



INDIAN COMPANIES GOING GLOBAL

Challenges & Opportunities for Indian Companies: Financial System Initiatives

**Presentation By
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Exim Bank of India



- ❑ SET UP BY AN ACT OF PARLIAMENT IN SEPTEMBER 1981
- ❑ WHOLLY OWNED BY GOVERNMENT OF INDIA
- ❑ COMMENCED OPERATIONS IN MARCH 1982
- ❑ APEX FINANCIAL INSTITUTION
- ❑ 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)



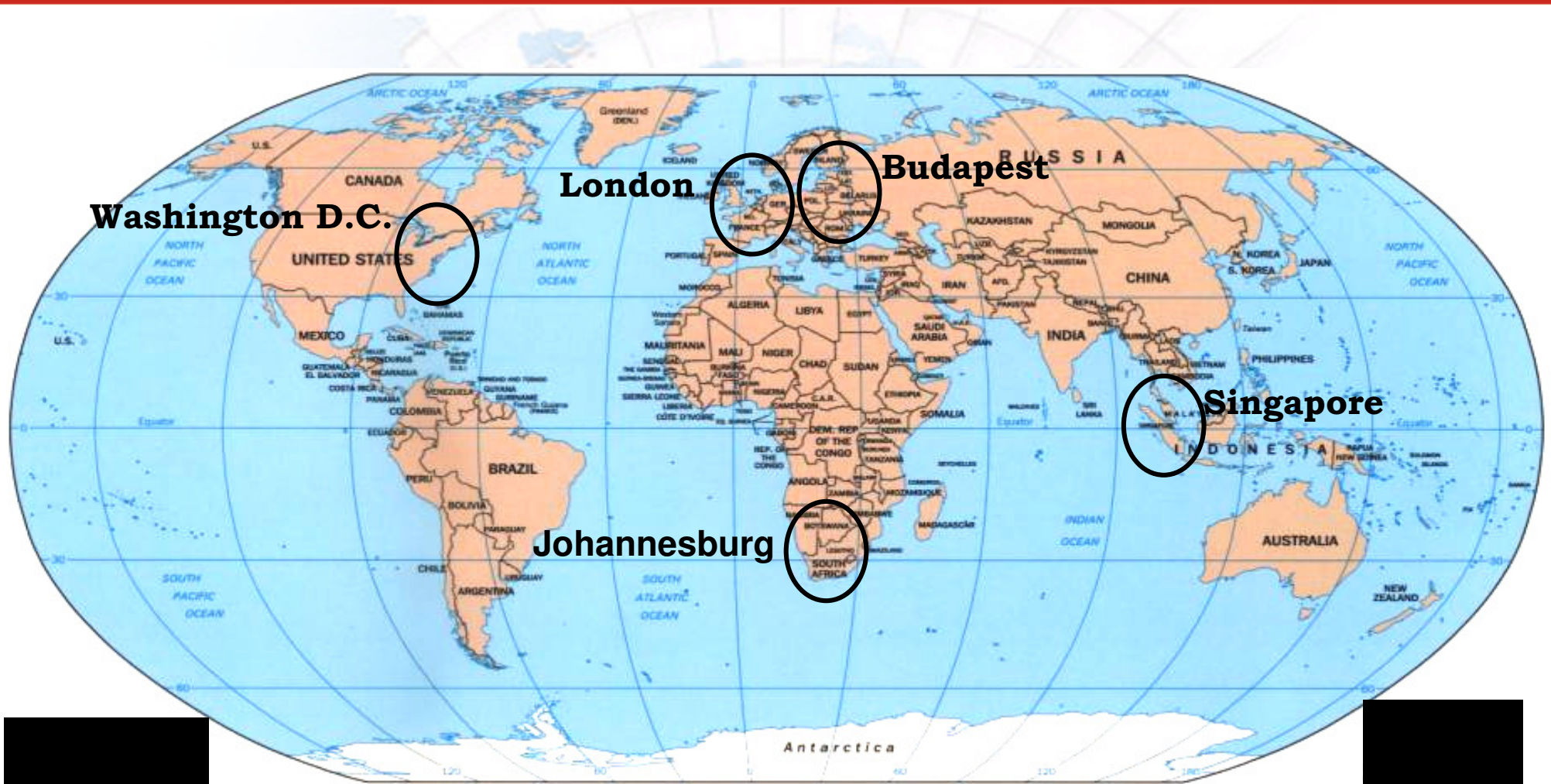
Network of 15 Offices in India and Overseas



