aimed at entry into developed country markets
- ❑ SMEs also extended term loans for supply side upgradation
- ❑ Exim Bank's assistance
  - ✳ Resulted in generation of significant exports to developed country markets
  - ✳ Many of these companies (like Infosys, Bharat Forge, Serum Institute, Manugraph) have become large companies with high export orientation
- ❑ Based on the successes achieved in the programme implemented by Exim Bank in India, the Bank has shared its experience with other developing countries, with World Bank funding



# Small and Medium Enterprises

## Export Marketing Services

- ❑ Exim Bank has launched an 'Export Marketing Services' programme
- ❑ Seeks to help Indian SME sector to establish their products overseas and enter new markets through Exim's overseas offices and institutional partner network
- ❑ Helps Indian SMEs in their export efforts by proactively assisting in locating overseas buyers/partners for their products/services
- ❑ No upfront fees, but operates on success-fee basis
- ❑ Some of the companies assisted include :
  - ★ Sandstone & Slate Tiles to Hungary
  - ★ Lucknow Chikan Kurtas to Singapore
  - ★ Incense sticks to S.Africa
  - ★ Confectionery & black/seedless grapes to Singapore.



# Promotional Activities

- ❑ Exim-IFC (Washington) cooperation arrangements to promote export of Indian consultancy services
- ❑ Publications of export related research papers and newsletters
  - ➔ *Export Advantage (Quarterly)*
  - ➔ *Agri-Export Advantage (Bimonthly in 10 regional languages)*
  - ➔ *Indo-LAC Business (Quarterly)*
  - ➔ *Indo-Africa Business (Quarterly)*
  - ➔ *Indo-CIS Business (Quarterly)*
- ❑ Eximius Centre for Learning at Bangalore, Pune, Ahmedabad for specialised short term training programme for export units
- ❑ Multilateral Funded Projects Overseas – tracks opportunities and offers value added information, advisory & support services to Indian exporters.



# Promotional Activities



## Knowledge Building: Research Studies

- ❑ **Research Studies on products, sectors, countries, macro economic issues relevant to international trade and investment**
- ❑ **Sector Studies**
  - *Computer Software*
  - *Organic Products*
  - *Chemicals & Pharma*
  - *Floriculture*
  - *Machine Tools*
  - *Horticulture*
  - *Medicinal Plants*
  - *Sport Goods*
  - *Financial Services*
- ❑ **Bilateral Trade and Investment Studies**
  - *Kazakhstan, Kyrgyz Republic, Uzbekistan : Trade Potential*
  - *SAARC Countries, Latin American Countries, China, Israel, Sri Lanka, Bangladesh, MERCOSUR, COMESA, BIMST-EC, Australia & New Zealand : Trade & Investment Potential*
- ❑ **International Trade Related Studies**
  - *Transaction Costs of Indian Exports : An Analysis*
  - *Institutional Support System for SMEs in India & International Experiences*
  - *Business Practices of Successful Indian Exporters*





# ***New Initiatives***



## **Rural Grassroot Business Initiatives**

- ❑ **Export Marketing support given for finding international market on best effort basis for products of rural industries produced by SHGs / NGOs in different states. Singapore, South Africa, Hungary, USA.**
- ❑ **Signed MOCs with NGOs across India**
  - **DHAN Foundation (a leading NGO in 4 states), BASICS Hyderabad, and Uravu (an NGO involved in employment generation programs in the bamboo sector for tribal and poor families in Waynad, Kerala), for promoting products of village industries.**
  - **Confederation of NGOs of Rural India (CNRI), with membership of 5000 NGOs spread across all provinces of India.**
- ❑ **Supported BASICS towards part financing its equity investment in PNG Micro Finance Ltd. (PML), Papua New Guinea.**
- ❑ **Discussions with the Khadi & Village Industries Commission (KVIC) to set up joint Export Marketing Organization that will contribute to capacity building of grass root business enterprise and promote exports of products from rural enterprises thereby resulting in inclusive growth.**
- ❑ **Discussions with not-for-profit organisations based in USA for promoting Madhubani Paintings from Bihar, internationally**



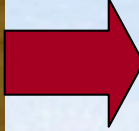
## Exim Bank's new initiatives

- ◆ Development value added products – palm leaf products is a case in point.





