

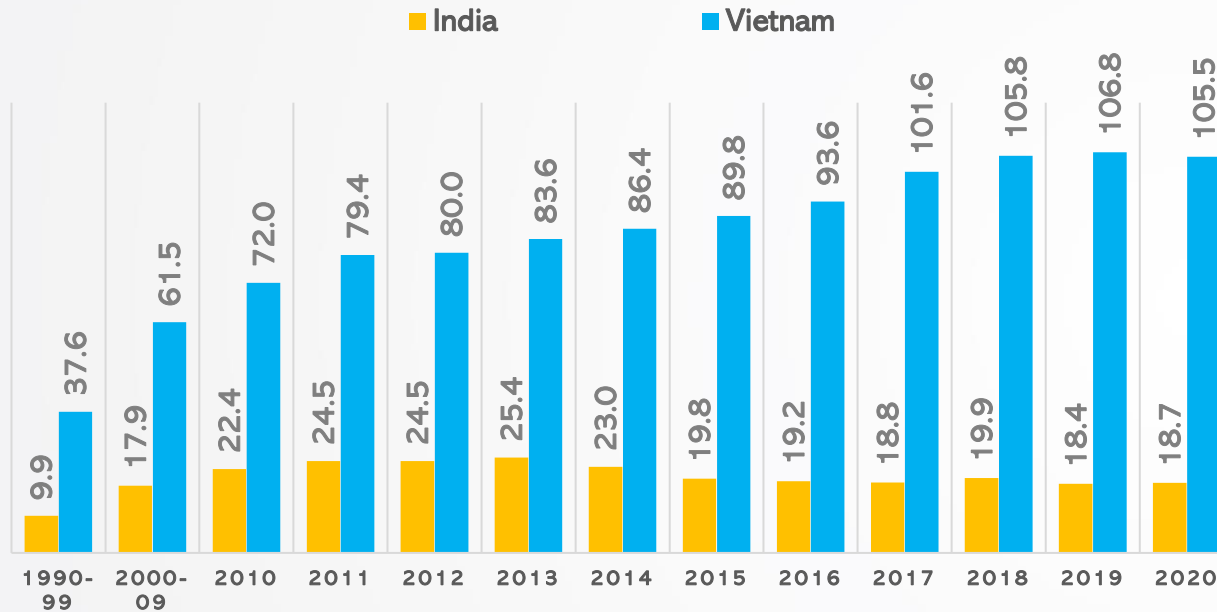
India Exim Bank's Trade Assistance Programme (TAP)

**Innovative financing in support of the Sustainable Development Goals
and trade as an engine for inclusive sustainable growth –
The role of development banks**

**2022 ECOSOC Forum on Financing for Development
April 26, 2022**

TAP: Background

India's export share as a percentage of GDP remains stagnant, while that of Vietnam has increased manifold



OECD: ECAs seen increase in the demand for ST products to the extent of 45%

ADB: GTF gap has increased to USD 1.7 trillion in 2020

ICC: Says that in 2020, 50% applications for TF by the MSMEs are rejected

Trade Linkages with SDG

Financing trade helps in reducing poverty (SDG 1)

Trade while acting as a means towards food security (SDG 2)

Trade supports wage increase amongst women workers involved in the value chain (SDG 5)

Trade promotes inclusive and sustainable economic growth, productive employment, and decent work (SDG 8)

Trade promoting sustainable industrialization and fostering innovation (SDG 9)

Trade ensuring sustainable consumption/production patterns (SDG 12)

Trade strengthening means of implementation and revitalizing global partnership (SDG 17)

