



An Analytical Study on the Exporters Satisfaction Level Towards the International Trade Finance Service Provided By Banks (With Special Reference to Coimbatore City)

KEYWORDS

International finance, Export credit

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ABSTRACT Exports are major factors in the development of an economy, particularly developing nations. The Indian Financial System, through commercial bank offer financial resources for promoting exports by providing both pre and post shipment finances. The paper surveyed for exporter's satisfaction level and financial service provided by banks. The need for coordination between banks and financial institutions. The stress is on introducing the new innovative services of counter trade, overseas borrowings, international factoring and banker's acceptance for accelerating promotion of exports.

INTRODUCTION

Banks play a role of considerable economic significance as intermediaries in mobilizing public savings and canalizing the flow of funds for productive purposes, keeping on the process of the economic growth of the country. Realizing the importance of the role of the banks in economic development, Reserve Bank of India took several major initiatives after the country attained independence to gear the banking system to serve the national objective.

An efficient system for providing export finance to Indian exporters will add to their international competitiveness. Such finance is required for short periods of time both before and after the shipment of an export order. Banks provide export finance at a rate lower than their prime-lending rate.

OBJECTIVES OF THE STUDY

- To know about formalities and procedures of bank in providing finance to exporters.
- To study the level of satisfaction about financial services provided by banks for Export.
- To study about the problems faced by exporters in obtaining financial services from the bank.
- To give valuable suggestions to the banks to improve the trade financial services.

SCOPE OF THE STUDY

We hope that this Study will add to the understanding of this complex issue. In addition, the present study can serve as a benchmark, so that follow-up studies can track progress, on both a national and International level.

RESEARCH METHODOLOGY

AREA OF RESEARCH

This research study was conducted only in Coimbatore.

RESEARCH DESIGN:

This research is descriptive in nature. The researcher here made an attempt to find out the problems and prospects faced by Coimbatore Exporters

NATURE AND SOURCE OF DATA:

The natures of data collected for this study were Primary

data and Secondary data. Primary data were collected from the respondents through a questionnaire and secondary data through journals and websites.

STATISTICAL TOOLS USED

Statistical tools used for the study are:

- ❖ Simple Percentage Analysis
- ❖ Weighted Arithmetic Mean
- ❖ Chi-square Test
- ❖ Ranking Method

LITERATURE SURVEY

Ahuja, Rajeev (2001): Export Incentives in India within WTO Framework in his study Commercial banks provide export finance at a rate lower than their prime lending rate. With progressive deregulation of interest rates, banks now have considerable flexibility to decide their deposit and lending rate structures and manage their assets and liabilities with greater efficiency.

Arya, P.N. (1971): Survey of Export Credit Facilities in India, USAID, New Delhi.

Cizaukas, C. Albert (1980): "The Changing Nature of Export Credit Finance and Its Implications in Developing Countries", It provides arrange of credit risk insurance covers to exporters against loss in export of goods and services. It offers guarantees to banks and financial institutions to enable exporters obtain better facilities from them.

Fitzgerald, Bruce and Terry Monson (1989): "Preferential Credit and Insurance and to Promote Exports, Research Observer, 4(1), January A sample of 2090 exporters was selected at random from among 34 product categories spread over 29 cities in four different zones of India (North, East, West, and South). The sample represented small, lower-medium, medium and large exporters roughly in the ratio of 2:2:1:1

Keesing, Donald and Andrew Singer (1992): "Development Assistance Gone Wrong

Failure in Service to Promote and Support Manufacturing programmes", in Hogan et al

Over the years, the Berne Union has made non-binding recommendations on the regulation of export credit policies. However, beginning in the late 1960s, members increasingly disregarded these guidelines.

DATA ANALYSIS AND INTERPRETATION

CHI – SQUARE TEST

TABLE NO: 1

TABLE SHOWING THE CATEGORY OF GOODS AND SERVICES THAT ARE EXPORTING AND LOAN AVAILING FROM THE BANKER

Category Of Goods/ Services	Type Of Loan Availing From the Banker				
	EPCL	PCL	PCL	SSL	TOTAL
Capital Goods	5	5	5	1	16
Agricultural Goods	3	10	2	1	16
Consumer Goods	2	4	0	2	08
Software & Information Technology	1	6	3	0	10
Total	11	25	10	4	50

Source: Primary data

EPCL – EXTENDED PACKING CREDIT LOAN

PCL – PACKING CREDIT LOAN (HYPOTHECATION)

SSL - PACKING CREDIT LOAN (PLEDGE)

SSL - SECURED SHIPPING LOAN

H₁ – There is positive relationship between the Category of Goods and Services that are exporting and Loan availing from the Banker.

