

Role of Financial Sector in Promoting Exports

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Role of Financial Sector

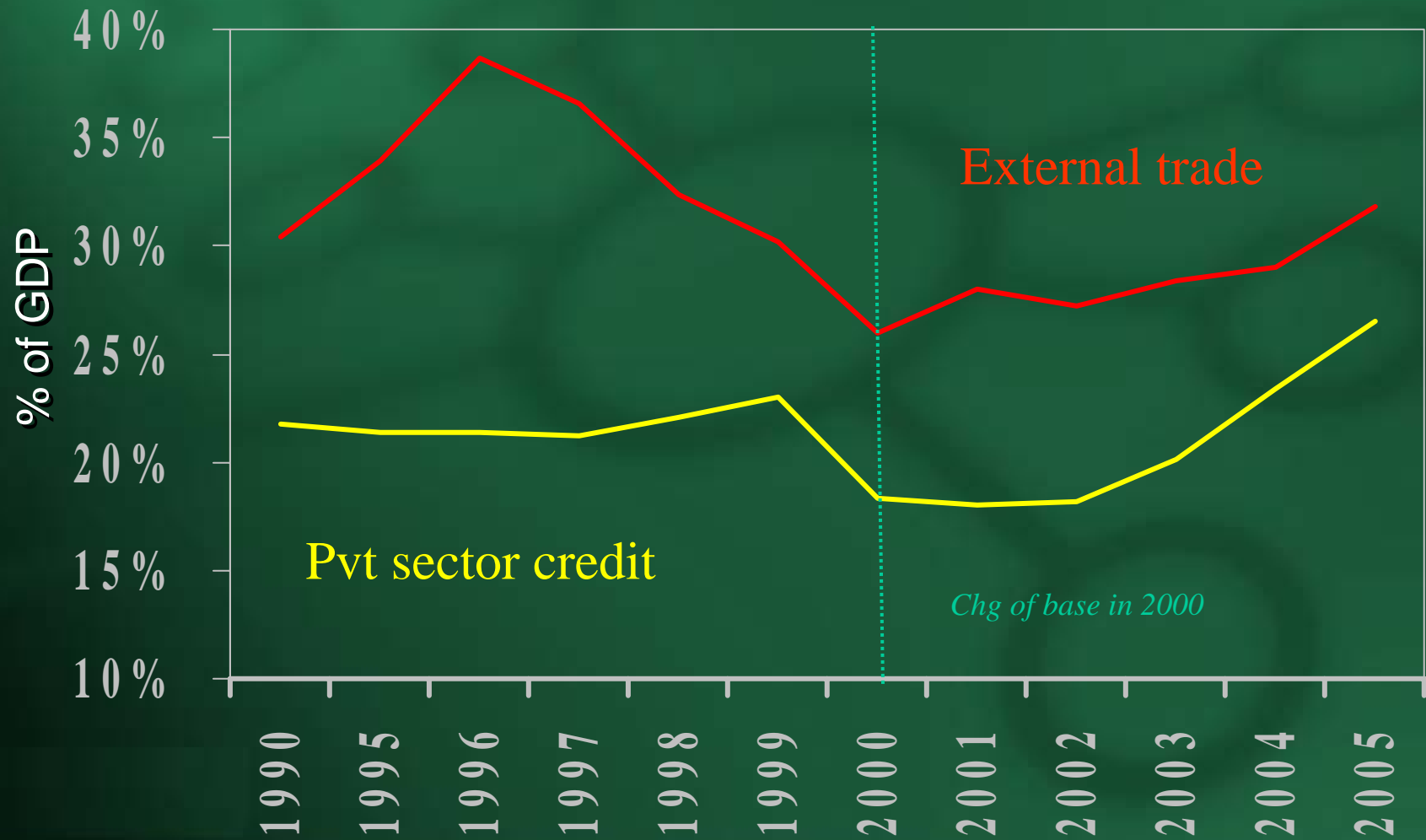
Financial sector provides support to exports via multiple channels:

1. Direct financing for exports (both *pre-* as well as *post-shipment*)
2. Financing of machinery & technology up-gradation
3. Financing of raw material purchase

