Export Credit Delivery System for SMEs in Punjab

Manpreet Kaur

Assistant Professor, SriAurobindo College of Commerce and Management, Ludhiana

Email: manpreetnaunidh@gmail.com

Abstract: Small and medium enterprises are though individually small but they have emerged as a dynamic sector in Punjab. Setback due to partition, proximity to Indo-Pak border, locational disadvantage made Punjab a latecomer in the field of industrialisation. In spite of adverse situations, small and medium enterprises have emerged as a dynamic sector in Punjab. They are contributing more to exports from Punjab as compared to large enterprises. But despite their significant contribution, they are still not availing maximum advantage of export credit delivery system. RBI has framed diversified export credit schemes suiting the needs of all exporters and it issues guidelines in the form of master circulars to commercial banks for successful implementation of the schemes. A content analysis of master circulars for the year 2011-2014 has been made and various schemes available for SMEs have been presented in the paper.

Keywords: Export credit delivery system, Enterprise, service sector, SMEs.

I. Introduction

Punjab, the land of five rivers, is primarily an agriculture dominating state. Severe setback due to partition in 1947 and reorganisation in 1966 made Punjab a latecomer in the field of industrialisation. It suffered further erosion due to two Indo-Pakistan wars which gave severe jolt to industrial sector (Gupta and Bawa, 2006). As compared to other states of India, Punjab's industry has made a slow progress due to locational disadvantage. The industrial sector is mostly dependent on outside resources for supply of raw materials and disposal of output (Mittal and Batra, 2004). In spite of previously mentioned impediments, Punjab occupies a place of pride in industrial map of India as it has acquired a strong base in industry. The industrial sector is a growing sector in state which is attributable to its predominant small and medium enterprises which contribute 99% to total industrial units, 82% to industrial employment and 60% to total industrial exports in Punjab [1]. Punjab's SMEs consist mainly of industries which are especially active in the fields of textile, yarn, knitwear, sewing machine, sports goods, fertilizers, scientific instruments, bicycle, electrical goods, machine tools, pharmaceuticals, sugar processing and pine oil.

In a state which is characterised by absence of mineral resources; located in a corner of the country along highly sensitive political border, away from the sources of minerals, major cities and ports; has the disadvantage of late start; has low industrial linkages due to negligible central government investment in public sector units and lacked industrial culture; both Central and State Governments have important role to play in its industrial development (Raikhy and Nanda, 2006). However, in case of Punjab state, both Central and State Governments did not show any such inclination. The result of their disinclination is shown in Table 1 where number of total industrial units decelerated from 203775 in 2003-04 to 168425 in 2010-11 which was mainly due to large deceleration in growth of small units i.e. from 203224 in 2003-04 to 168000 in 2010-11. In spite of sharp decrease in small units, employment in small scale units increased from 930036 in 2003-04 to 1020000 in 2010-11. So far as fixed investment, production and exports are concerned, the picture is similar and all showed positive growth in case of small scale units.

Table I: Growth and Performance of Industrial Units in Punjab

Year	Units (No.)			Employment (No.)			Fixed Investment			Production (Rs. Cr.)			Exports (Rs. Cr.)		
	Small	L&M	Total	Small	L&M	Total	Small	L&M	Total	Small	L&M	Total	Small	L&M	Total
2003-04	203224	551	203775	930036	232797	1140321	4816	21089	22058	24984	31972	47431	5150	3783	8933
2004-05	203984	543	204527	943664	209529	1141673	4973	21953	23983	28474	33965	51408	4600	3314	7914
2005-06	204522	525	205047	951318	212695	1162833	5106	24134	25905	30874	36774	56956	5800	3856	9656
2006-07	191639	340	191979	938684	199342	1138026	5503	23285	28789	33273	40493	73766	7097	4701	11798
2007-08	167722	355	168077	954769	199342	1174205	5784	28568	34351	36438	47667	84105	6426	4284	10710
2008-09	162559	373	162932	944241	219891	1164132	5972	32227	38199	41897	58313	100210	8400	5488	13888

2009-10	164732	400	165132	990000	225000	1215000	7300	33500	40800	48000	70000	118000	9660	6312	15972
2010-11	168000	425	168425	1020000	235000	1255000	8600	40000	48600	54000	82000	136000	NA	NA	NA

Source: Directorate of Industries, Chandigarh.