H₀ – There is no positive relationship between the Category of Goods and Services that are exporting and Loan availing from the Banker.

O	E	O-E	(O-E)	(O-E) ² / E
5	3.52	1.48	2.1904	0.6222
5	3.52	1.48	2.1904	0.6222
5	1.76	3.24	10.4976	5.9645
1	2.2	-1.2	1.44	0.6545
3	8	-5	25	3.125
10	8	2	4	0.5
2	4	-2	4	1
1	5	-4	16	3.2
2	3.2	-1.2	1.44	0.45
4	3.2	0.8	0.64	0.2
0	1.6	-1.6	2.56	1.6
2	2	0	0	0

1	1.28	-0.28	0.0784	0.0612
6	1.28	4.72	22.2784	17.405
3	0.64	2.36	5.5696	8.7025
0	0.8	-0.8	0.64	0.8
$\sum O = 50$	$\sum E = 50$	$\sum (O-E) = 0$	$\sum (O-E)^2 = 98.5248$	$\sum (O-E)^2 / E = 44.9071$

Level of Significance = 0.05

Degree of freedom = (r-1)*(c-1) = 9

Table Value = 16.619

Calculated Value = 44.9071

INTERPRETATION:

The calculated value is more than the table value. Hence, the hypothesis is rejected.

TABLE NO: 2

TABLE SHOWING THE ANNUAL TURNOVER AND RATE OF INTEREST CHARGED FOR THE EXPORT CREDIT

Annual Turnover	Rate of Interest Charged				
	Very High	High	Moderate	Low	Total
Less than 1 Crore	1	2	6	1	10
1 Cr to 25 Crore	4	0	9	1	14
25 Cr to 50 Crore	4	8	4	1	17
More than 50 Crore	2	3	3	1	9
Total	11	13	22	4	50

Source: Primary data

H₁ – There is positive relationship between Annual Turnover and the Rate of Interest charged for the Export Credit.

H₀ – There is no positive relationship between Annual Turnover and the Rate of Interest charged for the Export Credit.

O	E	O-E	(O-E)	(O-E) ² / E
1	2.2	-1.2	1.44	0.6545
2	3.08	-1.08	1.1664	0.3787
6	3.74	2.26	5.1076	1.3656
1	1.98	-0.98	0.9604	0.4850
4	2.6	1.4	1.96	0.7538
0	3.64	-3.64	13.2496	3.64
9	4.42	4.58	20.9764	4.7457
1	2.34	-1.34	1.7956	0.7673
4	4.4	-0.4	0.16	0.0363
8	6.16	1.84	3.3856	0.5496
4	7.48	-3.48	12.1104	1.6190
1	3.96	-2.96	8.7616	2.2125

2	0.8	1.2	1.44	1.8
3	1.12	1.88	3.5344	3.1557
3	1.36	1.64	2.6896	1.9776
1	0.8	0.28	0.0784	0.1088
$\Sigma O = 50$	$\Sigma E = 50$	$\Sigma(O-E) = 0$	$\Sigma(O-E)^2 = 78.816$	$\Sigma(O-E)^2/E = 24.2501$

Level of Significance = 0.05
 Degree of freedom = (r-1)*(c-1) = 9
 Table Value = 16.619
 Calculated Value = 24.2501

INTERPRETATION:

The calculated value is more than the table value. Hence, the hypothesis is rejected.

TABLE NO: 3
TABLE SHOWS THE EXPERIENCE IN THE EXPORT BUSINESS AND ANNUAL TURNOVER OF THE BUSINESS

Experience	Annual Turnover of the Business				
	Less than 1 Cr	1 Cr - 25 Cr	25Cr - 50 Cr	More than 50Cr	Total
Below 5 Years	2	3	1	7	13
5 to 10 Years	1	3	5	3	12
10 to 20 Years	2	3	9	8	22
Above 20 Years	0	0	2	1	03
Total	5	9	17	19	50

Source: Primary data

H_1 = There is positive relationship between Experience of Export Business and Annual Turnover of the Business.

H_0 = There is no positive relationship between Experience of Export Business and Annual Turnover of the Business.