Role of Financial Sector

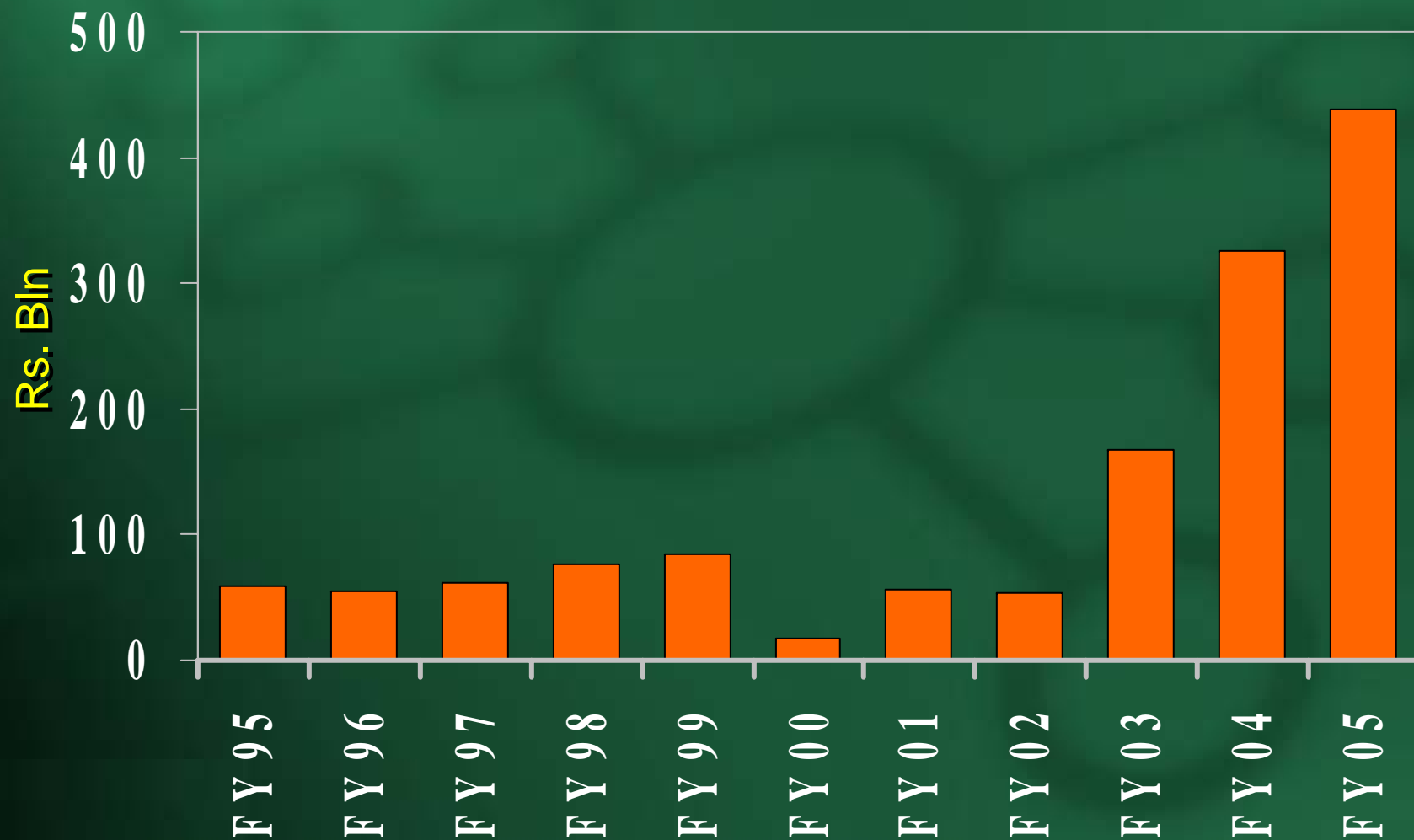
4. Financing of indirect exporters
5. Hedging of exposures (Fx & interest rate)
6. Facilitation of external trade & domestic commerce
7. Promotion of FDI in export sector

