

A STUDY OF CHALLENGES FACED BY MAHARASHTRA EXPORTERS IN THE CONTEXT OF EXPORT FINANCING SERVICES PROVIDED BY DIFFERENT BANKS IN MAHARASHTRA

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Abstract : Export is key drivers of all growing economies. Growth of export is always a priority of Government of India. As the fastest growing economy we need to intensely focus on our Export and try to address the problems and challenges of Exporters. Banks plays vital role in export business which participates right from the first step. They provide financial services to the exporters for smooth functioning of their business. Present research find out what kind of problems are being faced by the exporters of Maharashtra State while Financing Export through Public, Private or Foreign Banks.

Key Words – Export, Bank, Service, Exporters, Maharashtra

I. INTRODUCTION

Exporter may require short term, medium term or long term finance depending upon the types of goods to be exported and the terms of statement offered to overseas buyer. The exporter may also require “term finance”. The term finance or term loans, which is required for medium and long term financial needs such as purchase of fixed assets and long term working capital. Export finance is short-term working capital finance allowed to an exporter. Finance and credit are available not only to help export production but also to sell to overseas customers on credit.

I. OBJECTIVES OF EXPORT FINANCE:

- To cover commercial & Non-commercial or political risks attendant on granting credit to a foreign buyer.
- To cover natural risks like an earthquake, floods etc.

II. OBJECTIVES OF THE PRESENT RESEARCH:

- To study the challenges faced by Exporters in Maharashtra while availing Export Finance.
- To compare facilities provided by different bank to the Exporters across Maharashtra.

III. RESEARCH METHODOLOGY

The Descriptive research design has been selected for conducting the research problem. The primary data has been collected from direct source of information like Exporters with the help of Questionnaire, Personal Interview, and Telephonic Interview. And the secondary data has been collected through magazine, newspaper & journals. The research sampling unit of various exporters of Maharashtra State and the sample size is 100. The data has been analyzed by mean of charts and other techniques like weighted average method. For this research sampling method is Non-probability, convenience has been conducted for selection data.

IV. DATA ANALYSIS :

1. Exporters availing Export finance

Table-1: Information regarding exporters availing export finance

Sr. No.	Users of Export Finance	No. of Exporters
1.	Yes	100
2.	No	0

2. Exporters availing Export finance from different Institutes/Banks

Table-2: Information regarding exporters availing Export finance from different Institutes/Banks

Sr. No.	Banks/Institutes	No. of Exporters
1.	Public Bank/Institute	59

2.	Private Bank/Institute	29
3.	Foreign Bank/Institute	11
4.	All of them	1

3. Time duration of availing the services from that particular Bank/Banks

Table-3: Information regarding Time duration of availing the services from that particular Bank/Banks

Sr. No.	Time/years	No. of exporters
1.	Less than 1 year	5
2.	1-3 years	14
3.	3-5 years	38
4.	More than 5 years	43

4. Exporters preference for the type of export finance

Table-4: Information regarding Exporters preference for the type of export finance

Sr. No.	Type of Export Finance	No. of Exporters
1.	Pre-shipment	28
2.	Post-shipment	26
3.	Both	46

5. Type of Pre-shipment Finance utilized by the exporters

Table-5: Information regarding Type of Pre-shipment Finance utilized by the exporters

Sr. No.	Type of Pre-Shipment Finance	No. of Exporters
1.	Cashing packing credit loan	52
2.	Advance against cheque /draft etc.	20
3.	Advance against pledge	18
4.	Others	10

6. Type of post-shipment finance utilized by the exporters.

Table-6: Information regarding type of post-shipment finance utilized by the exporters.

Sr. No.	Type of Post-shipment Finance	No. of Exporters
1.	Export bill discounted/purchased	40
2.	Export bill negotiated	27
3.	Advance against export bills sent on collection basis	15
4.	Advance against export on consignment basis	10
5.	Advance against undrawn balance on Exports	5
6.	Advance against claims of Duty Drawback	3

7. Various trade services (exports) being offered by Exporter's bank.

Table-7: Information regarding various trade services (exports) being offered by Exporter's bank.