Head Office
+
9 Domestic Offices



Network of 15 Offices in India and Overseas



Promotional Activities

Exim Bank as Consultant

- ❑ **Setting up an Exim Bank in Malaysia**
- ❑ **Establishing an Export Credit Guarantee Company in Zimbabwe**
- ❑ **Feasibility study for setting up the Afrexim Bank**
- ❑ **Designing of Export Financing Programmes – Turkey, South Africa**
- ❑ **Export Development Project : Ukraine, Vietnam, Armenia**
- ❑ **Mauritius – Study on Projecting Mauritius as an Investment Hub for Indian Firms**



COUNTRIES AS MARKETS

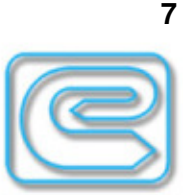
**CAN BUY
CAN PAY
(WESTERN MARKETS)**

**CAN BUY
CAN PAY
Only through
Counter trade**

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WHY EXPORT TO INDUSTRIALISED MARKETS



- **OPPORTUNITY AREA FOR COUNTRY'S EXPORT OF MANUFACTURED GOODS:**
 - Large absorptive capacity, hence, assurance of continued volumes.
 - Steady prices and promise of timely payment
- **UPGRADATION FOR EXPORTS PROVIDES SPIN – OFF BENEFITS INDOMESTIC MARKETS**



EXPORT TO INDUSTRIALISED MARKETS

WHAT IS INVOLVED	WHAT NEEDS TO BE DONE
<ul style="list-style-type: none">✓ LONG PROJECT CYCLE TIME✓ INTENSE COMPETITION✓ HIGH RISK	<ul style="list-style-type: none">✓ FRONT END INVESTMENT OF TIME AND MONEY✓ PROCESS/PRODUCT UPGRADATION✓ CAREFUL ADVANCE PREPARATION



WHAT NEEDS TO BE DONE ON THE SUPPLY SIDE

**PRODUCT
REDESIGN**

**IMPROVE
EFFICIENCY**

R& D

**DEDICATE
CAPACITY**

TESTING



WHAT NEEDS TO BE DONE AT THE MARKET END

- ❖ **BRAND NAME**
- ❖ **AFTER SALES SERVICE**
- ❖ **WAREHOUSING**
- ❖ **IDENTIFY NICHE SEGMENT**
- ❖ **DISTRIBUTION**



❖ **STRATEGIC ALLIANCES**

❖ **PRODUCT LIABILITY**

❖ **PATENTS**

❖ **ADVERTISING**



TEN COMMON INTERNATIONAL MARKETING MISTAKES

- **Insufficient knowledge of consumer's behaviour, attitudes, values, wants and needs in the foreign market.**
- **Failure to segment the market and target carefully**
- **Lack of an international marketing planning process.**
- **Using cost to set price rather than the product's perceived market value.**
- **Short term entry strategy rather than a long term entry strategy**



- **Incompatibility of corporate's organisation structure with international marketing strategy.**
- **Failure to have objective market based product/ service evaluation carried out in the foreign market**
- **Failure to market in the foreign country in the appropriate way instead of using the marketing approach used back home.**
- **Overestimating the company's international strengths with respect to finance, people, production and marketing.**
- **Failure to secure commitment from the top in international marketing.**



IMPORTANT FACTORS FOR ACHIEVING SUCESS

- ✓ 1.8 - TOP MANAGEMENT COMMITMENT
- ✓ 0.9 - PRODUCT DEVELOPMENT CAPABILITY
- ✓ 0.6 - MARKETING ORIENTATION OF THE COMPANY
- ✓ 0.5 - DEDICATION OF CAPACITY FOR EXPORTS
- ✓ 0.3 - SETTING UP OF A EXPORT DEPARTMENT
- ✓ 0.2 - STRATEGIC ALLIANCES
- ✓ 0.1 - MOTIVATED LABOUR FORCE

NOTE: Based on actual survey of assisted/ potential export companies in India by Exim Bank.