L&M- Large and Medium Industry

In the industrial scenario of Punjab, small enterprises contribute larger share of exports as compared to large and medium enterprises. Table 2 shows sector wise exports from Punjab.

TABLE II: SECTOR WISE EXPORTS OF INDUSTRIAL GOODS FROM PUNJAB

Year	Sector				Total
	Small		Large and medium		
	Value	Percentage	Value	Percentage	
2000-01	2264	56.39	1750.96	43.61	4014.96
2001-02	2486	56.39	1921.90	43.61	4407.90
2002-03	3960	56.46	3053.51	43.54	7013.51
2003-04	5150	57.65	3783.31	42.35	8933.31
2004-05	4600	58.12	3314.35	41.88	7914.35
2005-06	5800	60.07	3855.91	39.93	9655.91
2006-07	7097	60.16	4700.68	39.84	11797.68
2007-08	6426	60.00	4284.06	40.00	10710.06
2008-09	8400	60.48	5488.29	39.52	13888.29
2009-10	9660	60.48	6312.48	39.52	15972.48

Source: Directorate of Industries, Chandigarh.

As shown in Table 2, small enterprises contributed 56.39% share of exports in 2000-01. Their share further increased to 60.48% in 2009-10 lagging behind large and medium sector with 39.52% share in total exports of Punjab.

II. EXPORT CREDIT DELIVERY SYSTEM

Exports play a crucial role in economic development of a country as well as managing its balance of payments. Voluminous literature is available confirming positive relationship between exports and economic growth (Emery, 1967; Moschos, 1989; Fosu, 1990 and Villanueva, 1993). A robust empirical determinant of long term economic development of India has been the expansion and diversification of export sector (Padhan, 2004). Hence, exports are given a preferred status in India and a full fledge system is operating for giving thrust to export promotion. Fig. 1 depicts the export credit delivery system prevailing in India.

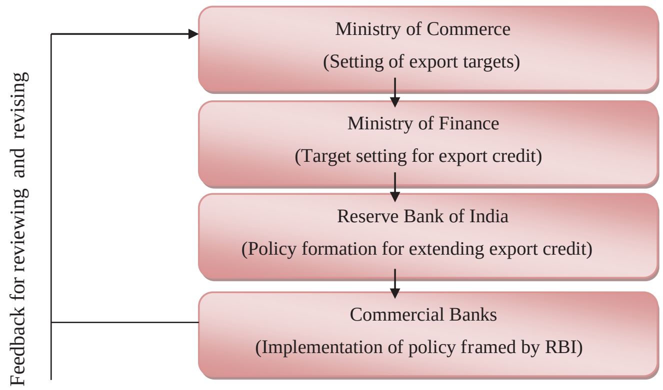

Fig. 1: Export credit delivery system

As shown in Fig. 1 Ministry of Commerce is at the top of hierarchy who sets targets for boosting up exports. Exports require sizeable funds outlay. Hence, exporters can't handle all at their own end rather they seek credit for their export activities. Therefore, Ministry of Finance set finance targets for financing export activities in India. To achieve set targets, policy is framed at RBI level and finally implemented by commercial banks. Ministry of Commerce seeks feedback from commercial banks to further review, revise and plan future targets.

SMEs look forward to banks for financing their domestic activities as well as for expanding their business at international level (Cole et al., 1996; Petersen and Rajan, 1994; Berger and Udell, 2002; Ghosh, 2007 and Ruis et al, 2009). Banks' support has a positive impact on the exporters' propensity to export (Bartoli et al., 2014). In India, SMEs come under the ambit of priority sector lending. On the other side, exports are preferred sector for commercial banks and priority sector for foreign banks. Moreover, according to scheme of subvention, announced in April 2010 (same scheme is extended till date) by Govt. of India, subvention of 2% has been provided to SME exporters, in addition to existing 2.50%. Accordingly, banks will charge interest rate not exceeding BPLR (Benchmark Prime Lending Rate) minus 4.50% points on pre shipment credit up to 180 days and post shipment credit up to 90 days on the outstanding amount for above period from SMEs exporters. However, with change to base rate system with effect from July 1, 2010, total interest rate chargeable should not fall below base rate i.e. 7% after subvention (RBI Master Circular on Rupee/Foreign Currency Export Credit and Customer Service to Exporters, July, 2013 [2]). Furthermore, RBI has instructed banks to implement suggestions of working group led by Punjab National Bank's chairman for timely and adequate flow of credit to MSE sector. Banks have been asked to start central registration of loan applications; simplification of application cum sanction forms for loans up to Rs. 1 crore as well as opening up of more specialised MSME branches [3].