Sr. No.	Trade services	No. of exporters
1.	Export bill collection	12

2.	Export bill purchase	18
3.	Export LC advising	14
4.	Export LC confirmation	10
5.	Transfer LC	6
6.	Bank Guarantee	40

8. Trade services utilized by the Exporters

Trading services	Less than 25%	Between 25% - 50 %	Between 51% - 75%	Above 75%
Export Bill Collection	60	12	16	12
Export Bill Purchase	44	38	9	9
Export LC Advising	24	18	18	40
Export LC confirmation	38	30	12	20
Transfer LC	45	35	10	10
Bank Guarantee	46	24	20	10

9. Rating of factors of services provided by exporter's Bank

A. Private Bank

	Documentation	Procedure	Easy Transfer of services	Overall service
Banks Facilities				
Very good	16	12	30	36
Good	24	32	19	15
Average	0	0	0	0
Poor	0	0	0	0
Very poor	0	0	0	0

B. Public Bank

Table-12.1:

	Documentation	Procedure	Easy Transfer of services	Overall service
Banks Facilities				
Very good	34	13	28	22
Good	13	32	22	16
Neutral	2	1	0	0

C. Foreign Bank
Table-12.2:

Banks Facilities	Documentation	Procedure	Easy Transfer of services	Overall service
Very good	5	0	5	5
Good	6	5	6	6
Neutral	0	6	0	0

10. Difficulties faced while availing financing facilities from the different Banks

Bank Problems	Private Banks	Public Banks	Foreign Banks
Financing costs/fees	20	4	2
Financing term	0	36	0
Risk associated	14	4	4
Legal issues	2	18	6

Features	Weighted mean
Quality of services	13.7
Price & fee of services	12.9
Variety	15
Accessibility	14.8
Hospitality	14.9
Customer relationship management	13.5

IV. FINDINGS:

As per the data analysis & interpretation:

- 100% of exporters are availing Export Finance.
- 59% of exporters avail finance from public banks/institutes, 29% avails from private Banks/ institutes, 11% avails from foreign banks/institutes while only 1% of them avail it from all of the three Banks.
- 5% of the exporters are availing finance from less than 1 year, 14% of them are availing it for 1-3 years, and 38% of them are availing it for 3-5 years, while 43% of them are availing it for more than 5 years.
- 28% of the exporters are availing Pre-shipment finance, 26% of them are availing Post shipment finance and 46 % of them are availing Both kinds of Finance.
- 40 % of them are being provided with bank guarantee, 12% of the Exporters are being provided with export bill collection service, 18% of them are being provided with export bill purchase service, 14% of them are being provided with export LC advising and Export confirmation, 10% of them are being provided with Transfer LC.
- 60% Of the exporters are availing less than 25% of export bill collection while 72% of them are availing less than 25% of bank guarantee, 26% of them are availing above 75% of Export LC advising, 28% of them are availing between 25%-50% of export bill purchase & 16% of them are availing 51-75% of export LC advising.
- 20% of the exporters are facing financing cost problem from private banks, while 36% of the exporters faced financing term problem from public banks, 4% of the them faced risk problem from foreign banks and 9% of them faced legal issues from foreign banks.
- 58% of the exporters rated Agree from the services provided by their banks, 22% of them rated neutral and 20% of them rated strongly agree with satisfaction level.

V. CONCLUSION

Exporters of Maharashtra (respondents) prefer public sector banks than private sector Banks as they consider them to be more trustworthy, reliable, government owned, better branches network, cost of operations is less, old financial institutes etc. Other respondents those who prefer private sector banks as compared to that of the public sector banks consider them as more customer centric. Private sector banks have better customized services, more diversified services, better quality of the services, and hospitality etc. They provide convenience

at the door step of the customer. They have more of the customer centric operations. Few respondents chosen Foreign Banks because they are new to them.

VI. SUGGESTIONS

1. Public sector bank should reduce the procedural time and be more customers centric.
2. Private sector bank should reduce their Export Finance Charges as compared to public sector Banks.
3. Foreign Banks should provide better branch network, cost of operations should be reduced to gain more exporters attracted.

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