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EXIM BANK OF INDIA'S CONTRIBUTION TO EXPORT FINANCE: A PERFORMANCE ASSESSMENT

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ABSTRACT

The Export-Import Bank of India (EXIM Bank) has been a pillar in the nation's economic framework, fostering export growth and enhancing global trade participation since its inception in 1982. This study, titled "Exim Bank of India's Contribution to Export Finance: A Performance Assessment," delves into the bank's pivotal role in facilitating export finance through various mechanisms. This study becomes essential due to EXIM Bank's diverse range of support for the exporters, such as pre-shipment and post-shipment financing, export credit facilities, guarantee programs, buyer's credit, and lines of credit, all designed to enhance the global presence of Indian goods and services. The review of literature underscores EXIM Bank's significant impact on enhancing export capacity, particularly for SMEs, and its contribution to economic growth. The study employs a detailed methodology based on secondary data spanning ten years (2013-14 to 2022-23), sourced from EXIM Bank's annual reports, RBI publications, and relevant literature. Using the growth rate analysis, compound annual growth rate (CAGR), and averages, the study evaluates EXIM Bank's performance across various financial products, including export credits, guarantees, buyer's credit (including under the National Export Insurance Account), lines of credit, and other support mechanisms like the Technology Upgradation Fund Scheme and overseas investment finance.

KEYWORDS: Export Finance, Pre-shipment and Post-shipment Credit, Buyer's credit, Economic Growth Contribution, Export-Oriented Units, Infrastructure Projects.

INTRODUCTION

EXIM Bank of India, a pivotal institution in India's economic landscape, serves as a dynamic financier of exports, driving the nation's global trade initiatives and bolstering its export competitiveness. Established in 1982, EXIM Bank of India operates under the aegis of the Government of India, with a



mandate to facilitate and promote India's international trade and investment. Through a diverse array of financial products and services tailored to the needs of exporters, EXIM Bank of India plays a crucial role in supporting businesses across various sectors to expand their presence in global markets.¹ One of the primary functions of EXIM Bank of India is to provide financial assistance to exporters at different stages of their trade transactions. This encompasses pre-shipment financing, which supports exporters in fulfilling their short-term funding needs for acquiring raw materials, manufacturing, and packaging goods prior to dispatch. Additionally, post-shipment financing is provided to exporters to cover the period between the dispatch of goods and the receipt of payment, thereby maintaining steady cash flow and reducing the financial risks linked to global trade.² Furthermore, EXIM Bank of India extends export credit facilities to exporters, enabling them to offer competitive credit terms to overseas buyers. These credit facilities not only enhance the attractiveness of Indian products in the global market but also support exporters in securing and fulfilling large orders, thereby expanding their export volumes and market share. In addition to traditional financing mechanisms, EXIM Bank of India offers innovative solutions such as buyer's credit and lines of credit to facilitate export transactions. Buyer's credit allows foreign buyers to access financing for purchasing Indian goods and services, thereby eliminating financial barriers and facilitating trade agreements. Lines of credit, on the other hand, provide concessional financing to overseas buyers for importing goods and services from India, thereby promoting export-led growth and fostering economic ties between India and its trading partners.³ Moreover, EXIM Bank of India plays a strategic role in supporting export-oriented infrastructure projects and investments through project finance and lines of credit. By financing critical infrastructure projects such as ports, airports, roads, and power plants in partner countries. In essence, EXIM Bank of India's role as a financier of exports is integral to India's economic growth and global integration. By providing tailored financial solutions, fostering partnerships, and supporting export-oriented initiatives, EXIM Bank of India empowers Indian exporters to capitalize on international trade opportunities, expand their market reach, and contribute to the country's overall economic development and prosperity. It is in this background, the present article entitled "Exim Bank of India's contribution to export finance: A performance assessment" is attempted by the researchers.⁴

1.1 NEED FOR THE STUDY:

The Export-Import Bank of India (EXIM Bank) plays a pivotal role in supporting and enhancing the country's export finance framework. Established in 1982, EXIM Bank has been instrumental in providing financial assistance and promoting cross-border trade through a range of services including export credit, lines of credit, and guarantees. The bank's primary objective is to facilitate and boost Indian exports by extending credit at competitive rates, thus enabling exporters to compete globally. EXIM Bank's contribution is multifaceted: it not only offers pre-shipment and post-shipment finance to exporters but also markets support overseas investment by Indian companies, helping them establish a presence in international. Additionally, the bank engages in capacity-building activities, offering



advisory and consultancy services to exporters to enhance their market knowledge and competitiveness. Performance assessments of EXIM Bank indicate a significant positive impact on the export sector, showcasing increased export volumes and diversification of markets and products. By mitigating financial risks and providing a stable source of funding, EXIM Bank ensures that Indian exporters can navigate the complexities of international trade with greater confidence and efficiency. This robust support system has been crucial in positioning India as a formidable player in the global export landscape.