External Trade & Credit to Pvt Sector as % GDP



Recent Developments

Annual Flow of Credit to Private Sector



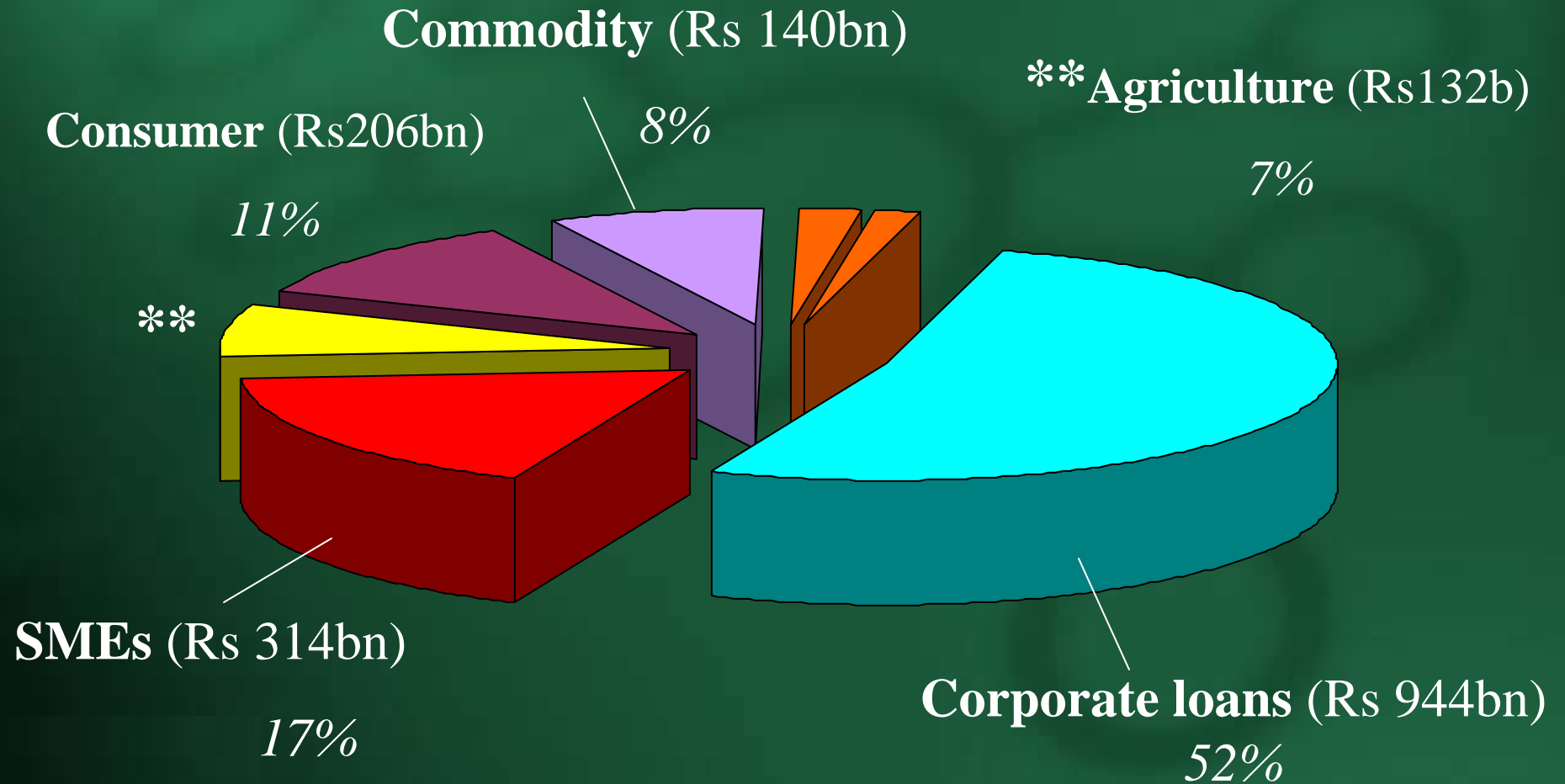
Recent Developments