HOW TO SUCCEED IN EXPORTS

- ❖ **Organise for exports**
- ❖ **Select a niche market**
- ❖ **Prepare a vision statement**
- ❖ **Launch an action plan**
- ❖ **Target high to be viable**



- ❖ **Aim for a dominant market share**
- ❖ **Get the CEO committed**
- ❖ **Get an effective export manager**
- ❖ **Expose the Back Room Boys to the market place**



APPROACH TO STRATEGIC EXPORT MARKETING PLAN

STRATEGIC EXPORT MARKETING PLAN(SEMP)

**MARKET
EXPLORATION**

**SUPPLY
PACKAGE
ADAPTATION**

**MARKET
PROMOTION**



ELIGIBLE ACTIVITIES AND EXPENDITURE

Desk Research

Overseas Field Market Research

- a. Which Products are required
- b. What are the channels of distribution
- c. Who makes the purchase decision
- d. What factors affect this decision

Minor product Adaptation

Overseas Travel by company Executives

Product, Process and Quality Certification

Product Liability Insurance



Training

Travel to India by Potential Buyers

Participation in India Fairs

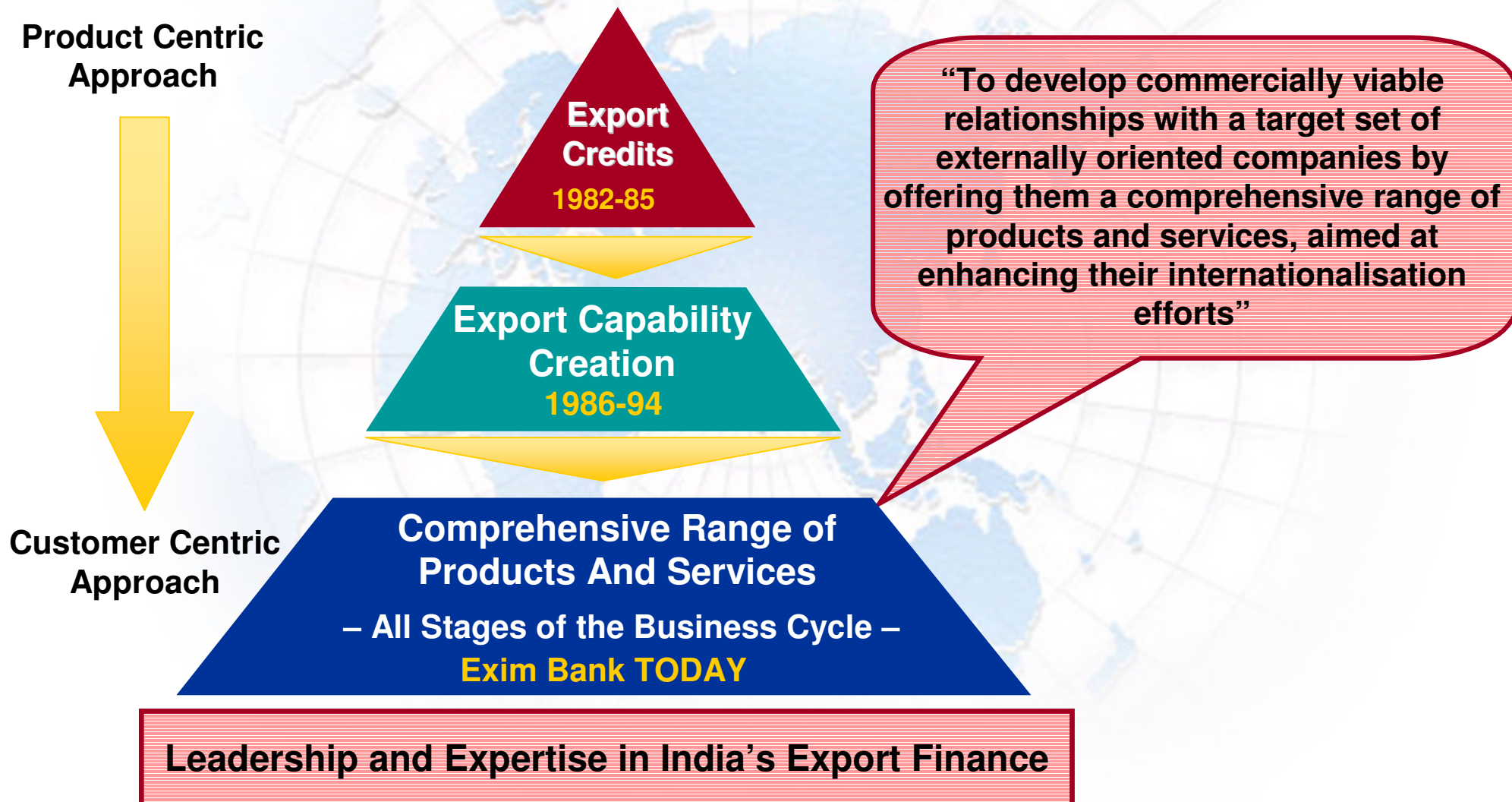
Establishing Overseas Operations

Productivity Improvements

- ☐ **Tooling**
- ☐ **Testing and quality control**

Patent/ Trademark / Product registration

Evolving Vision



Range of Products & Services



Presence Across All Stages of Business Cycle



Value Based 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 West Asia, North Africa, Sub Saharan Africa, South & South East Asia, CIS and Latin America

Projects currently under execution with Exim Bank support

No. of Contracts	:	190
Value of Contracts	:	US\$ 6 bn
No. of Countries	:	40

Export Lines of Credit

Lines of Credit (LOC): A catalyst for trade promotion

- ❑ Enables export of Indian equipment and technology on deferred credit terms
- ❑ Buyer's Credit: Direct exposure on overseas borrowers
- ❑ No recourse to Indian exporters
- ❑ Exporters get payment on shipment
- ❑ 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
