

1. EXPORT FINANCE

EXPORTS

BASIC REQUIREMENTS :

- PRODUCT
- BUYER
- CONFIRMED ORDER
- IEC NO.
- BANK ACCOUNT

PAYMENT MECHANISM

SHIPMENT OF GOODS & PAYMENT :

- ADVANCE PAYMENT
- DOCUMENTS ON COLLECTION
- PAYMENT AGAINST DELIVERY
- PAYMENT ON CREDIT TERMS
- UNDER LETTER OF CREDIT

EXPORT FINANCE

RAISING RESOURCES :

➤ TRADE CREDIT

➤ INSTITUTIONAL FINANCE

EXPORT FINANCE

TRADE CREDIT :

- TRACK RECORD
- PRIOR DEALINGS
- LIMITATIONS
- COSTS

EXPORT FINANCE

INSTITUTIONAL CREDIT :

- NEED FOR CREDIT
- TRACK RECORD
- BUSINESS POTENTIAL
- PROFITABILITY
- CONCESSIONAL INT. RATES
- SETTING OF LIMITS – PARAMETERS

PRE-SHIPMENT EXPORT CREDIT IN INR

TO BE READ WITH LATEST RBI MASTER
CIRCULAR & FEMA GUIDELINES

PRE SHIPMENT FINANCE

PRESHIPMENT FINANCE ON THE BASIS OF
FIRM ORDER OR LC:

- PROCUREMENT
- MANUFACTURING
- PROCESSING & PACKING
- MAKING GOODS READY FOR SHIPMENT

PRE SHIPMENT FINANCE

- PERIOD OF FINANCE – 180 DAYS
- INTEREST RATES – CONCESSIONAL
- QUANTUM OF FINANCE & MARGIN
- IN INR / IN FGN. CURRENCY
- MANNER OF DISBURSAL
- DOCUMENTATION REQUIREMENT
- LIQUIDATION OF EXPORT CREDIT

RUPEE PRE SHIPMENT FINANCE

- PERIOD - TO BE DECIDED BASED UPON CIRCUMSTANCES
- IF NOT ADJUSTED IN 360 DAYS BY SUBMISSION OF EXPORT DOCS, IT WILL CEASE TO QUALIFY FOR CONC. ROI AB-INITIO
- RBI REFINANCE WILL BE AVAILABLE FOR 180 DAYS
- EACH PC TO BE MAINTAINED AS SEPARATE A/C
- DISBURSEMENT & END-USE
- LIQUIDATION – PROCEEDS OF EXPORT BILLS / EEFC BALANCES OR RUPEE RESOURCES TO THE EXTENT THAT EXPORTS HAVE TAKEN PLACE

LIQUIDATION OF PC

LIQUIDATION OF PC :

- IN EXCESS OF EXPORT VALUE – COMM. ROI
- WHERE PARTIAL DOMESTIC SALE IS INVOLVED –
- IN CASE OF EXPORT OF DEOILED / DEFATTED CAKE –

RELAXATIONS :

- PC CAN BE LIQUIDATED WITH EXPORT DOCS. RELATING TO ANOTHER ORDER, UNDER UNAVOIDABLE SITUATION
- EXISTING PC CAN BE MARKED OFF WITH PROCEEDS OF EXPORT DOCS. AGAINST WHICH NO PC HAS BEEN GRANTED
- NOT FOR TRANSACTIONS OF SISTER / ASSOCIATE / GROUP CONCERNS

RUNNING ACCOUNT PC

REQUIREMENT OF RUNNING ACCOUNT PC – SUCH PC CAN BE GRANTED, WITHOUT INSISTING ON PRIOR LODGEMENT OF LC / FO, SUBJECT TO :

- EXPORTERS PROVEN TRACK RECORD – EOUs / UNITS IN FTZ / EPZ/ SEZ
- LC / FO BEING PRODUCED WITHIN REASONABLE TIME
- FIFO METHOD BEING FOLLOWED FOR LIQUIDATION OF INDIVIDUAL PCs

OTHER ASPECTS :