But earlier research has showed less awareness of SMEs regarding export credit schemes available. This paper is an attempt to analyse the current export credit schemes available for SMEs.

III. Content Analysis

A Content Analysis of master circular on ‘Rupee / Foreign Currency Export Credit and Customer Service to Exporters’ for the year 2011 and 2012, issued by RBI to commercial banks, has been done so as to explore the various export credit schemes provided by commercial banks to exporting SMEs.

Basically banks provide two type of facilities for exporting SMEs viz. fund based facilities and non-fund based facilities as shown in Fig. 2.

A. Non-fund Based Facilities

The non-fund based facilities required by exporters mainly include guarantees, letter of credit as well as trade information.

B. Bank Guarantee

An export deal and its successful execution involve lot of parties and number of conditions. Each of the parties demand advance assurance from exporter that he will not default in fulfilling the conditions as well as making payments. Bank guarantees are essentially for giving such assurances. A bank guarantee is a written commitment by a bank on behalf of customer or applicant, issued for some commission, through which bank takes responsibility for payment of a sum of money, in case, it is not paid by the customer on whose behalf guarantee has been issued (Reddy et al., 2004). Bank guarantee is required by exporters at various stages of export deal. As per RBI guidelines on Guarantees and Co-acceptances [4], banks should preferably provide financial guarantees that too for shorter maturity periods and exercise due caution with regard to performance guarantees. Banks should avoid giving unsecured guarantees in large amounts for medium as well as long term periods. As per Foreign Exchange Management (Guarantees) Regulations, 2000 [5], banks have the permission to give performance bond guarantee in favour of overseas buyer on account of bonafide exports from India. Prior approval of RBI should be obtained for issue of guarantee in respect of caution listed exporters. Banks should not delay in making payment of bank guarantee upon invocation.