Annual Flow of Credit to Private Sector

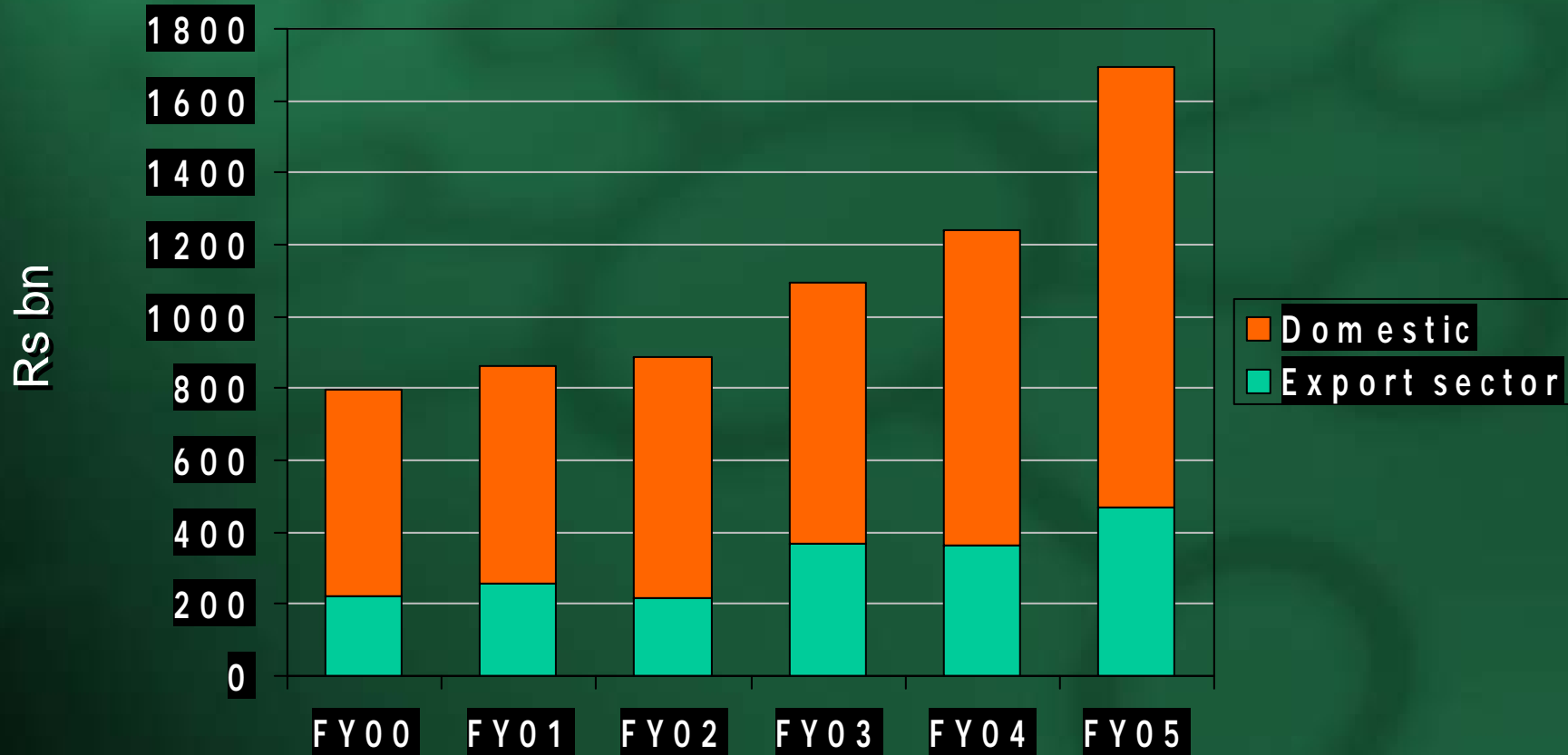


Recent Developments

Sectoral Distribution of Private Sector Credit



Bank Financing – Export Sector* vs Total (Stock O/s)

