

Exim Bank seeks ₹ 1,700 cr capital from Centre for FY17

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There is headroom for paid-up capital to move up over next 3 years, says CMD

Yaduvendra Mathur, CMD, Exim Bank

Mumbai, February 8:

Export-Import Bank of India (Exim Bank) has sought ₹ 1,700 crore equity capital infusion from the Centre in 2016-17 to further expand its business, including providing export finance, term loans to exporters, and overseas investment finance and guarantees.

The all-India financial institution, which was set up under the Exim Bank of India Act, 1981, received ₹ 1,300 crore and ₹ 700 crore from the government in 2014-15 and 2013-14, respectively.

More room to lend

Speaking on the sidelines of an interactive session for exporters, Chairman and Managing Director Yaduvendra Mathur said Exim Bank's authorised capital is ₹ 10,000 crore while its paid-up capital is only ₹ 5,700 crore. So, there is headroom for the paid-up capital to move up over the next three years.

"If the government infuses ₹ 1,700 crore, we can lend 10 times that amount to support exports," explained Mathur.

The Exim Bank chief observed that his institution would step up the guarantee business (including standby letters of credit and performance/financial guarantee), which is currently at around ₹ 11,000 crore (or 10 per cent of the bank's loan assets and non-funded facilities put together).

In this regard, he observed that guarantees accounted for almost 90 per cent of US Exim's loan assets and non-funded facilities. Since giving guarantee requires less capital to be set aside, Exim Bank can step up the support it can give to exporters, said Mathur.

Overseas funds

Exim Bank, according to its chief, will raise about \$1 billion from overseas markets in multiple tranches next year through bonds of longer tenure, say, 15 years. In the current financial year so far, it has raised \$500 million each by issuing green bonds and 'Reg S' bonds.

Meanwhile, at the session, Ajit V Gupte, Joint Secretary, Ministry of External Affairs, said that the Centre is preparing a strategic plan for leveraging lines of credit.

An LoC (line of credit) is a financing mechanism through which Exim Bank extends support for export of projects, equipment, goods and services from India. It extends LoCs on its own and also at the behest and with the support of the government.

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