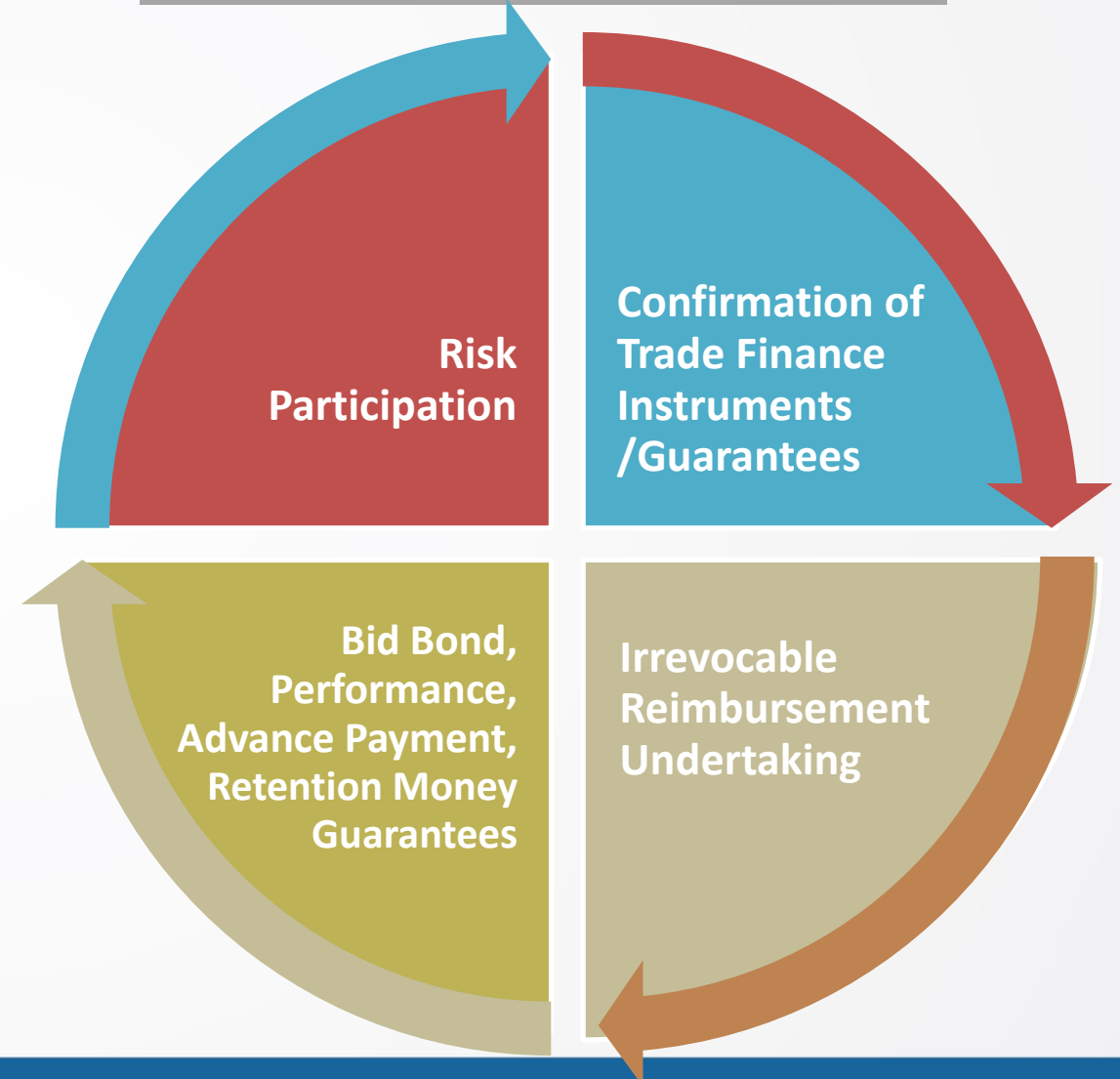
10% drop in bank intermediated trade finance was associated with approximately a 0.6% drop in imports and a 3.5% drop in exports at a global average level

TAP: Objectives & Features

Objectives

- i. Enabling environment for counterparties in settlement of trade transactions;
- ii. Incremental trade with new and challenging / untapped markets;
- iii. Provide market entry mechanism, while enhancing the geographical coverage for companies, including MSMEs;
- iv. Risk coverage for challenging trade transactions;
- v. Enable local banks in identified countries in establishing working partnerships with commercial banks in India.