1.2 REVIEW OF LITERATURE:

a) Sustainability and Future Directions

Moving forward, EXIM Bank's role is expected to evolve in response to both domestic and international developments. A study by Das and Bhatia (2022) suggests that EXIM Bank needs to adopt a more dynamic risk management framework, especially given the increasing uncertainties in global trade due to geopolitical tensions and economic shifts. Additionally, EXIM Bank is encouraged to strengthen its digital infrastructure to improve service delivery and ensure transparency in its operations (Kapoor & Yadav, 2021).⁵

b) Strategic Challenges and Operational Constraints

Gupta (2021) discussed the strategic challenges faced by EXIM Bank, including regulatory constraints, competition from private financial institutions, and the management of non-performing assets (NPAs). The study suggested that these challenges could limit the bank's ability to effectively support exporters and recommended strategic reforms to enhance its operational efficiency.⁶

c) Contribution to Economic Growth

According to a study by Verma and Sharma (2020), there is a positive correlation between the financial assistance provided by EXIM Bank and the overall economic growth of India. The research suggests that by facilitating exports, EXIM Bank indirectly contributes to the GDP growth and employment generation in the country.⁷

d) Comparative Studies with International Counterparts

Rao and Ahmed (2020) conducted a comparative analysis of EXIM Bank of India with other export credit agencies (ECAs) globally. They found that while EXIM Bank is effective in many areas, it lags behind in adopting digital technologies and innovative financial instruments compared to its international counterparts.⁸

e) Support to Niche Export Markets:

Ghosh and Sen (2020) argue that EXIM Bank has been critical in supporting Indian exporters in



entering niche and high-value markets, such as advanced technology, renewable energy, and aerospace. By providing financial guarantees and buyer's credits, EXIM Bank has enabled these exporters to compete on the global stage.⁹

f) Impact on Small and Medium Enterprises (SMEs)

Another strand of literature, represented by Roy and Rahman (2019), focuses on the impact of EXIM Bank's financial products on SMEs. Their study indicated that SMEs have benefited significantly from the tailored financial solutions provided by EXIM Bank, which have enabled them to penetrate new markets and expand their export activities.¹⁰

g) Role of EXIM Bank in Export Finance

Several studies have highlighted the significant role of the Export-Import Bank of India (EXIM Bank) in facilitating export finance. EXIM Bank provides financial assistance to exporters and importers and plays a critical role in enhancing India's international trade competitiveness. According to Kumar and Singh (2018), EXIM Bank has been instrumental in providing a range of financial products, including loans, guarantees, and advisory services, which have collectively bolstered India's export capacity.¹¹

h) Provision of Credit and Loans

According to Rao (2017), EXIM Bank offers a variety of financial products, including pre-shipment and post-shipment credit, export credit insurance, and buyer's credit, to enable exporters to access working capital and mitigate risks. These products help exporters in terms of liquidity, payment security, and cost-effectiveness when dealing with international buyers.¹²

i) Promoting Export Growth:

In their study, Pandit and Sharma (2015) explore the role of EXIM Bank in enhancing India's export competitiveness, particularly by improving the liquidity of exporters and offering financing options that are critical for small and medium-sized enterprises (SMEs). These entities often face challenges in accessing traditional forms of financing from commercial banks.¹³

j) Financial Instruments and Services

Basu and Das (2017) examined the various financial instruments and services offered by EXIM Bank, such as pre-shipment and post-shipment credit, overseas investment finance, and lines of credit (LOCs) to foreign governments and financial institutions. They found that these services have been crucial in mitigating the risks associated with international trade and improving liquidity for exporters.¹⁴

Research Gap:



EXIM Bank's contribution to India's export sector is undeniable. However, further research with a focus on quantitative analysis and long-term sustainability will provide valuable insights for policymakers and industry stakeholders. By continuously evaluating and improving its programs, EXIM Bank can ensure its continued effectiveness in propelling India's export growth.

1.3 OBJECTIVES OF THE STUDY:

The following are the primary objectives of this study:

1. To analyse the performance of the EXIM Bank of India in various financing mechanisms such as Export Credits, Guarantees, Buyer's Credit programme, Buyer's credit under National Export Insurance Account (BC-NEIA) and Lines of credit.
2. To offer suggestions to improve the performance of EXIM Bank of India as a financier of exports.

1.4 METHODOLOGY ADOPTED:

The study is purely based on secondary data. Data relating to the performance of EXIM Bank of India as a financier of exports in India during the study period represent secondary data for the study. They were collected from the annual reports of EXIM Bank of India. In addition, the learners have referred textbooks, journals, RBI website to enrich their knowledge in the chosen area. The study is undertaken for a period of ten years from 2013-14 to 2022-23.

Growth rate, compound annual growth rate (CAGR) and average were the statistical tools used by the learners to draw meaningful inferences.

ANALYSIS AND INTERPRETATION

During 2013-14 to 2022-23, the performance of EXIM Bank of India as a financier of exports has been measured under 10 heads as listed below:

1. Export credit
2. Guarantees
3. Buyer's credit
4. Buyer's credit under NEIA
5. Lines of Credit
6. Building Export Competitiveness
7. Loans to Export Oriented Units
8. Technology Upgradation Fund Scheme



9. Overseas Investment Finance

10. Letter of credit

1. EXPORT CREDITS:

Export finance, also known as **trade finance**, refers to the facility under which banks provide exporters or sellers with the required working capital before the importer makes payment for the goods or services delivered.¹⁵ The Reserve Bank of India first introduced the export financing scheme in 1967. This mechanism aims to provide short-term working capital to exporters at internationally competitive interest rates. Such **export credit support** is available in both Indian rupees and foreign currency.¹⁶

TYPES OF EXPORT CREDIT:

There are two types of export credit that Banks provide to its client against to the exported goods. These two are:

- a) Pre-Shipment Export Credit
- b) Post -Shipment Export Credit

a) PRE-SHIPMENT EXPORT CREDIT:

Pre-export finance, also known as **packing credit**, is provided before the goods are loaded onto the ship. This type of credit enables exporters to procure and process raw materials, manufacture finished goods, and undertake packing and transportation of export goods. In other words, it is a facility extended by banks to exporters from the stage of production until the shipment of goods to foreign buyers. Although commonly referred to as packing credit, its scope is not confined solely to packing activities. This **pre-shipment credit facility** is generally extended against an Irrevocable Letter of Credit.¹⁷