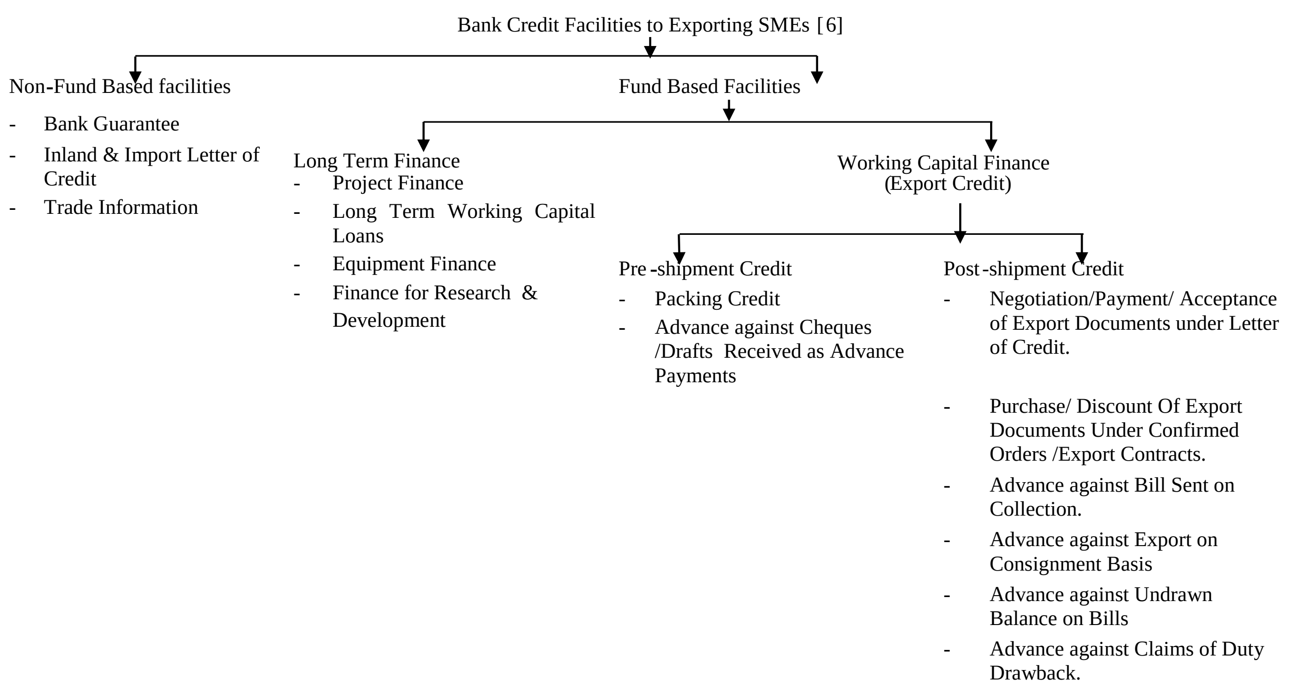

Fig. 2: Bank credit facilities to exporting SMEs

C. Inland and Import Letter of Credit (L/C)

Documentary letter of credit is widely used term to make payment secure in domestic as well as international trade. A letter of credit is a written commitment by a bank to make payment at sight of a defined amount of money to a beneficiary according to the terms and conditions specified by the applicant. The letter of credit should set a time limit for completion and specify which documents are needed to confirm the transaction's fulfilment (Vaidya and Raghuvanshi, 2010). Exporting SMEs can use inland L/C if they want to purchase raw material or capital goods on credit from domestic seller and import L/C if they want to import raw material or capital goods from an overseas seller. In both cases, SMEs will have to get L/C issued in favour of seller from issuing bank by paying a fee for the same. The document incorporates a specified expiry date and specified amount of money.

As per RBI guidelines on Guarantees and Co-acceptances [7], banks should issue letter of credit to their regular clients. In case of L/Cs for import of goods, banks should be very vigilant while making payment to overseas suppliers on the basis of shipping documents. The payments should be released to foreign parties only after ensuring that the documents are strictly in conformity with the terms of L/C. Banks should honour their commitments under L/Cs and make payments promptly.

D. Trade Information

In export trade, problems arise due to distant locations of buyer and seller who may not be familiar with each other. If importer is not known to exporter, latter requires information on buyer's credit worthiness as well as market conditions in importer's country. Due to wide network of branches and alliances with other international banks, banks are ideally suited to provide information and advisory services to exporters to evaluate the international risks, export opportunities and competitiveness. But banks don't take initiative for acquiring as well as disbursing information among SMEs and hence, SMEs consider banks as least important source of information (Lindstrand and Lindbergh, 2011).

E. Fund Based Facilities

Fund based facilities are those credit facilities provided by banks to exporting SMEs for which banks charge interest instead of fee. These can be further bifurcated into long term finance and working capital finance.

F. Working Capital Finance / Export Credit

An exporter's need of working capital financial assistance at any stage of execution of an export order, from the time of receipt of an export order till the time of realisation of export proceeds, is called export credit (Reddy et al, 2004). RBI first introduced scheme of export financing in 1967. The scheme is intended to make short term working capital finance available to exporters at internationally comparable interest rates. Exporter looks forward to banks for export credit at two stages of export:

- Pre shipment stage
- Post shipment stage

Credit provided by banks is accordingly known as pre shipment credit and post shipment credit.

a. Pre Shipment Credit

Pre shipment credit is nothing but working capital finance extended to an exporter in anticipation of his needs of exporting the goods. Basic purpose of extending pre-shipment credit is to enable exporters to procure raw material, process, pack, transport and warehouse goods meant for export (Jeevanandam, 2008). Pre shipment credit can be classified as under:

