

Quadrant II – Transcript and Related Materials

Programme: Bachelor of Commerce (Third Year)

Subject: Commerce

Semester: IV

Course Code: COD 116

Course Title: Banking DSE4

Unit: Unit 3- Financing of International trade

Module Name: EXIM, BRICS

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Notes

EXIM Bank

EXIM stands for export import bank of India

Bank commissioned in 1982

Established under an Act of Parliament

Set up for the purpose of financing, facilitating, promoting foreign trade in India

Concentrates on medium- and long-term financing

Functions/ Role of EXIM Bank

Granting loans and advances in India solely or jointly to persons exporting from India

Granting loans and advances in India solely or jointly to persons outside India for import from India

Granting credit to governments, financial institutions and other suitable organisations in foreign countries to enable persons outside India to import from India

Handling government to government export credit transaction

Issuing bonds and guarantees and other similar facilities in India and abroad of persons exporting goods

Purchasing, negotiating, and discounting of bills

EXIM bank also performs incidental functions which are as below

Maintaining foreign currency accounts with bank and correspondents abroad and entering business with them

Buying and selling currencies or foreign exchange and undertaking the functions of authorised dealers

undertaking and financing research studies in connection with promotion and development in international market

Provide technical, administrative and financial support for any person who exports

Planning, promoting, developing and financing export-oriented industries

Acting as an agent for central and state governments, RBI, IDBI

Programmes/ Operations of EXIM Bank

There are two types of operations in EXIM bank.

Funded and non-funded operations

Non funded operations include guaranties, performance guarantees

Guarantees are advance payment guaranty, performance guarantee, guarantee for retention of money, guarantee for borrowing abroad, guarantee for execution of exports

The funded facilities include

Direct financial assistance to exporters

Consultancy and technology service

Pre-shipment credit

Facilities for export-oriented units

Refinancing of term Loans to Indian Banks

Small scale industry export bills rediscounting

BRICS Bank – Functions

BRICS leaders agreed to set up a development bank at the 5th BRICS summit held in Durban, South Africa on 27 March 2013

On 15 July 2014, BRICS states signed the Agreement on the New Development Bank, which makes provisions for the legal basis of the bank

In a separate agreement, a reserve currency pool worth \$100 billion was set up by BRICS nations

7th BRICS summit in July 2015 marked the entry into force of the Agreement on the New Development Bank (NDB).

On 19 July 2016, the NDB successfully issued the bank's first green financial bond with issue size of RMB 3 billion, tenor of 5 years in the China interbank bond market.

In 2016, the NDB Board of Directors approved the first set of projects in all members of the bank

On 21 December 2016, the NDB signed its first loan agreement

According to the Articles of Agreement, the main organs of the bank are: Board of Governors/ Board of Directors/ President and Vice-Presidents

The NDB President is elected on a rotational basis from one of the founding members, and there are four Vice Presidents from each of the other four founding members.

The New Development Bank has an initial subscribed capital of USD 50 billion and an initial authorized capital of USD 100 billion

The initial subscribed capital is be equally distributed among the founding members

The bank **aims** to contribute to development plans established nationally through projects that are socially, environmentally and economically sustainable.

Objective: Promote infrastructure and sustainable development projects with a significant development impact in member countries

Objective: Establish an extensive network of global partnerships with other multilateral development institutions and national development banks

Objective: Build a balanced project portfolio giving a proper respect to their geographic location, financing requirements and other factors

Projects: sustainable infrastructure development is at the core of NDB's operational strategy

Projects: developing renewable energy sources

Projects: to cooperate with other institutions in accelerating 'green' financing expansion and promoting environment protection

Funding projects that conform to high environmental standards

fund projects that are creative and bring benefits to the local people

In March 2016, the NDB announced that it will do a bond issue in China to raise funding domestically on the Chinese market. Functions of NDB are: Fostering development of

member countries Functions of NDB are: Supporting economic growth Functions of NDB are:

Promoting competitiveness and facilitating job creation Functions of NDB are: Building a

knowledge sharing platform among developing countries