- PC CAN BE LIQUIDATED THRO' PROCEEDS OF EXPORT DOCS. AG. WHICH NO PC HAS BEEN AVAILED
- RUNNING A/C FACILITY NOT TO BE GRANTED TO SUB SUPPLIERS
- FACILITY TO BE WITHDRAWN, IF ABUSED BY EXPORTER
- IF CONDITIONS NOT COMPLIED THEN COMM. ROI

RUPEE PC – VARIOUS ASPECTS

➤ EXPORT CREDIT CAN BE GRANTED AG. PAYMENT RECD. FOR EXPORTS BY WAY OF CHEQUE / DRAFT TILL THE INSTRUMENT IS REALISED

➤ RUPEE PC CAN BE GRANTED TO MFGR./ SUPPLIERS FOR EXPORTS ROUTED THRO' STC/ MMTC/ EXP. HOUSES / AGENCIES ETC. SUCH FINANCE IS SUBJECT TO :

-LETTER FROM EXPORT HOUSE THAT PC HAS NOT BEEN AVAILED AG. SAME ORDER

- APPORTIONMENT OF PERIOD OF PC BETWEEN EH & SUPPLIER

-EH OPENING INLAND LC IN FAVOUR OF SUPPLIER & PC TO SUPPLIER BEING LIQUIDATED BY NEG. OF BILLS UNDER LC

-UNDERTAKING FROM SUPPLIER THAT ADV. PAYMENT, IF ANY, RECD. SHALL BE CREDITED TO PC A/C

RUPEE PC TO SUB-SUPPLIERS

PC CAN BE SHARED BETWEEN AN EXPORT ORDER HOLDER (EOH) & SUB-SUPPLIER SUBJECT TO :

- RUNNING A/C FACILITY NOT ENVISAGED
- TOTAL PERIOD OF PC TO BE WITHIN NORMAL CYCLE OF PRODUCTION
- EOH SHALL BE RESPONSIBLE FOR EXPORT
- SCHEME WILL COVER ONLY THE FIRST STAGE OF PRODUCTION
- NO CHANGE IN TOTAL QUANTUM OF FINANCE
- SUITABLE ECGC COVER CAN BE AVAILED

EXPORT OF SERVICES

- PC CAN BE GRANTED FOR SERVICE EXPORTS AG. SERVICE CONTRACT
- THERE SHOULD BE NO DOUBLE FINANCING & WORKING CAPITAL GAP EXISTS
- EXPORT CREDIT TO BE LIQUIDATED BY REMITTANCES FROM ABROAD
- EXPORTERS TRACK RECORD TO BE TAKEN INTO ACCOUNT
 - EXPORTER REGD. WITH ELECTRONIC & S/W EPC OR SERVICES EPC OR FIEO
- ITEM OF SERVICE EXPORT IS COVERED UNDER APPENDIX 10 OF HBP v 1

PRE-SHIPMENT CREDIT TO FLORICULTURE, GRAPES & OTHER AGRO-BASED PRODUCTS

➤ IN CASE OF FLORICULTURE, PC CAN BE EXTENDED FOR PURCHASE OF CUT-FLOWERS & FOR ALL POST-HARVEST EXPENSES

➤ SIMILARLY PC CAN BE EXTENDED IN RESPECT OF EXPORT-RELATED WORKING CAPITAL ACTIVITIES OF ALL AGRO PRODUCTS

➤ NOT TO BE EXTENDED FOR INVESTMENTS
IN IMPORTS OF F&M TECH / F&M IP ETC

TO BE READ WITH LATEST F&M MASTER
CIRCULAR & FEMA GUIDELINES

EXPORT CREDIT TO PROCESSORS / EXPORTERS – AGRI ZONE

➤ IN THE CASE OF PROCUREMENT OF INPUTS SUPPLIED TO FARMERS BY EXPORTERS FOR ENSURING AVAILABILITY OF QUALITY CAN BE TREATED AS RM & PC CAN BE EXTENDED (eg.CONTRACT FARMING)

➤ REQUISITE ARRANGEMENTS TO BE MADE BY EXPORTER WITH FARMERS & OVERSEAS BUYERS AS REGARDS PROCURMENT & SUPPLY.