O	E	O-E	(O-E)	(O-E) ² / E
2	1.3	0.7	0.49	0.3769
3	1.2	1.8	3.24	2.7
1	2.2	-1.2	1.44	0.06545
7	0.3	6.7	44.89	149.6333
1	2.34	-1.34	1.7956	0.7673
3	2.16	0.84	0.6561	0.30375
5	3.96	1.04	1.0816	0.2731
3	0.54	2.46	6.0516	11.2066
2	4.42	-2.42	5.8564	1.3249
3	4.08	-1.08	1.1664	0.2858
9	7.48	1.52	2.3104	0.3088
8	1.02	6.98	48.7204	47.7650
0	4.94	-4.94	24.4036	4.94
0	4.56	-4.56	20.7936	4.56

2	8.36	-6.36	40.4496	4.8384
1	1.14	-0.14	0.0196	0.0171
$\Sigma O = 50$	$\Sigma E = 50$	$\Sigma(O-E) = 0$	$\Sigma(O-E)^2 = 203.3649$	$\Sigma(O-E)^2/E = 229.9554$

Source: Primary data

Level of Significance = 0.05
 Degree of freedom = (r-1)*(c-1) = 9
 Table Value = 16.619
 Calculated Value = 229.9554

INTERPRETATION:

The calculated value is more than the table value. Hence, the hypothesis is rejected.

TABLE NO: 4
WEIGHTED ARITHMATIC MEAN
TABLE SHOWING LEVEL THE FOLLOWING SERVICES PROVIDED BY BANKER

SERVICES	HS	FS	JS	DS	TOTAL	MEAN SCORE
FACTORS	IV	III	II	I		
Procedure for opening letter of credit	39	4	5	2	50	3.6
	156	12	10	2	180	
Changes for late payment	8	35	5	2	50	2.98
	32	105	10	2	149	
Time limit for finance provided	24	7	18	1	50	3.08
	96	21	36	1	154	
Factoring Forfeiting Facilities Rendered	13	19	17	1	50	2.88
	52	57	34	1	144	
Gold Card Scheme in Letter of Credit	11	9	18	12	50	2.38
	44	27	36	12	119	
Waiver Operation in Letter of Credit	15	9	6	20	50	2.38
	60	27	12	20	119	
Usage of Collateral Securities	13	15	16	6	50	2.7
	52	45	32	6	135	
Changes and Performance of Bill Collection	5	16	19	10	50	2.32
	20	48	38	10	116	
	20	48	38	10	116	

Source: Primary data

INTERPRETATION:

The table exhibits the weighted average mean scores. The table highlights weighted score, which help to decide the most important factor which shows the following services

provided by the banker. The highest scores is 3.6 which is procedure for opening letter of credit and the lowest scores is 2.32 which is changes and performance of bill collection.

**TABLE NO: 5
RANKING METHOD
TABLE SHOWING THE TRADE FINANCE SERVICES AND PERFORMANCE OF THE BANK**

RANK	3	2	1	TOTAL	MEAN SCORE	RANK
FACTOR	III	II	I			
Nationalized Banks	19	20	11	50	2.16	1
	57	40	11	108		
Private Banks	18	18	14	50	2.08	2
	54	36	14	104		
Developed Banks and Financial Institutions	13	12	25	50	1.76	3
	39	24	25	88		

Source: Primary data

INTERPRETATION:

From the above table it is inferred that by using weighted average mean it finds that rank I states Nationalized Banks and Financial Services and performance of the bank, rank II states Private Banks of the next factors which influenced by the exporter.

1.8. FINDINGS

➤ Majority of the respondents are avail credit facility for

- the entire trade finance requirements with 56%.
- 36% of the respondents are avail credit facility for the entire trade finance requirements.
- Majority of the respondents are availing post – shipment credit facility for export credit facility with 36%.
- 74% of the respondents are getting the good services from the bank for business term.
- Majority of the respondents are encourages the exports from the bank with 60%.
- 34% of the respondents are availing packing credit loan hypothecation from the bank.
- It is clear that 32% of the respondents are feeling moderate rate of interest charged for the export credit facility.
- Majority of the respondents are availing financial assistance for international business with 60%.
- There are 54% of the respondents are feeling about the FIEO increase the credit facilities.

1.8.1. SUGGESTIONS

- Many of the Exporters are not aware of providing Financial Services by bank. So the bank can has to come forward to bring awareness about the Trade Finance Services to Exporters.
- The Exporter thinks they face risk in obtaining Credit Facility from the bank. That should be completely get over by providing proper credit facility by bank.
- The bank provides Post – Shipment Credit Facility more, rather than Pre- Shipment Credit Facility.

CONCLUSION

“Keeping the customer happy” Every service is innovated only to satisfy the customer. In this study is found that the credit facility offered to exporters. Most of the customers are satisfied by the various loan availing from the banker and the credit provided by the bank to make an effective international trade.. The bank should take necessary steps to provide credit facility to assist the business needs.

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