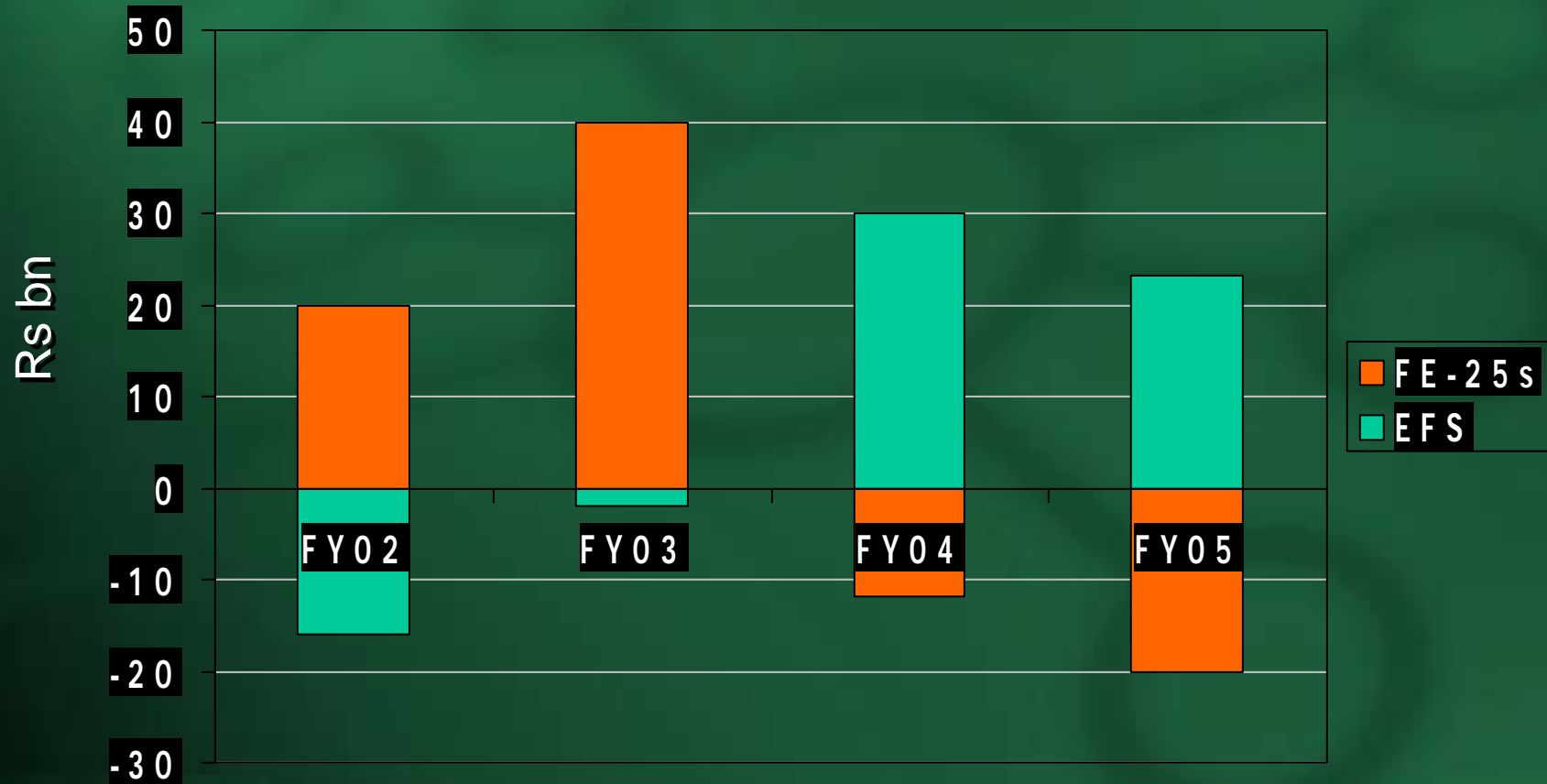


**estimated*

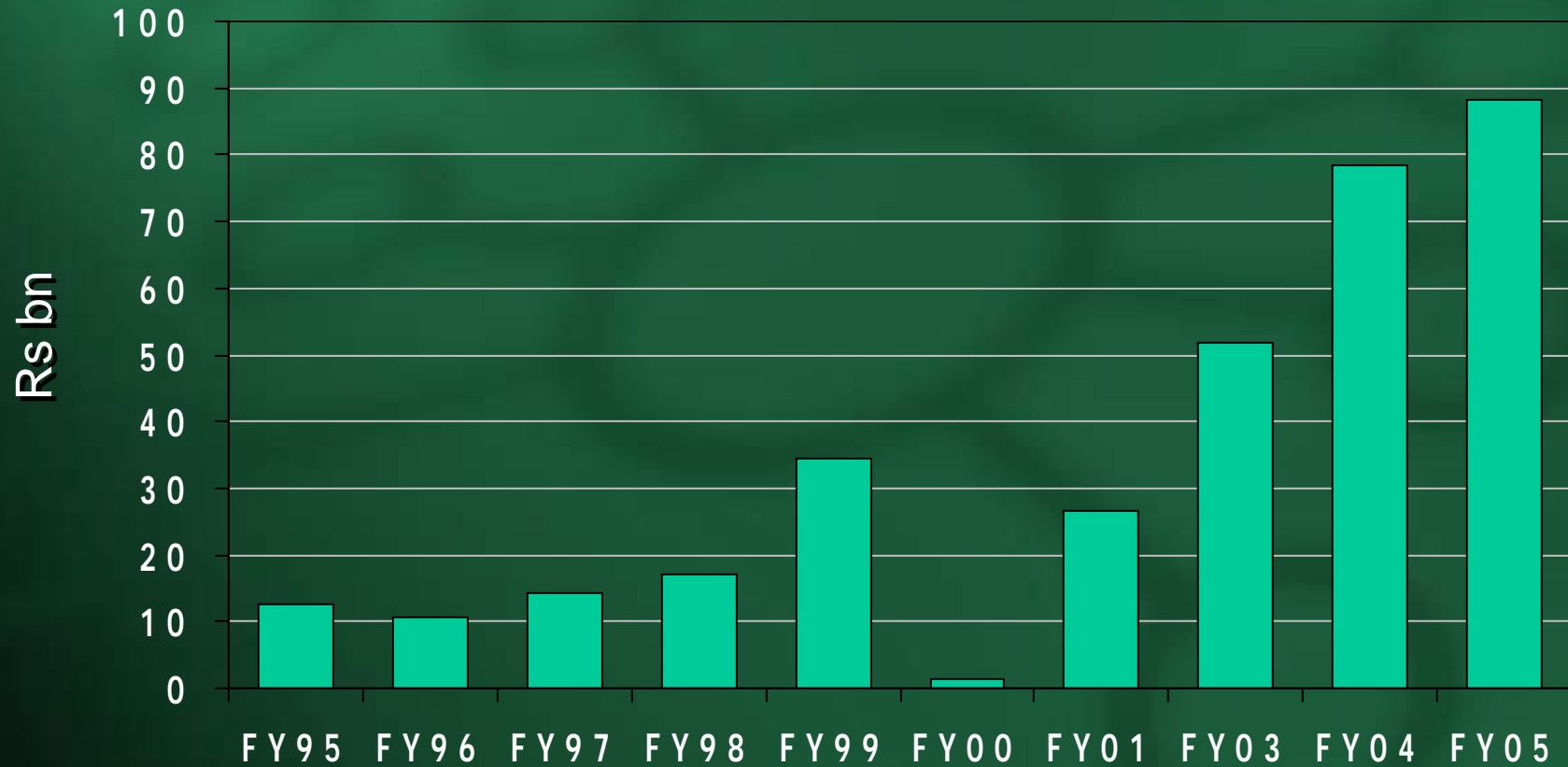
Bank Financing – Export Sector as % of Total Loans O/S*