➤ END-USE OF FUNDS & EXPORT OF FINAL PRODUCT TO BE MONITORED & ENSURED

POST-SHIPMENT EXPORT FINANCE IN INR

TO BE READ WITH LATEST RBI MASTER
CIRCULAR & FEMA GUIDELINES

POST SHIPMENT FINANCE

- PERIOD OF FINANCE – MAX. 365 DAYS
- INTEREST RATE
- QUANTUM OF FINANCE & MARGIN
- IN INR / IN FGN. CURRENCY
- CONCEPT OF NTP
- CRYSTALLISATION OF EXPORT BILLS

TYPES OF POST SHIPMENT FINANCE

POSTSHIPMENT FINANCE : TYPES

- EXPORT BILLS PURCHASED
- EXPORT BILLS DISCOUNTED - IN INR / FCY
- EXPORT BILLS NEGOTIATED
- ADVANCE AG. EXPORT BILLS ON COLLECTION BASIS
- DEEMED EXPORTS
- ADVANCE AG. CONSIGNMENT EXPORTS / UNDRAWN BALANCE / DUTY DRAWBACK / RETENTION MONEY

TO BE READ WITH LATEST RBI MASTER
CIRCULAR & FEMA GUIDELINES

EXPORT BILLS PURCHASED

- AGAINST EXPORT DOCUMENTS
UNDER FIRM ORDER ON SIGHT
BASIS
- DOCUMENTS – B/L, INVOICE, SIGHT
BILL
- ECGC COVER

EXPORT BILLS DISCOUNTED

- IN INR / FGN. CURRENCY – DISCOUNTED AMT.
- AGAINST EXPORT DOCUMENTS
UNDER FIRM ORDER ON DA BASIS
- DOCUMENTS – B/L, INVOICE,
USANCE BILL
- ECGC COVER

EXPORT BILLS NEGOTIATED

- AGAINST EXPORT DOCUMENTS
UNDER LC ON SIGHT OR DA BASIS
- DOCUMENTS – B/L, INVOICE, SIGHT
OR USANCE BILL – ALL DRAWN
UNDER IRREVOCABLE LC
- ECGC COVER

ADVANCE AG. EXPORT BILLS ON COLLECTION BASIS

- AGAINST EXPORT DOCUMENTS SENT ON COLLECTION BASIS TO OVERSEAS BANK
- DOCUMENTS – B/L, INVOICE, SIGHT OR USANCE BILL
- ECGC COVER – IN CASE OF WTPSG, PREMIUM TO BE BORNE BY BANK

OTHER EXPORT FINANCE

- ADVANCE AG. CONSIGNMENT EXPORTS
- ADVANCE AG. UNDRAWN BALANCE /
DUTY DRAWBACK
- ADVANCE AG. RETENTION MONEY

EXPORT ON CONSIGNMENT BASIS

- EXPORTS ON PAR WITH EXPORTS ON OUTRIGHT SALES BASIS
- EVEN IF RBI GRANTS EXTN. > 365 DAYS, CONC. ROI ONLY UPTO NDD, SUBJECT TO MAX. OF 365 DAYS

ADVANCES AG. UNDRAWN BALANCES ON EXPORT BILLS

- PAYMENT OF UNDRAWN BALANCES IS CONTINGENT IN NATURE
- CONC. ROI APPLICABLE ONLY FOR 90 DAYS & TO THE EXTENT REPAYED BY ACTUAL FGN. INW. REM. & PROVIDED RECD. WITHIN 180 DAYS AFTER EXPIRY OF NTP / NDD
- FOR PERIOD > 90 DAYS, ROI WOULD BE 'ECNOS'

ADVANCES AG. DUTY DRAWBACK ENTITLEMENTS

- AG. DUTY DRAWBACK ENTITLEMENTS & COVERED BY ECGC GUARANTEE, AS PROVISIONALLY CERTIFIED BY CUSTOMS & PENDING FINAL SANCTION & PAYMENT
- AG. EXPORT PROMOTION COPY OF SHIPPING BILL CONTAINING EGM NO. ISSUED BY CUSTOMS DEPTT.
- LIEN TO BE NOTED WITH DESIGNATED BANK TO TRANSFER FUNDS UPON RECEIPT OF DUTY DRAWBACK
- CONC. ROI CAN BE APPLIED FOR MAX. PERIOD OF 90 DAYS