1. Packing Credit

Packing Credit means any loan or advance granted by the bank to an exporter for financing the purchase, processing, manufacturing or packing of goods prior to shipment / working capital expenses towards rendering of services on the basis of letter of credit opened in his favour or in favour of some other person, by an overseas buyer or a confirmed and irrevocable order for the export of goods / services from India unless lodgement of export orders or letter of credit with the bank has been waived [8]. As per RBI guidelines [9], banks are free to decide the period for which a packing credit advance may be given depending upon the reasonable time to enable exporters to ship the goods/ render the services. If pre-shipment advances are not adjusted by submission of export documents within 360 days from the date of advance, the advances will cease to qualify for prescribed rate of interest for export credit to the exporter *ab initio*. RBI would refinance packing credit advances given by banks up to maximum period of 180 days as per instructions issued by RBI (MPD). If an exporter is not able to produce export order or letter of credit at the time of availing packing credit, RBI authorises banks to provide a special packing credit facility known as *Running Account Facility* to exporters having good track record, but such exporters have to produce L/C or confirmed orders within reasonable period of time to be decided by banks. The packing credit granted to an exporter may be liquidated out of the proceeds of bills drawn for the exported commodities on its purchase or discount etc thereby *converting pre-shipment credit into post shipment credit*. With effect from 8 November, 1993, RBI has allowed banks to extend *Packing Credit in Foreign Currency* (PCFC) also so as to help exporters to avail export credit at internationally competitive rates. This scheme is applicable to cash exports only. RBI has permitted banks to extend *Running Account Facility under PCFC* scheme to exporters for all commodities.

2. Export Credit against Proceeds of Cheques, Drafts etc. Representing Advance Payment for Exports

RBI has authorised banks to grant export credit against cheques / drafts received as direct remittances in payment of exports from abroad till the realisation of proceeds of cheques / drafts. Banks will have to satisfy themselves that these cheques or drafts are against an export order, are as per trade practices in respect of the goods in question and are approved method of realisation of export proceeds as per extant rules.

b. Post Shipment Credit

Post-shipment Credit means any loan or advance granted or any other credit provided by a bank to an exporter of goods / services from India from the date of extending credit after shipment of goods / rendering of services to the date of realisation of export proceeds as per the period of realization prescribed by FED (Foreign Exchange Department) [10]. Post shipment credit is provided against evidence of shipment of goods made to importer or any other designated agency. It can be extended up to 100% of the invoice value of goods. In special cases, where domestic value of goods exceeds the value of export order, credit for a price difference can also be extended.

Earlier, as per RBI guidelines [11], the period of advance was up to the maximum of the normal transit period which means the average period normally involved from the date of negotiation/ purchase/ discount till the receipt of bill proceeds in the Nostro account of the bank concerned. But as per the current instructions of FED, the period prescribed for realisation of export proceeds is 12 months from the date of shipment [12]. Post shipment credit can also be granted in foreign currency under the rediscounting of export bills abroad scheme (EBR). Post shipment credit can be classified as under:

1. Post Shipment Credit against Letter of Credit

Banks provide post shipment credit by negotiating bills under L/C only if same is irrevocable. Banks scrutinise the documents strictly so as to ensure that these confirm to terms and conditions of L/C. Even the slightest deviation from terms and conditions of L/C is not accepted by banks as it increases the probability of issuing bank's refusal to reimburse the payment already made by negotiating bank.

2. Purchase / Discount of Bill Receivables under Confirmed Orders / Export Contracts

Post shipment credit is granted by purchasing / discounting export bill drawn under confirmed orders/ export contracts (in absence of L/C) generally to those customers who enjoy bill purchase / discounting limits sanctioned by the banks. Since in such cases, security offered under L/C is not available, banks are open to risk of non payment and they rely entirely on credit worthiness of exporter and importer. Banks, therefore, prefer documents against payment basis and in order to enhance security goes for ECGC (Export Credit Guarantee Corporation) policies and guarantees.

G. Advance against Export Bills Sent on Collection Basis

If the bills drawn under L/C have some discrepancies and bank is reasonably sure that the same will be acceptable to importer and bill will be paid. In that case, considering immediate need and financial requirement of the exporting, bank may send bill on collection basis and finance it to some extent out of total bill amount at concessional rate of interest. Banks provide this type of credit only in exceptional cases.

H. Advance against Undrawn Balances on Export Bills

In respect of export of certain commodities, exporters don't draw the bill for full invoice value of goods rather they leave a small proportion as undrawn balance to take care of adjustments in payments due to differences in weights, quality, rates etc. Payment of these undrawn balances is contingent in nature. Banks may grant advances against these undrawn balances at concessional rate of interest based on their commercial judgement and track record of buyers. As per RBI guidelines [13], such advances are, however, eligible for concessional rate of interest for a maximum period of 90 days only to the extent these are repaid by actual remittances from abroad and provided such remittances are received within 180 days after the expiry of normal transit period in the case of demand bills and due date in the case of nuance bills.