- ❑ More than 50 Operative LOCs currently amounting to US\$ 1.3 billion in more than 80 countries

Exim's Catalytic Role

- ❑ Strong institutional linkages
 - ➔ *IFC, Washington, Asian Development Bank, African Development Bank, MIGA, Development Bank of Zambia, BOAD, Afrexim Bank, international commercial banks, other Exim Banks*
- ❑ First institution to finance & promote computer software exports (1986)
 - ➔ *Infosys was one such company supported by Exim Bank*
- ❑ Set up Global Trade Finance Ltd. as a joint venture with IFC (Washington) and West LB (Germany) in 2001 for providing export factoring facility as an alternate trade financing instrument for SME sector
- ❑ Set up Global Procurement Consultants Ltd. in 1996 as a joint venture with 10 Indian private and public sector enterprises to offer procurement advisory services – first such company in the developing world
- ❑ Eximius Centre for Learning at Bangalore, Pune, Ahmedabad for specialised short term training programme for export units

Exim's Catalytic Role

- ❑ Introduced new trade financing instruments like pre-export financing, factoring & forfaiting. Bank offers structured financing solutions using financial derivatives
- ❑ Introduced programmes for financing R&D, export product development, quality certification, export oriented film financing etc.
- ❑ Launched an Asian ECA Forum in 1996 and brought together 8 Exim Banks operating in Asia to promote intra-regional trade and reduce transaction cost. Bank signed Multilateral L/C confirmation facility with other Exim Banks
- ❑ Operated successfully World Bank supported Export Marketing Finance Programme (EMF) and IFC supported Agency Credit Line programme to strengthen capabilities of SMEs.

Exim India: 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

THANK YOU

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