The exporter may seek pre-shipment finance through the following ways:

- Packing Credit
- Advance under “Red Clause Letter of Credit”
- Back-to-Back Letter of Credit

b) POST-SHIPMENT EXPORT CREDIT:

Any loan, advance, or credit facility offered by a bank to an exporter starting from the date the

credit is provided after the goods are shipped, and continuing until the export payment is received within the prescribed time frame. The realization of export proceeds is 12 months from the date of shipment.¹⁸

EXPORT CREDIT OF EXIM BANK OF INDIA:

The quantum of export credit disbursed by EXIM Bank of India during 2013-14 to 2022-23 is shown in Table 1

Table-1
Disbursement of Export Credit by EXIM Bank of India during 2013-14 to 2022-23

YEAR	DISBURSEMENT (Rs in billion)	GROWTH RATE (%)
2013-14	176.87	-
2014-15	151.82	-14.16
2015-16	260.10	71.32
2016-17	200.90	-22.76
2017-18	24.91	-87.60
2018-19	22.74	-8.71
2019-20	11.45	-49.64
2020-21	45.97	301.48
2021-22	42.08	-8.46
2022-23	45.88	9.03
MEAN	98.27	21.16
CAGR (%)	-12.62	-
MIN	11.45	-87.6
MAX	260.1	301.48

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 1, it is observed that the disbursement of export credit by EXIM Bank of India from 2013-14 to 2022-23 exhibited significant fluctuations. After reaching a high of Rs.260.10 billion in 2015-16, it saw a steep decline, hitting a low of Rs.11.45 billion in 2019-20. A sharp recovery occurred in 2020-21 with 301.48% growth, followed by moderate variations. Despite occasional rebounds, the Compound Annual Growth Rate (CAGR) over the period was -12.62%, indicating an overall downward trend. The average disbursement during this period was Rs.98.27 billion, reflecting inconsistent support for export financing.

2. GUARANTEES:

A bank guarantee is a written contract given by a Bank on the behalf of a customer. By issuing this guarantee, a Bank takes responsibility for payment of a sum of money in case, if it is not paid by the customer on whose behalf the guarantee has been issued. In return, a Bank gets commission for issuing the guarantee.¹⁹ Bank Guarantee (BG) is an agreement between 3 parties: the Bank, the beneficiary, and the applicant. The beneficiary is the one who takes the guarantee. And the applicant is the party who seeks the bank guarantee from the Bank. BGs are an important banking arrangement and play a vital role in promoting international and domestic trade.

The Bank issues BG on the receipt of the request from the applicant. This receipt is of the guarantee amount towards some purpose / underlying transaction towards the beneficiary. If the Bank, i.e., the guarantor, receives the claim from the beneficiary, it results in BG invocation. In the case of foreign BG, apart from these 3 parties, there is also a correspondent bank. If a bank does not have a branch in some foreign country, it issues BG in that country through its correspondent bank. Before issuing the guarantee, the Bank does all the required due diligence and financial and business analysis.²⁰

GUARANTEES OF EXIM BANK OF INDIA:

The amount of guarantees issued by EXIM Bank of India during 2013-14 to 2022-23 is shown in Table 2

Table-2
Guarantees issued by EXIM Bank of India during 2013-14 to 2022-23

YEAR	ISSUED (Rs in billion)	GROWTH RATE (%)
2013-14	17.07	-
2014-15	20.83	22.02
2015-16	20.99	0.76
2016-17	30.67	46.11
2017-18	43.97	43.36
2018-19	26.21	-40.39
2019-20	44.83	71.04
2020-21	30.71	-31.49
2021-22	19.11	-37.77
2022-23	39.12	104.70
MEAN	29.35	19.81
CAGR (%)	8.64	-
MIN	17.07	-40.39
MAX	44.83	104.7

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 2, it is observed that the Guarantees of EXIM Bank of India has increased Rs.17.07 billion in 2013-14 to Rs.39.12 billion in 2022-23. The average guarantee amount during this period was Rs.29.35 billion, with good overall growth. However, in 2018-19, there was a drop in the guarantees issued by the Bank. This decline happened because the global economy slowed down in 2018. Many countries in Europe and Asia faced weaker growth, affecting trade and industry. India and other developing countries also saw slower economic activity, which impacted EXIM Bank’s performance.

3. BUYER’S CREDIT:

Buyer's Credit is a special financing scheme offered by EXIM Bank of India that encourages Indian exporters to expand into new international markets. Under this scheme, the foreign buyer can issue a "letter of credit" to the Indian exporter and purchase goods and services from India with a delayed payment arrangement. On one hand, the exporter benefits from lower transaction costs and simplified international trade processes; on the other hand, the Indian exporter gains a competitive edge in global markets and can effectively utilize working capital to expand business operations. Although Indian companies use buyer’s credit from various international financial institutions to fund their imports at competitive LIBOR-based rates, the buyer's credit offered by us is exclusively meant for financing the export of Indian goods and services. ²¹

BUYER’S CREDIT OF EXIM BANK OF INDIA:

The quantum of Buyer’s credit disbursed by EXIM Bank of India during the studyperiod is shown in Table 3

Table-3
Disbursement of Buyer’s credit by EXIM Bank of India during 2013-14 to 2022-23