I. Advance against Export on Consignment Basis

Banks may provide post shipment credit against goods sent on consignment basis. However, banks should ensure that while forwarding shipping documents to its overseas branch, it instructs them to deliver the documents only against trust receipt/ undertaking to deliver the sale proceeds by a specified date, which should be within time prescribed for realisation of export proceeds. RBI guides banks to charge appropriate prescribed rate of interest only up to the notional due date (depending upon the tenor of bills) subject to a maximum of 365 days even if extension in the period beyond 365 days has been granted by Foreign Exchange Department (FED) for repatriation of export proceeds [14].

J. Advance against Duty Drawback Entitlements

As part of post shipment credit, banks grant loans to exporters against their entitlement to refund of excise and custom duty under duty drawback scheme of Govt. of India. These advances can be made available to exporters against export promotion copy of shipping bill containing EGM (Export General Manifest) number issued by Custom Department. As per RBI directions [15], these advances would be eligible for concessional rate of interest and refinance from RBI up to a maximum period of 90 days from the date of advance.

K. Long Term Finance

Commercial banks also provide long term finance to exporting SMEs. This finance may take form of project finance, equipment finance, long term working capital finance and finance for research and development.

L. Project Finance

Project finance means finance provided to exporting SMEs for establishing their units and acquiring long term infrastructure where repayment is made from project's cash inflows. In this case, project's assets, rights and interests are held as secondary security or collateral [16]. Commercial banks can provide project finance to entrepreneurs aspiring to set up an export oriented unit.

M. Long Term Working Capital Finance

Long term finance can be provided for working capital in Indian rupees or foreign currency by commercial banks. This type of finance is generally provided for two to five years. EXIM bank also provides long term working capital under WCTL (Working Capital Term Loan) scheme as well as long term working capital programme [17].

N. Equipment Finance

Equipment finance makes possible the acquisition of income producing machinery and equipment to be used for business purposes. These loans are generally secured by hypothecation of equipment as well as some additional security like, personal guarantee or security of any other asset of borrower's company. Applicant seeking equipment finance will have to give a project profile identifying financial requirements for equipment to bank. But earlier research concludes that banks are reluctant in providing finance for purchase of capital goods (Bandyopadhyay et al, 2003).

O. Finance for Research and Development

An important feature of research and development investment is the degree of uncertainty associated with its output. Furthermore, presence of asymmetric information and lack of collateral reduce the possibility of debt finance. Hence, small firms have to face higher cost of debt for research and development (Hall, 2002). Moreover, banks don't show much interest in providing finance for promoting research and development activities for encouraging export production (Bandyopadhyay et al, 2003).

IV. Conclusion

Small and medium enterprises are indispensable part of Punjab's economy due to their significant contribution in industrial production, exports and employment of the state. If we make comparison between the large and small units with respect to industrial growth, large units will take a backseat. Hence SMEs are contributing significantly in Punjab's growth. But despite their significant contribution, they are still not availing maximum advantage of export credit delivery system. RBI has framed diversified export credit schemes suiting the needs of all exporters and it issues guidelines in the form of master circulars to commercial banks for successful implementation of the schemes. In the present research paper, a content analysis of master circulars for the year 2011-2014 has been made and various schemes available for SMEs have been presented. The paper has also highlighted the subsidies available for SMEs exporters. The paper can be very helpful for SMEs exporters as it provides detailed review of the export credit schemes available with commercial banks suiting the needs of SMEs exporters.

References

[1] http://www.pbindustries.gov.in

[2] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/14ME010212FS.pdf

[3] "Expedite credit flow to MSE sector: RBI," *The Tribune*, Chandigarh, India, May 2009.