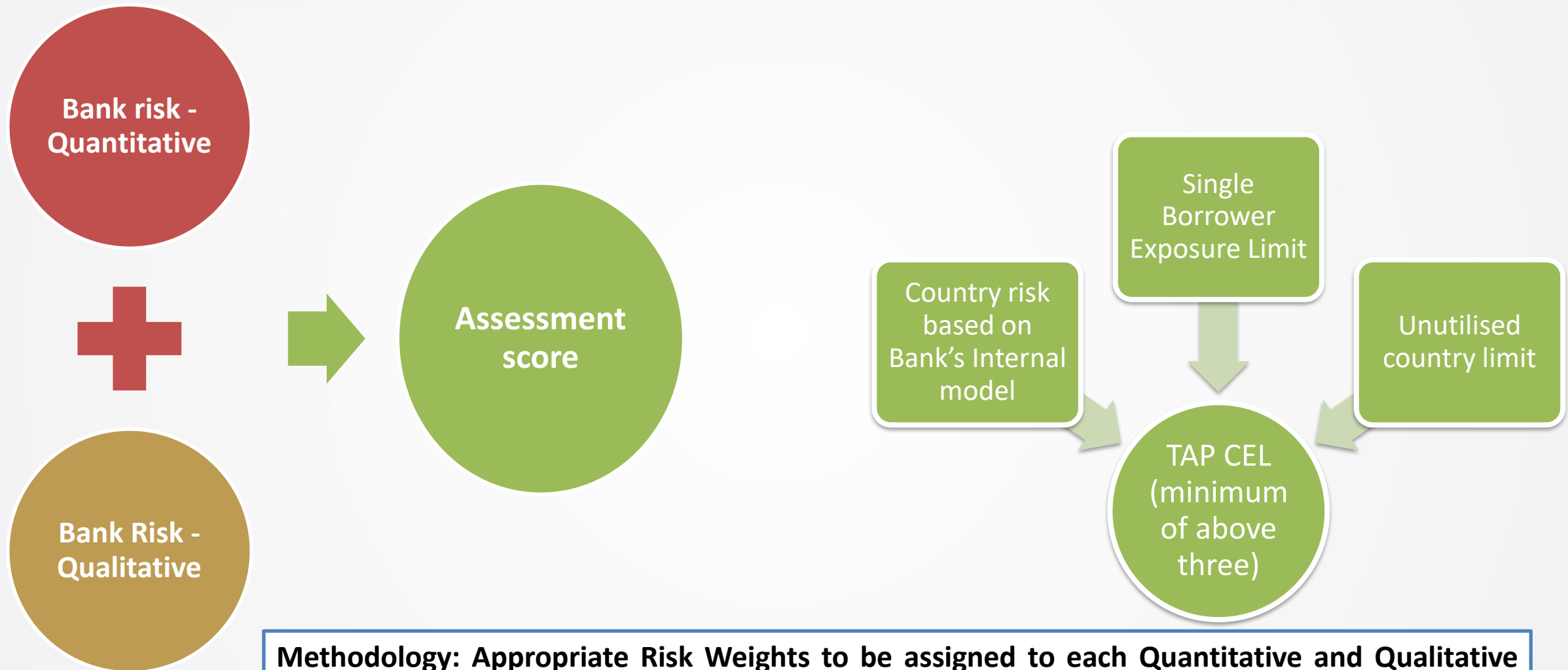
Features



Trade expansion through multiplier effect in untapped markets

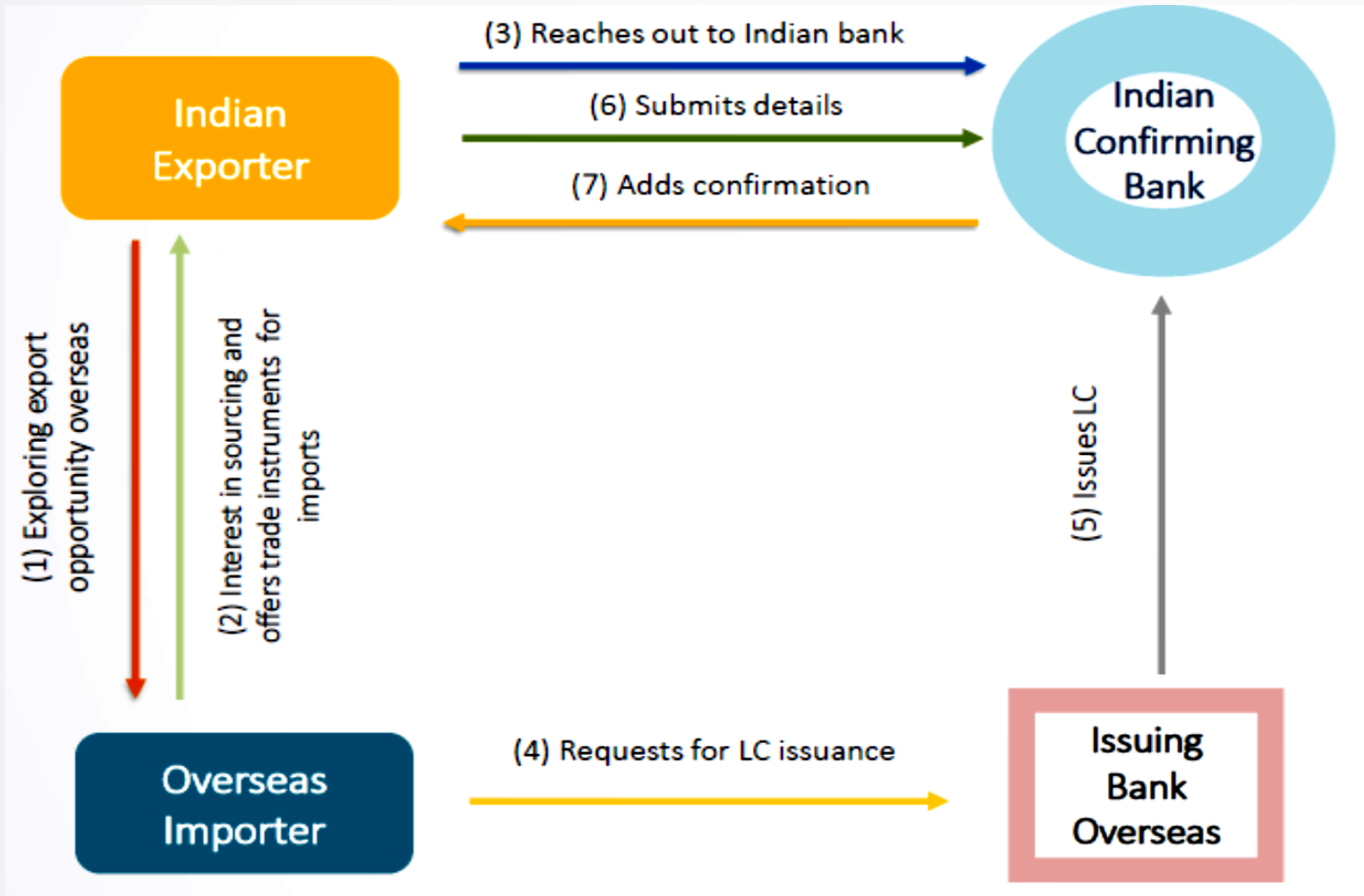
- TAP Trade Model has, for the first phase, identified 54 economies across Asia, Africa, and LAC
- Devised a Country Risk Exposure Limit (CREL) Model which includes 7 quantitative and 8 qualitative parameters.
- Risk Matrix for Evaluation of Banks - Appropriate risk weights were assigned

Risk Matrix for Evaluation of Banks



Methodology: Appropriate Risk Weights to be assigned to each Quantitative and Qualitative parameter to arrive at a composite score. Acceptance of the bank on the basis of Composite Score.