# Exim Bank's new initiatives





## Exim Bank's new initiatives





# Exim Bank Tags Depicting Rural Craft Product Profile



Fishermen Community living on the eastern coast of Tamilnadu in Southern India was severely affected in the Tsunami disaster. Having lost their main livelihood, atleast temporarily, the community struggled hard to regain their confidence. The women folk of the community were given intensive training by NGOs to develop skills in handicrafts.

This beautifully hand crafted fan ('Visiri' in Tamil) is the fruit of the skill and patience of fisherwomen from Tsunami affected districts of Tamil Nadu. The fan is made from palm fronds and hand painted in vibrant colours by a self-help group supported by Dhan Foundation.

Dhan Foundation, an NGO, works towards empowering women through training in regional crafts.



# Exim Bank - ITC, Geneva Partnership



- ◆ Exim Bank has established cooperation agreement with ITC, Geneva for Enterprises Management Development Services (EMDS) Programme and Partnership under 'expert-in residence' Programme
- ◆ Under EMDS, the Bank and ITC would jointly implement a financial model to appraise loan proposals of SMEs
- ◆ Subsequently thereafter this model would be replicated in other developing countries in the light of the Indian experience.
- ◆ The Bank has set aside Rs. 50 crores to assist 50-75 eligible, pre-screened SME units go globalise their operations.
- ◆ Exim Bank and ITC are in the process of finalising the model and the same will be launched in September 2006
- ◆ Exim Bank has been invited by The ITC Executive Forum to participate in the programme on "Export Development and Poverty Reduction: Linkages and Implications for Strategy-Makers" in Germany during September 2006.



# Exim Bank-Commonwealth Secretariat Partnership



- ◆ Exim Bank in association with Commonwealth Secretariat (ComSec) organised a series of workshops on SME Development at different locations in India during the last four years.
- ◆ Based on the feed back, ComSec in discussion with Exim Bank is bringing out a Toolkit to assist SMEs. The toolkit will have the following modules:
  - SMEs and Economic Development
  - Clustering and Networking amongst SMEs
  - Use of Information and Communication Technologies by SMEs
  - Export enabling SMEs
  - Financing SMEs
  - SME Development – comparative role of institutions

**The toolkit will help SMEs in capacity building and stage entry into global market**



## Recent Initiatives of Exim Bank in Capacity Building



- ◆ Exim Bank organised a two day workshop for URAVU on “Improvement of design and packaging standards of Bamboo products for exports” at Wayanad, engaging reputed design and packaging consultant.
- ◆ Mandated by ITC, India to identify appropriate NGOs for producing incense sticks and also to develop exclusive containers using bamboo and palm leaf exclusively for exports





# EXIM Bank's DISPLAY CENTRE

The display centre at Mumbai is regularly visited bank's international associates





# *Promotional Activities*



## Exim Bank as Consultant

- ❑ Regional cooperation in export finance and export credit guarantees for **ESCAP**
- ❑ Study on promotion of international competitiveness and exports of manufactured goods for **ESCAP**
- ❑ Feasibility study for establishment of an export credit and guarantee facility for **Gulf Cooperation Council** countries
- ❑ Setting up an Exim Bank in **Malaysia**
- ❑ Setting up the **Afrexim Bank**
- ❑ Designing of Export Financing Programmes - **Turkey**



# Institutional Linkages



## Multilateral Agencies

- World Bank
- Asian Development Bank
- African Development Bank
- European Bank for Reconstruction & Development
- Multilateral Investment Guarantee Agency (MIGA)
- International Finance Corporation (IFC)
- Netherlands Council for Trade Promotion

## Trade & Inv. Promotion Agencies

- Development Bank of Zambia
- Western African Development Bank (BOAD)
- Board of Investment of Sri Lanka
- Hatton National Bank, Sri Lanka
- China National Technical Import & Export Corporation
- Polish Agency for Foreign Investment (PAIZ)
- Sharjah Chamber of Commerce & Industry, UAE

## Export Credit Agencies

- Exim Bank of China
- Croatian Bank for Reconstruction & Development
- Czech Export Bank
- Hungarian Exim Bank Ltd.
- Uzbekinvest – National Export-Import Insurance Company
- Finnish Export Credit Ltd.
- Exim Bank of Romania
- Export-Import Bank of the Russian Federation