[4] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/66MC01072013GOF.pdf

[5] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/13258.pdf

[6] Adapted from Velayudham (1998), Jeevanandam (2008), Reddy et al. (2004), and http://www.eximbankindia.co.in

[7] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/67MCG010710_F.pdf

[8] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/71MCECC01071_F.pdf

[9] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/71MCECC01071_F.pdf

[10] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/71MCECC01071_F.pdf

[11] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/14ME010212FS.pdf

[12] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/71MCECC01071_F.pdf

[13] http://rbidocs.rbi.org.in/rdocs/notification/PDFs/71MCECC01071_F.pdf

[14] http://www.investopedia.com/terms/p/projectfinance.asp

[15] www.eximbankindia.com

[16] S. Bandyopadhyay, R. Chadha, and D. K. Pant, "Export credit delivery system in India: How satisfied are exporters?," *Margin*, vol. 35, no. 2, pp. 37-56, 2003.

[17] F. Bartoli, G. Ferri, P. Murro, and Z. Rotondi, "Bank support and export: Evidence from small Italian firms," *Small Business Economics*, vol. 42, no. 2, pp. 245-264, Feb. 2014.

[18] A. N. Berger, and G. F. Udell, "Small business credit availability and relationship lending: The importance of bank organisational structure," *The Economic Journal*, vol. 112, no. 477, pp. F32-F53, 2002.

[19] R. A. Cole, J. D. Wolken, and R. L. Woodburn, "Bank and nonbank competition for small business credit: Evidence from the 1987 and 1993 national surveys of small business finances," *Federal Reserve Bulletin*, vol. 82, no. 11, pp. 983-995, 1996.

[20] R. F. Emery, "The relation of exports and economic development," *Kyklos*, vol. 20, no. 4, pp. 470-486, 1967.

[21] A. K. Fosu, "Exports and economic growth: The African case," *World Development*, vol. 18 no. 6, pp. 831-835, 1990.

[22] S. Ghosh, "Bank debt use and firm size: Indian evidence," *Small Business Economics*, vol. 29, no. 1-2, pp. 15-23, 2007.

[23] S. Gupta, and R. S. Bawa, "Growth performance of small scale industry in Punjab: A comparative study of pre liberalization and liberalization periods," *Apeejay Journal of Management and Technology*, vol. 1, no. 1, pp. 50-55, 2006.

[24] B. H. Hall, "The financing of research and development," *NBER Working Paper no. W8773*, National Bureau of Economic Research, 2002. Available: http://www.nber.org/papers/w8773.pdf.

[25] C. Jeevanandam, *International Business*, Sultan Chand and Sons, New Delhi, 2008.

[26] A. Lindstrand, and J. Lindbergh, "SMEs' dependency on banks during international expansion," *International Journal of Bank Marketing*, vol. 29, no. 1, pp. 65-83, 2011.

[27] K. C. Mittal, and G. S. Batra, "Performance and growth of small scale industries in India," *Apeejay Journal of Management*, vol. 1, no. 1, pp. 100-112, 2004.

[28] D. Moschos, "Export expansion, growth and level of economic development: An empirical analysis," *Journal of Development Economics*, vol. 30, no. 1, pp. 93-102, 1989.

[29] P. C. Padhan, "Export and economic growth: An empirical analysis for India," *Artha Vijnana*, vol. 46, no. 1-2, pp. 179-190, 2004.

[30] M. A. Peterson, and R. G. Rajan, "The benefits of lending relationships: Evidence from small business data," *The Journal of Finance*, vol. 49, no. 1, pp. 3-37, 1994.

[31] P. S. Raikhy, and P. Nanda, *Impact of WTO Regime on Punjab Industry*, Guru Nanak Dev University, Amritsar, 2006.

[32] S. P. Reddy, J. P. Mishra, M. T. Mathew, and U. A. Balasubramanian, *Special and Preferred Sector Finance*, Macmillan India Ltd., New Delhi, 2004.

[33] A. Ruis, A. V. Stel, A. Tsamis, W. Verhoeven, and M. Whittle, Cyclicality of SME finance. A project published by DG enterprise and industry, European Commission, 2009. Available: http://ec.europa.eu/enterprise/newsroom/cf /_ getdocument.cfm?doc_id=3127.

[34] N. Vaidya, and R. S. Raghuvanshi, *Intricacies Involved in an International Transaction by Letter of Credit*, Legal Services India, 2010. Available: http://ssrn.com/abstract=1583826.

[35] T. K. Velayudham, *Foreign Trade Theory and Practice*, Wheeler Publishing, New Delhi, 1998.

[36] D. Villanueva, "Exports and economic development," *IMF Working Paper No. 93/41*, May 1993.