ADVANCE AG. RETENTION MONEY

- ADV. AG. RETENTION MONEY ONLY AG. SUPPLY PORTION
- EXPORTERS TO BE ADVISED AS REGARDS GIVING GUARANTEE INSTEAD OF RETENTION MONEY
 - ADV. TO BE SECURED BY LC OR GUARANTEE
 - EXPORT CREDIT ROI APPLICABLE ONLY FOR 90 DAYS
- WHERE RET. MONEY IS PAYABLE > 1 YR. - DEFERRED PAYMENT TERMS & BANK WOULD BE FREE TO DECIDE ROI
- CONC. ROI APPLICABLE TO THE EXTENT THE ADV. IS LIQUIDATED BY FGN. INW.REM. & THAT TOO WITHIN 180 DAYS

EXTENSION IN PERIOD OF REALISATION OF EXPORT PROCEEDS

- PERIOD OF REALISATION & REPATRIATION OF EXPORT PROCEEDS IS NOW 9 MTHS
- IN CASE OF EXPORTS THRO' WAREHOUSE-CUM-DISPLAY CENTRES ABROAD, REALISATION OF EXPORT PROCEEDS HAS BEEN FIXED UPTO 15 MTHS FROM DT. OF SHIPMENT. ROI WOULD BE AS APPLICABLE FOR USANCE BILLS UPTO 180 DAYS.

CHANGE OF TENOR OF BILL

- CHANGE IN TENOR PERMITTED, ON REQUEST FROM EXPORTER PROVIDED THAT REVISED DUE DATE DOES NOT FALL BEYOND PRESCRIBED PERIOD OF REALISATION
- IN SUCH CASES, PRESCRIBED ROI MAY BE MADE APPLICABLE UPTO REVISED NDD

POST SHIPMENT CREDIT IN OTHER CASES

- EXPORT OF GOODS FOR EXHIBITION & SALE - BOTH AT PRE & POST SHIPMENT STAGE, UPTO STIPULATED PERIODS
- EXPORT OF GOODS ON DEFERRED PAYMENT TERMS –
POST-SHIPMENT FINANCE CAN BE EXTENDED IN SUCH CASES IN RESPECT OF EXPORT OF CAPITAL AND PRODUCER GOODS

FINANCE FOR DEEMED EXPORTS

- IN RESPECT OF PROJECTS AIDED / FINANCED BY BILATERAL / MULTILATERAL AGENCIES / FUNDS (INCLUDING WORLD BANK / IBRD / IDA), AS NOTIFIED BY DEPTT. OF ECO. AFFAIRS, MOF,
- PC TO BE ADJUSTED FROM FREE FOREX REPRESENTING PAYMENT FOR THE SUPPLIES / EEFC BALANCES
- POST-SUPPLY FINANCE FOR A MAX. OF 30 DAYS. IN CASE SUCH CREDIT IS LIQUIDATED WITHIN 180 DAYS FROM NDD I.E. 210 DAYS FROM DT. OF CREDIT, 'ECNOS' ROI WOULD BE APPLICABLE FOR PERIOD BEYOND 30 DAYS
- IN CASE THE CREDIT IS NOT LIQUIDATED WITHIN 210 DAYS FROM DT. OF ADVANCE, 'ECNOS' ROI WOULD BE APPLICABLE FROM DT. OF ADVANCE