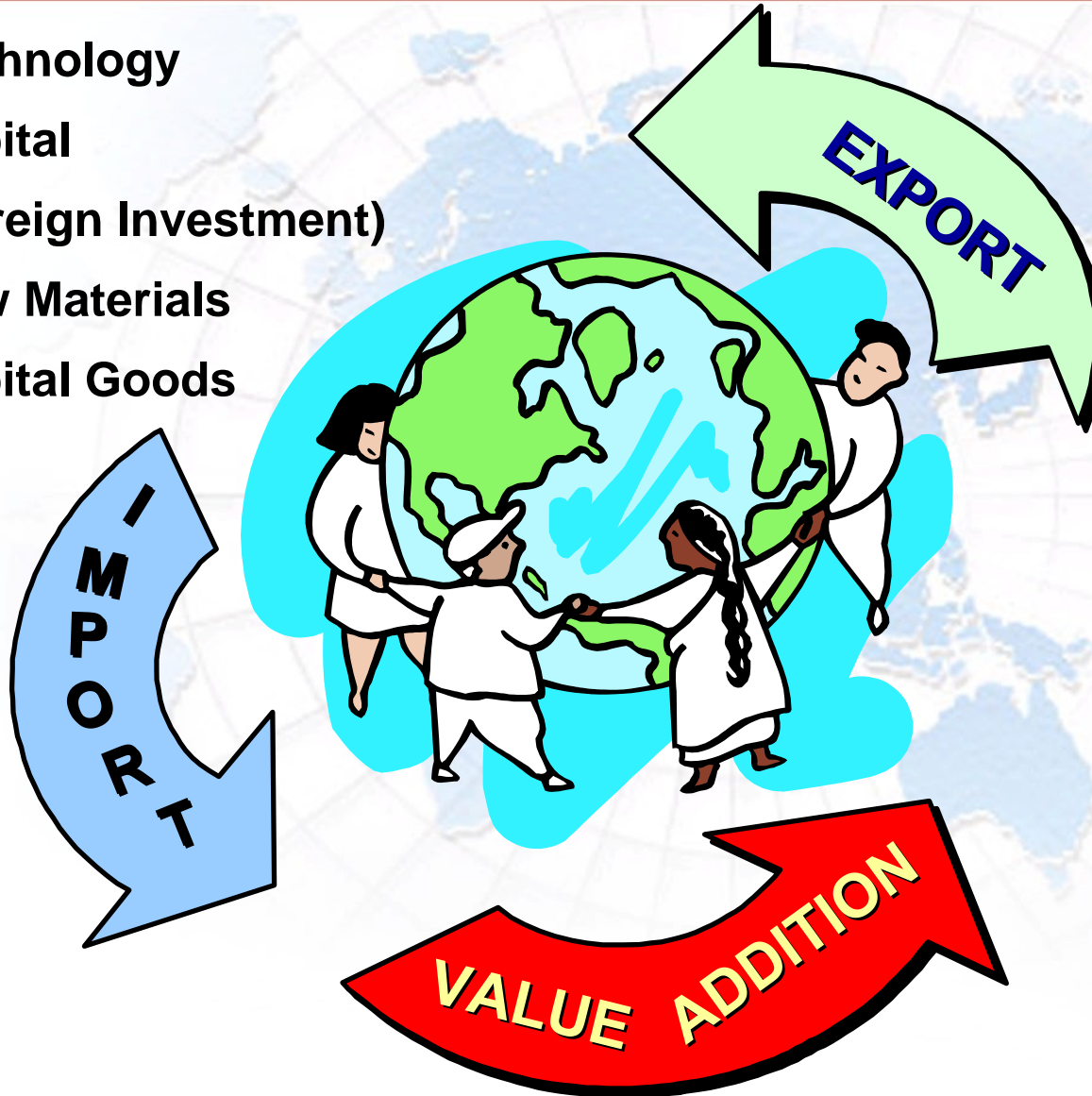


# *Exim Bank : Partner in Globalisation*



- Technology
- Capital  
(Foreign Investment)
- Raw Materials
- Capital Goods

- Final Products
- Capital Goods
- Capital  
(Overseas Ventures)



- Product Development
- Production
- Marketing
- Pre shipment
- Post shipment



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