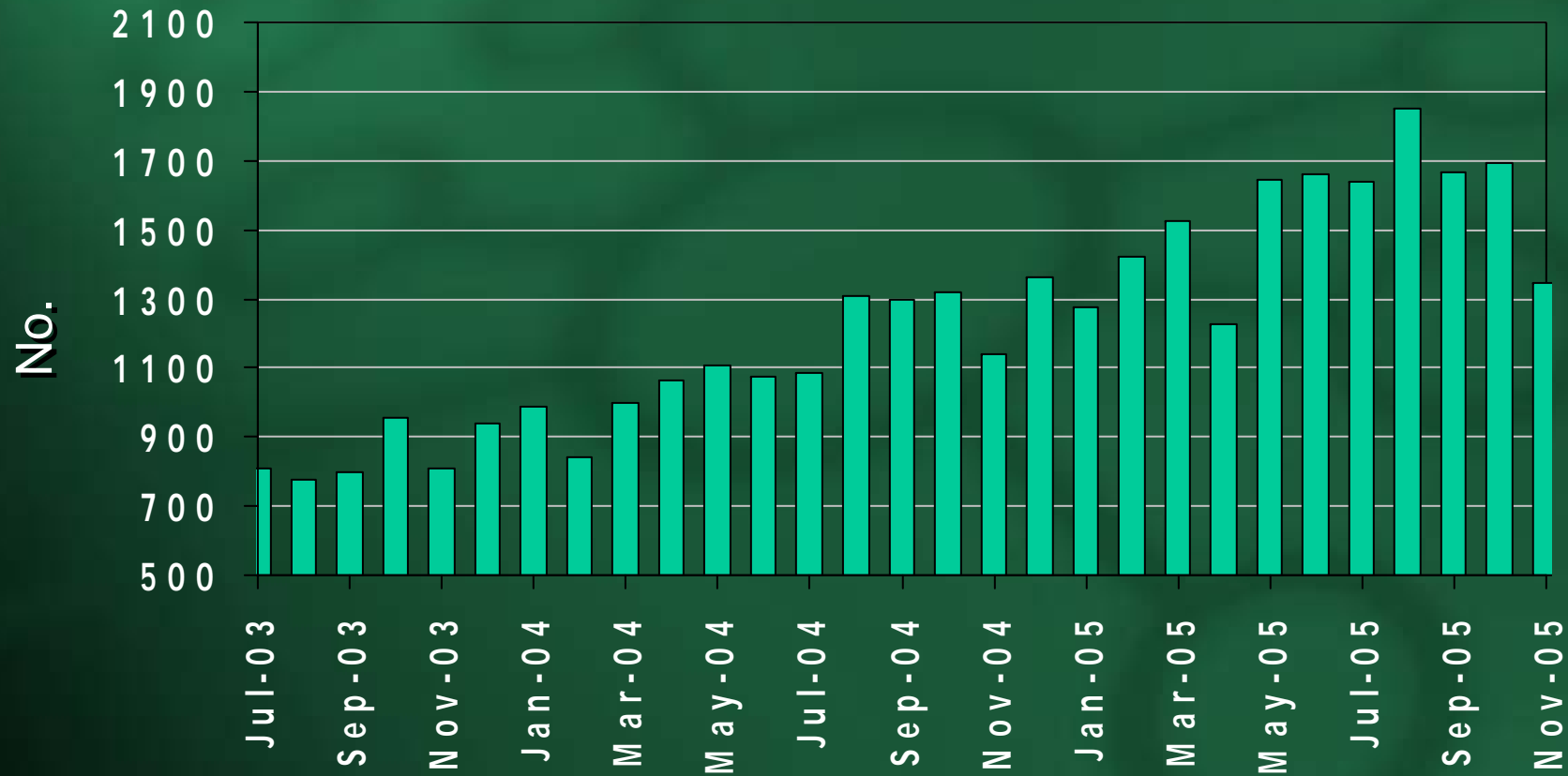
Annual Export Financing (pre- as well as post-shipment)



Loans to Textile Sector (annual flow)



Import Facilitation - No. of LCs Opened



Looking Ahead

Role of financial sector in developing new avenues of exports:

- Setting up of an Export Credit Agency (ECA)
- Enhancing access of indirect exporters to formal credit through supply chain financing
- Develop export of financial services

Conclusion

- Banks mitigate risks in international trade
- Banks facilitate export sector via number of channels:
 - Provide direct export financing
 - Finance inputs (raw materials & machinery)
 - Hedge Fx and interest rate exposures; and,
 - Provide liquidity by offering Discounting and Negotiations for export