INTEREST RATES ON EXPORT CREDIT IN INR

TO BE READ WITH LATEST RBI MASTER
CIRCULAR & FEMA GUIDELINES

INT-RATE ON RUPEE PRE-SHIPMENT EXPORT CREDIT

- INT.RATE ON PRE-SHIPMENT CREDIT UPTO 270 DAYS SHALL BE @ INT. RATE DECIDED BY BANK
- IF PC IS NOT LIQUIDATED WITHIN 360 DAYS FROM PROCEEDS OF BILLS PURCHASED/ DISCOUNTED ON SUBMISSION OF EXPORT DOCS., OR EXPORTS DO NOT TAKE PLACE WITHIN 360 DAYS COMM. ROI AB-INITIO
- WHERE PC IS EXTD. BEYOND ORIGINAL PERIOD SANCTIONED & EXPORT TAKES PLACE AFTER THAT BUT WITHIN 360 DAYS FROM DT. OF ADV., CONC. ROI WOULD BE APPLICABLE ONLY FOR INITIAL PERIOD. 'ECNOS' WOULD BE APPLICABLE THEREAFTER
- IF EXPORTS DO NOT MATERIALISE, DOMESTIC LENDING RATE + PENAL ROI, TO BE DECIDED BY BANK

INT-RATE ON RUPEE POST-SHIPMENT EXPORT CREDIT

- IN CASE OF ADV. AG. DEMAND BILLS – IF REALISED BEFORE NTP, INT. AT CONC. RATE
- IN CASE OF USANCE BILLS, CONC. ROI APPLICABLE UPTO NDD / ACTUAL DUE DATE, OR DATE OF REALISATION – WHICHEVER IS EARLIER.
- REFUND OF EXCESS INT. CHARGED
- IN CASE OF OD BILLS, PRESCRIBED ROI AS APPLICABLE TO PS RUPEE CREDIT MAY BE APPLIED UPTO 180 DAYS
- WHERE PS FINANCE IS LIQUIDATED FROM RUPEE RESOURCES THROUGH ECGC CLAIMS (DEFAULT DUE TO EXTERNALISATION PROBLEMS) 'ECNOS'-POST SHIPMENT ROI WOULD BE APPLICABLE, FOR THE FULL AMT. OF ADV.,
- WHERE INT. HAS BEEN CHARGED AT COMM. ROI OR 'ECNOS RATE', IF EXPORT PROCEEDS ARE SUBSEQUENTLY REALISED IN AN APPROVED MANNER, EXCESS INT. CHARGED MAY BE REFUNDED

RUPEE EXPORT CREDIT INTEREST RATE SUBVENTION

- THE RUPEE EXPORT CREDIT INTEREST RATE SUBVENTION SCHEME PROVIDES FOR INT. RATE SUBVENTION OF 2% PER ANNUM ON RUPEE EXPORT CREDIT AVAILABLE BY EXPORTERS IN 9 SPECIFIED CATEGORIES OF EXPORTS
- INT. RATES ON EXPORT CREDIT SHALL BE AT BASE RATE OR ABOVE & INT. RATE SHALL STAND REDUCED TO THE EXTENT OF SUBVENTION AVAILABLE, SUBJECT TO FLOOR RATE OF 7 %
- RBI SETTLES CLAIMS ON THE BASIS OF QRTRLY CLAIMS

EXPORT CREDIT IN FGN. CURRENCY

PRESHIPMENT – PCFC

POST SHIPMENT – EBD / EBR

PCFC

- CHOICE OF CURRENCY – USD / GBP / YEN, EURO ETC.
- REFERENCE RATE - LIBOR / EURIBOR ETC. FOR STD. PERIOD
- ROI – BANKS FREE TO FIX INT. RATES
- MAX. PERIOD – 360 DAYS
- IN ANY CONVERTIBLE CURRENCY
- ON RUNNING ACCOUNT BASIS
- PCFC ALSO FOR ACU COUNTRIES
- SOURCE OF FUNDS
- ULTIMATE COST TO EXPORTER NOT TO EXCEED 350 BPS OVER LIBOR.
- IF SUPPLIER'S CREDIT ARRANGED BY EXPORTER FOR IMPORTED INPUT, PCFC TO BE GRANTED FOR DOMESTIC INPUT