YEAR	DISBURSEMENT (Rs in billion)	GROWTH RATE (%)
2013-14	24.60	-
2014-15	26.57	8.00
2015-16	15.80	-40.53
2016-17	13.09	-17.15
2017-18	15.60	19.17
2018-19	8.11	-48.01
2019-20	8.77	8.13
2020-21	4.08	-53.47
2021-22	8.83	116.42
2022-23	6.30	-28.65
MEAN	13.18	-4.01

CAGR (%)	-12.73	-
MIN	4.08	-53.47
MAX	26.57	116.42

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 3, it is observed that the Buyer's credit disbursed by EXIM Bank declined from Rs.24.60 billion in 2013-14 to Rs.6.30 billion in 2022-23, registering a negative CAGR of -12.73%. The overall trend was downward, with occasional increases in select years. The average disbursement stood at Rs.13.18 billion with a growth rate of -4.01%. A sharp fall occurred in 2020-21 due to the COVID-19 pandemic and its severe economic impact. Decline in imports and weak domestic demand further contributed to reduced buyer's credit during that period.

4. BUYER'S CREDIT UNDER NATIONAL EXPORT INSURANCE ACCOUNT PROGRAMME:

The National Export Insurance Account (NEIA) is a trust established by the Ministry of Commerce and managed by the Export Credit & Guarantee Corporation of India (ECGC). Exim Bank of India offers Buyer's Credit under the NEIA scheme to support India's project exports to both established and new markets in developing countries that require medium- or long-term deferred payment options. Under this special financing program, credit is extended to foreign sovereign governments and state-owned entities to help them import Indian goods and services, with payments allowed over a medium to long-term period.²² The BC-NEIA program is a distinctive funding arrangement that offers a secure, non-recourse financing solution for Indian Project Exporters (IPEs). Exim Bank of India also offers medium-term Buyer's Credit to international buyers even without NEIA coverage, to support the export of capital goods, machinery, industrial products, consumer durables, and other items permitted for export under the Government of India's Foreign Trade Policy.²³

Credit under NEIA of EXIM Bank of India:

The quantum of Buyer's credit disbursed by EXIM Bank of India during the study period is shown in Table 4

Table-4
Disbursement of Buyer’s credit under NEIA by EXIM Bank of India during 2013-14 to 2022-23

YEAR	NO. OF PROJECTS	DISBURSEMENT (US \$ in billion)	GROWTHRATE (%)
2013-14	11	2.6	-
2014-15	18	4.40	69.23
2015-16	22	2.49	-43.40
2016-17	22	3.07	23.29
2017-18	24	3.04	-0.97
2018-19	21	2.78	-8.55
2019-20	30	2.88	3.59
2020-21	32	3.15	9.37
2021-22	34	3.29	4.44
2022-23	36	3.72	13.06
MEAN	-	3.14	7.78
CAGR (%)	-	3.64	-
MIN	-	2.49	-43.4
MAX	-	4.4	69.23

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 4, it is observed that the Buyer's credit under EXIM Bank’s NEIA Programme from US\$ 2.6 billion in 2013-14 to US\$ 3.72 billion in 2022-23, with a CAGR of 3.64%. Despite fluctuations in a few years, the overall trend was upward, with an average disbursement of US\$ 3.14 billion. The highest growth rate of 69.23% occurred in 2014-15, while the lowest was -43.40% in 2015-16. In 2022-23, the Bank supported major infrastructure projects in Senegal, Mauritania, Cameroon, and Maldives. These projects contributed to regional integration, improved connectivity, and socio-economic development.

5. LINE OF CREDIT:

A revolving credit facility is a pre-approved amount of money that a borrower can access up to a specified limit as needed. Unlike traditional loans, which require the borrower to take a lump-sum amount and repay it in instalments, a revolving credit facility allows the borrower to withdraw funds as and when required, paying interest only on the amount utilized.²⁴

EXIM Bank of India provides Lines of Credit to help Indian exporters sell to new countries or expand their business in existing export markets, without facing payment risks from overseas importers. Exim Bank of India provides Lines of Credit (LOCs) to foreign financial institutions, regional development banks, sovereign governments, and other overseas entities. These LOCs help buyers in those countries purchase development and infrastructure projects, equipment, goods, and services from India on deferred payment terms. The Bank offers these LOCs independently as well as in collaboration with and support from the Government of India.²⁵

a) **DISBURSEMENT OF LINES OF CREDIT:**

The quantum of Lines of credit disbursed by EXIM Bank of India during the studyperiod is shown in Table 5

Table-5
Lines of credit disbursed by EXIM Bank of India during 2013-14 to 2022-23

YEAR	NO. OF LOCs	CREDIT DISBURSED (US \$ in billion)	GROWTH RATE (%)
2013-14	24	1.77	-
2014-15	17	1.67	-5.64
2015-16	9	2.61	56.28
2016-17	15	2.27	-13.02
2017-18	12	6.11	169.16
2018-19	18	2.31	-62.19
2019-20	27	3.40	47.18
2020-21	20	2.23	-34.41
2021-22	6	1.13	-49.32

2022-23	7	0.67	-40.70
MEAN	-	2.42	7.48
CAGR (%)	-	-9.25	-
MIN	-	0.67	-62.19
MAX	-	6.11	169.16

Source: Annual reports of EXIM Bank of India, Various issues

INTERPRETATION:

From Table 5, it is observed that the Disbursement of Lines of Credit (LOC) by EXIM Bank declined from US\$ 1.77 billion in 2013-14 to US\$ 0.67 billion in 2022-23, with a negative CAGR of -9.25%. Despite a few years of growth, the overall trend was downward, with an average disbursement of US\$ 2.42 billion. The highest growth of 169.16% was seen in 2017-18, while the sharpest decline of -62.19% occurred in 2018-19. The drop in 2022-23 was due to global challenges like the Ukraine conflict, inflation, and economic slowdown. During the year, the Bank extended 7 LOCs worth US\$ 670.32 million to support exports to six countries.