Before TAP was conceptualized

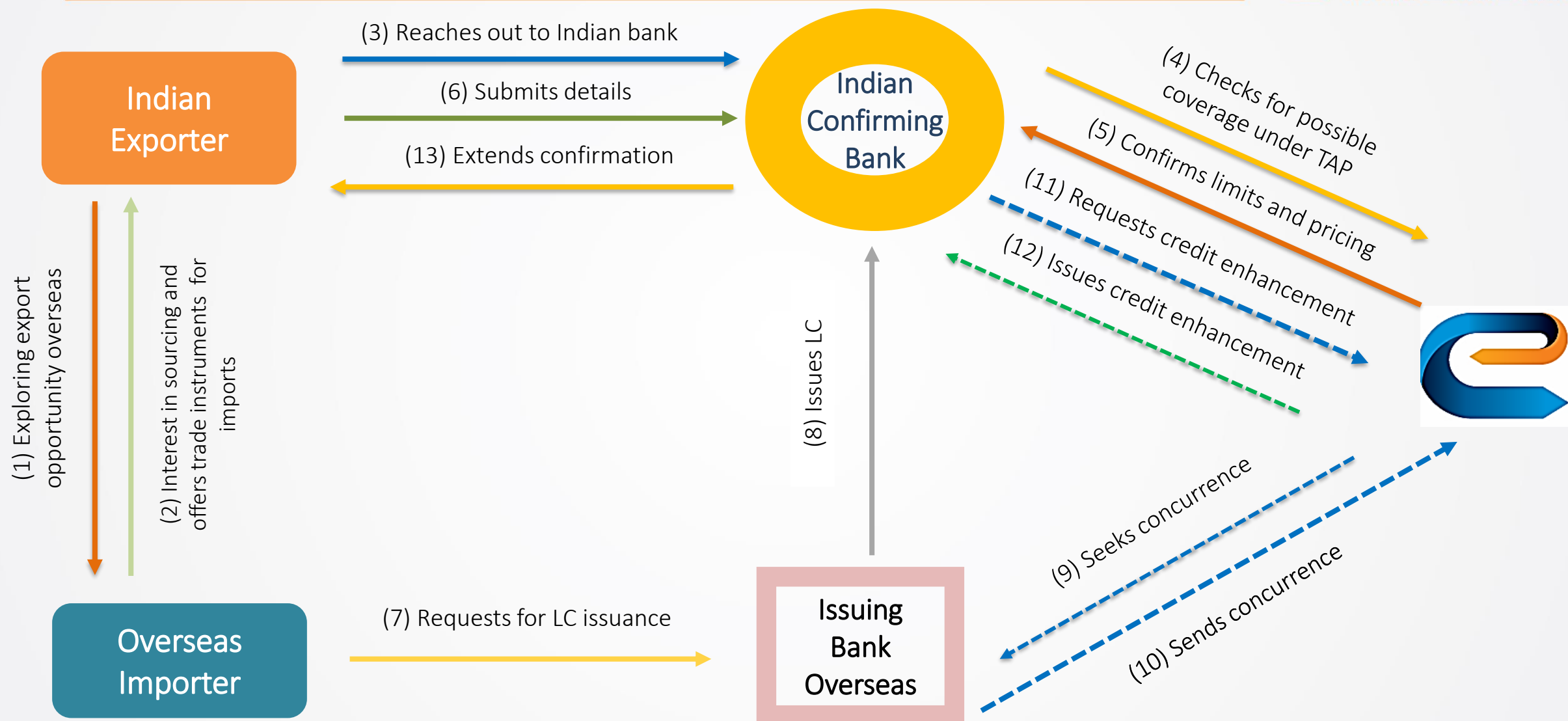


- In the absence of a trade finance guarantee facility, trade lines are constrained
- Indian Banks not comfortable in venturing into high-risk markets like Africa

TAP: Broad Structure ... (1/2)

- India Exim Bank will provide the comfort and assist in establishing working relationships between Indian Banks and Overseas Importer Bank, through various credit enhancement mechanisms by leveraging its prior experience
 - Trade Finance Guarantee
 - Irrevocable Reimbursement Undertaking
 - Risk Participation
 - Bid/Performance Bonds and Advance Payment Guarantees
- This will boost the otherwise absent trade lines and instill confidence among exporters as well as Indian Banks to venture into risky and unconventional markets

TAP : Broad Structure ... (2/2)



Thank you

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