PCFC

- - EXTN. OF PCFC WITHIN 180 DAYS, - BANKS CAN LEND ON FIXED ROLL OVER BASIS AT APPLICABLE BENCHMARK RATE + 350 BPS. BEYOND 180 DAYS – ADDL. 200 BPS
- SPOT RATE TO BE APPLIED FOR PCFC GRANTED FOR DOMESTIC INPUT
- LIQUIDATION THROUGH DISCOUNTING / REDISCOUNTING UNDER EBR SCHEME IN FGN. CURRENCY / EEFC BALANCES
- SUBSTITUTION OF ORDER PERMITTED
- IN THE EVENT OF CANCELLATION / NON-EXECUTION OF EXPORT ORDER PCFC TO BE RECOVERED AT TT SELLING RATE
- FWD. CONTRACTS CAN BE BOOKED PRIOR TO AVAILMENT OF PCFC

PCFC

- PCFC CAN BE SHARED BETWEEN MFGR. & EOH
- PCFC OF SUPPLIER UNIT WILL BE LIQUIDATED BY PCFC AVAILABLE BY RECEIVER UNIT WHICH WILL IN TURN RECEIVE FGN. CNY. UPON EXPORT. THERE SHOULD NOT BE ANY DOUBLE FINANCING
- PCFC FOR 'DEEMED EXPORTS' TO BE LIQUIDATED BY GRANT OF FGN. CNY LOAN AT PS STAGE FOR MAX. PERIOD OF 30 DAYS
- NO REFINANCE IS AVAILABLE AG. PCFC
- CREDIT TO EEFC A/C CAN BE MADE ONLY UPON REALISATION OF EXPORT BILL
- PCFC GRANTED TO DDA HOLDER CAN BE LIQUIDATED THROUGH PROCEEDS OF SALE TO ANOTHER DDA HOLDER

EBR

➤ SOURCES OF FUNDS

➤ ROI – BANKS FREE TO DETERMINE

➤ ‘ BANKERS ACCEPTANCE FACILITY ’ FOR FUNDING

➤ EXPORTERS LINE OF CREDIT

➤ USANCE BILLS UPTO 180 DAYS FROM DOS

➤ IF EXPORTER ELIGIBLE FOR LONGER USANCE, THEN EBR CAN BE PROVIDED BEYOND 180 DAYS

➤ AVAILMENT IN ANY CONVERTIBLE CNY. CONV. AT SPOT RATE

➤ ALSO FOR EXPORTS TO ACU COUNTRIES

➤ FOR OD BILLS ADDL. PENAL INT @ 200 BPS FROM DUE DT. DT. OF CRYSTALLISATION

➤ NO REFINANCE AG. EBR

COST REDUCTION

- RUPEE FINANCE VS. FGN. CURRENCY FINANCE
- AVAILABLE OPTIONS
- FORWARD CONTRACTS

FORFAITING

- WITH / WITHOUT RECOURSE FINANCING OF EXPORT RECEIVABLE
- AT A DISCOUNT
- UPTO 100% OF CONTRACT VALUE
- MEDIUM TO LONG-TERM MATURITIES

FORFAITING - PARTIES

- EXPORTER
- BUYER (IMPORTER)
- EXPORTER'S BANK IN INDIA
- IMPORTER'S BANK ABROAD /
AVALISING BANK
- EXIM BANK
- FORFAITING AGENCY ABROAD

FACTORING

➤ DEBT ADMINISTRATION

➤ CREDIT PROTECTION

➤ SINGLE FACTOR SYSTEM

➤ TWO FACTOR SYSTEM

GOLD CARD SCHEME

SCHEME FOR CREDITWORTHY EXPORTERS WITH GOOD TRACK RECORD FOR EASY AVAILABILITY OF EXPORT CREDIT. SALIENT FEATURES OF SCHEME ARE :

- NOT APPLICABLE FOR EXPORTERS BLACK-LISTED BY ECGC
- SIMPLER PROCESSING NORMS
- LOWER CHARGES
- SIMPLIFIED SANCTION PROCEDURE
- IN-PRINCIPLE SANCTION FOR 3 YRS
- STAND-BY LIMIT OF MIN. 20%
- RELAXED INVENTORY NORMS
- PRIORITY FOR GRANTING PCFC
- WAIVER OF COLLATERAL / ECGC COVER
- ISSUANCE OF FGN.CNY CREDIT CARDS

THANK YOU.....