b) UTILISATION OF LINES OF CREDIT:

The cumulative quantum of Lines of credit by EXIM Bank of India during the study period is shown in Table 6

Table-6
Cumulative quantum of Lines of credit by EXIM Bank of India during 2013-14 to 2022-23

YEAR	NO. of LOCs	UTILISED (US \$ in billion)	GROWTH RATE (%)
2013-14	189	10.03	-
2014-15	194	11.68	16.45
2015-16	203	14.27	22.17
2016-17	215	15.87	11.21
2017-18	226	21.87	37.80
2018-19	246	24.28	11.01

2019-20	259	25.46	4.85
2020-21	272	26.76	5.10
2021-22	310	31.96	19.43
2022-23	303	31.85	-0.34
MEAN	-	21.40	14.18
CAGR (%)	-	12.24	-
MIN	-	10.03	-0.34
MAX	-	31.96	37.8

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 6, it is observed that the Lines of Credit of EXIM Bank of India has grow from US\$ 10.03 billion in 2013-14 to US\$ 31.85 billion in 2022-23 with a CAGR of12.24%. The quantum of Lines of Credit shows an increasing trend throughout the study period. During the period under study, the growth rate of Lines of Credit of the Bank shows a mixed trend and the highest growth rate of 37.8% was recorded in 2017-18 and the lowest growth rateof -0.34% was registered in 2022-23. During the study period, the average lines of credit utilised of the Bank stood at US\$ 21.40 billion with a growth rate of 14.18%.

CREDIT DISBURSEMENT FOR BUILDING EXPORT COMPETITIVENESS:

EXIM Bank of India has been playing a crucial role in enhancing India’s export competitiveness by providing financial assistance and advisory services to Indian businesses. The Bank’s services include market research, trade regulations, and risk management support. The Bank operates a range of financial programmes aimed at enhancingthe export competitiveness and globalisation of Indian companies.

CREDIT DISBURSEMENT FOR BUILDING EXPORT COMPETITIVENESS BY EXIM BANK OF INDIA:

The quantum of credit disbursement for building export competitiveness by EXIM Bank of India during the study period is shown in Table 7

Table-7
Disbursement of credit for building export competitiveness by EXIM Bank of India during 2013-14 to 2022-23

YEAR	DISBURSEMENT (Rs in billion)	GROWTH RATE (%)
2013-14	207.70	-
2014-15	197.91	-4.71
2015-16	230.31	16.37
2016-17	211.69	-8.08
2017-18	290.78	37.36
2018-19	138.52	-52.36
2019-20	108.28	-21.83
2020-21	56.34	-47.96
2021-22	81.63	44.88
2022-23	136.79	67.57
MEAN	165.99	3.47
CAGR (%)	-4.09	-
MIN	56.34	-52.36
MAX	290.78	67.57

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 7, it is observed that the Credit disbursement by EXIM Bank for building export competitiveness declined from Rs.207.70 billion in 2013-14 to Rs.136.79 billion in 2022-23, with a negative CAGR of -4.09%. The average disbursement during the period was Rs.165.99 billion, showing an overall downward trend with fluctuations. The highest growth of 67.57% was seen in 2022-23, while the steepest fall of -52.36% occurred in 2018-19. In 2020-21, disbursements dropped



sharply due to the pandemic-induced recession and disruptions in trade and industry. The economic slowdown severely impacted sectors like manufacturing, construction, and services, reducing credit demand.

6. LOANS TO EXPORT ORIENTED UNITS:

EXIM Bank of India offer a variety of financial solutions aimed at boosting the global competitiveness of Indian businesses. It delivers comprehensive support to export-focused companies by meeting their long-term funding needs whether for setting up new projects, expanding operations, upgrading technology, acquiring new machinery, or investing in research and development. The Bank also assists with working capital needs and overseas investment plans.

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A) Research & Development finance for Export Oriented Units:

EXIM Bank of India aims to motivate Indian exporters to increase their investment in research and development (R&D) to create new products and processes that strengthen their export potential. To address the funding gap in this area, the Bank has introduced a dedicated R&D Financing Programme. Through this scheme, financial support is available to any export-focused company. Alternatively, a special purpose vehicle set up by the company regardless of the industry can also be used to access the funding.

B) Pre-shipment/post-shipment credit programme:

EXIM Bank of India recognizes that one of the main challenges faced by Indian exporters is the lack of reliable financing. To address this issue, the Bank provides export credit solutions to support a wide range of trade finance needs. This includes working capital support through pre-shipment and post-shipment credit. In addition, the Bank offers non-fund-based facilities such as the issuance of Letters of Credit (both domestic and international) and Bank Guarantees (also both domestic and international) as part of its export credit services. These credit limits typically function as a running account facility and can be availed in either Indian Rupees or foreign currencies.²⁷

C) Lending programme for export-oriented units:

In order to enhance international competitiveness and the capabilities of export-oriented Indian companies, EXIM Bank of India provide term loans to finance various capital expenditures including certain soft expenditures of such companies. Loans or guarantees are extended for the expansion, modernization, upgradation or diversification projects. This includes acquisition of equipment, technology export marketing, export product development and setting up of Software Technology Parks.²⁸

LOANS TO EXPORT ORIENTED UNITS BY EXIM BANK OF INDIA:

a) Term loan:

The quantum of term loans disbursed to export oriented units by EXIM Bank of India during the study period is shown in Table 8

Table-8
Disbursement of term loans to export oriented units by EXIM Bank of India during 2013-14 to 2022-23

YEAR	DISBURSEMENT (Rs in billion)	GROWTH RATE (%)
2013-14	36.55	-
2014-15	40.16	9.87
2015-16	59.51	48.18
2016-17	38.27	-35.69
2017-18	35.42	-7.44
2018-19	19.82	-44.04
2019-20	23.10	16.54
2020-21	9.80	-57.57
2021-22	9.37	-4.38
2022-23	36.12	285.48
MEAN	30.81	23.43
CAGR (%)	-0.11	-
MIN	9.37	-57.57
MAX	59.51	285.48

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 8, it is observed that the quantum of Term loans to Export Oriented Units (EOUs) by EXIM Bank declined slightly from Rs.36.55 billion in 2013-14 to Rs.36.12 billion in 2022-23, with a marginal negative CAGR of -0.11%. The average disbursement during the period stood at Rs.30.81 billion, showing a mixed growth trend. The highest growth of 285.48% was recorded in 2022-23, while the sharpest decline of -57.57% occurred in 2020-21. The fall in 2020-21 was due to weak export demand, project delays, and cautious corporate investment amid the COVID-19 crisis. Despite challenges, the Bank maintained credit support, though exchange rate fluctuations also impacted portfolio growth.

b) Production equipment finance programme:

The quantum of credit disbursement under production equipment finance programme to export oriented units by EXIM Bank of India during the study period is shown in Table 9

**Table-9
Credit disbursement under Production Equipment Finance by EXIM Bank of India during 2013-14 to 2022-23**

YEAR	NO. OF EXPORTING COMPANIES	DISBURSEMENT (Rs in billion)	GROWTH RATE (%)
2013-14	15	2.22	-
2014-15	11	4.23	90.54
2015-16	12	10.15	139.95
2016-17	12	11.38	12.11
2017-18	13	4.87	-57.20
2018-19	4	1.48	-69.60
2019-20	4	3.96	167.56
2020-21	9	5.77	45.70
2021-22	8	4.00	-30.67
2022-23	21	8.86	121.50

MEAN	-	5.69	46.65
CAGR (%)	-	14.84	-
MIN	-	1.48	-69.60
MAX	-	11.38	167.56

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 9, it is observed that the quantum of Credit disbursement under EXIM Bank’s Production Equipment Finance Programme rose from Rs.2.22 billion in 2013-14 to Rs.8.86 billion in 2022-23, with a strong CAGR of 14.84%. The overall trend was upward, with an average disbursement of Rs.5.69 billion and fluctuating annual growth rates. The highest growth of 167.56% was recorded in 2019-20, while the lowest was -69.60% in 2018-19. The sharp fall in 2018-19 was due to reduced foreign exchange reserves, rising external debt, and a slowdown in services sector growth. Despite some dips, the programme reflects growing support for equipment financing over the decade.

7. TECHNOLOGY UPGRADATION FUND SCHEME:

The Technology Upgradation Fund Scheme (TUFS) is a scheme launched by the Indian government to facilitate the modernization of the textile and jute industries. This scheme aims to provide capital for modernization of Indian textile industry at international interest rate, benchmark technology levels in terms of specified machinery, and provide training for workers. The scheme is open to all textile mills, regardless of their size. ²⁹

Disbursement of credit under tufs of exim bank of india:

The quantum of Credit disbursed under technology upgradation fund scheme by EXIM Bank of India during the study period is shown in Table 10

Table-10 Credit disbursement under Technology Upgradation Fund Scheme by EXIM Bank of India during 2013-14 to 2022-23

YEAR	NO. OF PROJECTS	DISBURSEMENT (Rs in billion)	GROWTH RATE (%)
2013-14	206	160.02	-
2014-15	216	169.91	6.18
2015-16	225	182.36	7.32
2016-17	229	184.29	1.05
2017-18	229	184.46	0.09
2018-19	233	185.77	0.71
2019-20	233	185.77	0
2020-21	233	185.77	0
2021-22	236	192.57	3.66
2022-23	236	192.79	0.11
MEAN	-	182.37	2.12
CAGR (%)	-	1.88	-
MIN	-	160.02	0
MAX	-	192.79	7.32

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 10, it is observed that the Credit disbursement under the Technology Upgradation Fund Scheme (TUFS) by EXIM Bank increased from Rs.160.02 billion in 2013-14 to Rs.192.79 billion in 2022-23, with a modest CAGR of 1.88%. The overall trend was upward, with an average disbursement of Rs.182.37 billion and mixed yearly growth. The highest growth rate of 7.32% was recorded in

2015-16. From 2018-19 to 2020-21, Rs.185.77 billion was disbursed to 233 approved projects across India. As a nodal agency under TUFS, the Bank supports technology upgrades in the textile sector by funding projects and releasing subsidies.

8. OVERSEAS INVESTMENT FINANCE:

EXIM Bank of India has been a source for financing of Indian investment abroad like Joint Ventures (JV)/Wholly Owned subsidiaries (WOS). The Bank offers term loans in Indian rupees as well as foreign currency, for financing Indian promoter company's investment in equity/ preference shares of overseas JV/WOS.

The Bank also extends foreign currency loans directly to overseas JV/WOS towards part financing,

- a. Capital expenditure for acquisition of assets
- b. Working capital
- c. Equity investment in a company
- d. Acquisition of brands/patents/rights/IPRS
- e. Acquisition of a company³⁰

Overseas investment finance of EXIM bank of india:

The quantum of overseas investment finance sanctioned by EXIM Bank of India during the study period is shown Table 11

Table-11 Overseas Investment Finance by EXIM Bank of India during 2013-14 to 2022-23

YEAR	NO. OF CORPORATES	NO. OF COUNTRIES	SANCTIONED (Rs in billion)	GROWTH RATE (%)
2013-14	55	22	78.59	-
2014-15	35	11	58.07	-26.11
2015-16	31	15	56.96	-1.91
2016-17	21	12	38.91	-31.69
2017-18	24	16	43.77	12.49

2018-19	13	8	11.36	-74.05
2019-20	16	8	28.37	149.7
2020-21	5	3	7.42	-73.85
2021-22	16	8	24.94	236.1
2022-23	18	8	34.55	38.53
MEAN	-	-	38.29	25.48
CAGR (%)	-	-	-7.88	-
MIN	-	-	7.42	-74.05
MAX	-	-	78.59	236.1

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 11, it is observed that the Overseas Investment Finance by EXIM Bank declined from Rs.78.59 billion in 2013-14 to Rs. 34.55 billion in 2022-23, with a negative CAGR of -7.88%. The trend showed fluctuations, with the highest growth of 236.1% in 2021-22 and the sharpest fall of -74.05% in 2018-19. The average sanction during the period was Rs.38.29 billion, showing mixed growth. A significant drop occurred in 2020-21 due to COVID-19 lockdowns and global trade disruptions. Despite challenges, global liquidity and foreign investments surged in 2020-21, impacting overseas finance dynamics.

Cumulative of extended overseas investment finance by eximbank of india:

The cumulative quantum of extended overseas investment finance by EXIM Bank of India during the study period is shown in Table 12

Table-12
Cumulative extended Overseas investment finance by EXIM Bank of India during 2013-14 to 2022-23

YEAR	NO. OF VENTURES	VENTURES SET UP BY NO. OF COMPANIES	NO. OF COUNTRIES	AGGREGATE ASSISTANCE EXTENDED TO OI (Rs in billion)	GROWTH RATE (%)
2013-14	494	391	80	371.39	-
2014-15	533	430	91	432.10	16.34
2015-16	563	436	78	491.46	13.73
2016-17	587	451	78	529.13	7.66
2017-18	610	462	78	572.90	8.27
2018-19	621	467	78	584.27	1.98
2019-20	634	475	78	612.64	4.85
2020-21	640	476	78	620.36	1.26
2021-22	652	483	78	637.54	2.76
2022-23	671	495	78	670.82	5.22
MEAN	-	-	-	552.26	6.89
CAGR (%)	-	-	-	6.09	-
MIN	-	-	-	371.39	1.26
MAX	-	-	-	670.82	16.34

Source: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 12, it is observed that the cumulative extended of Overseas investment finance by EXIM Bank of India has increased from Rs.371.39 billion in 2013-14 to Rs.670.82billion in 2022-23 with a CAGR of 6.09%. The amount of extended overseas investment shows a rising trend throughout the study period. During the period under study, the growth rate of extended overseas investment of the

Bank shows mixed trend and the highest growth rate of 16.34% was recorded in 2014-15 and the lowest growth rate of 1.26% was registered in 2020-

21. During the study period, the average disbursement of extended to overseas investment of the Bank stood at Rs.552.26 billion with a growth rate of 6.89%.

10. STANDBY LETTER OF CREDIT/ LETTER OF CREDIT:

To promote India’s trade and economic relations by way of developing countries, the Government of India (GOI) launched the Indian Development and Economics Assistance Scheme (IDEAS)- with the objective of sharing India’s development, by extending concessional LOCs routed through EXIM Bank of India, to developing partner countries, towards creating socio-economic benefits in the partner country. The GOI LOCs are funded, operated and monitored by EXIM Bank of India as the operating vehicle of GOI. ³¹

Lines of Credit (LOC) is a unique programme offered by EXIM Bank of India which offers a risk-free financing option to Indian exporting companies which helps them penetrate new markets and develop their export volumes in overseas markets. The LOC programme has gained considerable recognition abroad as it enables the LOC recipient countries to access developmental and infrastructural projects, equipment, goods and services from India on medium and long-term credit basis. ³²

The credit periods for these LOCs are generally from 15 years to 25 years and the LOC typically carry concessional interest rates.

Credit disbursement through letter of credit by exim bank of india:

The quantum of letter of credit disbursed by EXIM Bank of India during the study period is shown in Table 13

Table-13
Disbursement of Letter of Credit by EXIM Bank of India during 2013-14 to 2022-23

YEAR	DISBURSEMENT (Rs in billion)	GROWTH RATE (%)
2013-14	40.60	-
2014-15	53.26	31.18
2015-16	9.77	-81.65

2016-17	9.95	1.84
2017-18	4.04	-59.39
2018-19	1.84	-54.45
2019-20	8.30	351.08
2020-21	2.62	-68.43
2021-22	7.10	170.99
2022-23	7.77	9.43
MEAN	14.52	33.39
CAGR (%)	-15.24	-
MIN	1.84	81.65
MAX	53.26	351.08

SOURCE: Annual reports of EXIM Bank of India, various issues

INTERPRETATION:

From Table 13, it is observed that the Credit disbursement through Letters of Credit (LC) by EXIM Bank declined from Rs.40.60 billion in 2013-14 to Rs.7.77 billion in 2022-23, with a negative CAGR of -15.24%. The trend was generally downward, with fluctuations and the highest growth of 351.08% in 2019-20. The average disbursement during the period was Rs.14.52 billion. A sharp fall occurred in 2020-21, partly due to the Bank's role in issuing financial guarantees and standby LCs to support export-oriented units. The Bank's Lines of Credit programme remains its largest initiative, supporting overseas ventures since 2003.

1.7 SUGGESTIONS:

Here are some suggestions that can help the EXIM Bank of India to improve its performance as a financier of exports:

- **Export Credit Decline:** The consistent decrease in export credit indicates potential challenges in providing financial support to exporters. EXIM Bank of India should conduct a thorough analysis to identify the reasons behind this decline. It may involve reassessing its lending criteria, streamlining processes to expedite credit disbursement, and offering more competitive interest rates to encourage borrowing.
- **Guarantees Issued:** The increasing trend in guarantees issued signifies EXIM Bank of India's commitment to mitigating risks for exporters. To further enhance this aspect, the



bank could introduce innovative guarantee products tailored to the specific needs of exporters, expand its network of partner Banks for issuing guarantees, and provide targeted advisory services to help exporters navigate complex international markets.

- **Buyer's Credit and NEIA Program:** The fluctuating trends in buyer's credit and NEIA program disbursements highlight the need for a more consistent approach to support buyers and enhance export competitiveness. EXIM Bank of India should explore ways to streamline processes, reduce administrative hurdles, and offer flexible financing solutions to attract more buyers and stimulate export demand.
- **Lines of Credit (LOC) and Utilization:** Despite the decline in LOC, the increased utilization indicates effective deployment of available resources. EXIM Bank of India should continue to prioritize sectors with high potential for export growth, collaborate with partner countries to identify strategic projects, and proactively market its LOC facilities to attract more borrowers.
- **Credit for Export Competitiveness and Term Loans to EOUs:** The declining trends in credit for export competitiveness and term loans to EOUs underscore the challenges faced by these sectors. EXIM Bank of India should engage with stakeholders to understand their specific financing needs, design tailored financial products and capacity-building programs, and provide targeted assistance to enhance export competitiveness and support EOU expansion.
- **Credit Disbursed under Various Programs:** The varying growth rates across different programs highlight the importance of a diversified approach to export finance. EXIM Bank of India should conduct a comprehensive review of its product portfolio, prioritize programs with high impact potential, and allocate resources accordingly to maximize its developmental impact and support sustainable export growth.
- **Overall Financial Performance:** EXIM Bank of India should adopt a proactive and adaptive approach to navigate the evolving global trade landscape and address emerging challenges. This may involve strengthening partnerships with other financial institutions, enhancing technological capabilities to improve service delivery, and fostering a culture of innovation and continuous improvement within the organization.

1.8 CONCLUSION:

EXIM Bank of India (Export-Import Bank of India) is the India's leading export financing institute that engage in integrating foreign trade and investment with the country's economic growth. Its ultimate aim is to promote foreign trade activities in the country. EXIM Bank of India marks a milestone in its journey, completing 40 impactful years of partnering India's export growth story.

Based on the comprehensive analysis of the performance of EXIM Bank of India across various financial parameters from 2013-14 to 2022-23, several key findings have emerged. Here's a conclusion drawn from these findings:

- The Export Credit provided by EXIM Bank of India has witnessed a significant decline over the study period, with a negative CAGR of -12.62%. Despite fluctuations, the overall trend indicates a reduction in support for export financing.
- Guarantees issued by EXIM Bank of India have shown an increasing trend, albeit with some fluctuations. The positive CAGR of 8.64% suggests a steady growth in this aspect, indicating a commitment to mitigating risks for exporters.
- Buyer's credit disbursed by EXIM Bank of India has decreased with a CAGR of -12.73%. However, Buyer's credit under NEIA has shown a positive trend with a CAGR of 3.64%. This shows a potential focus on supporting exports to developing countries through NEIA.
- Lines of credit sanctioned by EXIM Bank of India have decreased with a CAGR of -9.25%. However, utilization of these lines of credit has increased with a CAGR of 12.24%, indicating effective utilization of available resources despite reduced allocations.
- Credit for Export Competitiveness and Term Loans to EOUs have witnessed declines, indicating potential challenges in supporting export-oriented units and fostering export competitiveness. However, significant growth rates recorded in certain years suggest sporadic efforts to boost these areas.
- Credit disbursed under the Production Equipment Finance Programme has increased with a CAGR of 14.84%, indicating support for acquiring production equipment.
- Credit disbursed under the Technology Upgradation Fund Scheme (TUFS) has shown a moderate increase with a CAGR of 1.88%, suggesting ongoing support for technological advancements in exports.
- Overseas Investment Finance sanctioned by EXIM Bank of India have decreased with a CAGR of -7.88%. However, the cumulative amount of overseas investment financed has increased with a CAGR of 6.09%, indicating past support for overseas investments.
- Credit disbursed through letters of credit has significantly decreased with a CAGR of -15.24%.

The EXIM Bank of India's financial performance reflects a mix of positive and negative trends across different financial products and programs. The average growth rates and trends show a need for strategic realignment and proactive measures to address challenges and capitalize on opportunities in export finance. In conclusion, while EXIM Bank of India has demonstrated



strengths in certain areas such as guarantee issuance and utilization of available credit lines, there are notable weaknesses in export credit disbursement and support for export-oriented units. To enhance its effectiveness, as a key player in export finance, the Bank should focus on revitalizing its support mechanisms, optimizing resource allocation, and aligning its strategies with the evolving needs of exporters and the global trade landscape.

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