

International Trade Finance & Facilitation

How Exporters Can Cut Down Risks

A half day awareness programme on "International Trade Finance and Facilitation Scheme" was jointly organized by the Federation of Indian Export Organizations and the Hong Kong and Shanghai Banking Corporation Limited in Bangalore on 23 April, 2010.

Inaugurating the programme, Mr J.V. Patil, ITS, Joint Director General of Foreign Trade, Bangalore, Karnataka Region, mentioned that companies doing business across international borders face many of the same risks as would normally be evident in strictly domestic transactions. In addition, international trade also faces the risk of unfavorable exchange rate movements while at other times there is the potential benefit of favorable movements.

In his welcome address, Mr V. Srinivasan, Joint Director, FIEO (BLR) mentioned that the exporter faces a



Mr J.V. Patil, Jt. DGFT, Karnataka Region (centre) addressing the meet. On his right is Mr V. Srinivasan, Jt. Director, FIEO. Extreme right is Ms. Pratibha Jadhav, Asst. Vice President, SME Sales, HSBC, Bangalore.

number of risks from the day he nurtures the idea of exporting. In view of the appreciation of rupee, FIEO has written to the Finance Minister suggesting that exporters should be given the option of a fixed exchange rate for exports at least for one year and such exporters should be credited at Rs

47.50 to the dollar.

During the technical session, Ms Pratibha Jadhav, AVP, SME Sales, HSBC made a presentation on International Trade Finance and Mr Srinivasan made a presentation on "Introduction to Trade Facilitation Scheme". The topics covered by them were as below. ■

International Trade Finance	Introduction to Trade Facilitation Scheme
<ul style="list-style-type: none"> ▶ Risks in International Trade ▶ How can you mitigate your risks ▶ How is HSBC different? ▶ Country Risks ▶ Foreign Exchange Risks ▶ Commercial Risks ▶ Aspects to consider by the importer (buyer) ▶ Aspects to consider by the exporter (seller) ▶ Payments Risk Ladder ▶ Trade Products for SMEs ▶ Trade Services : LC Confirmation; Forfeiting; Transferable Credits ▶ Foreign Exchange Risks Mitigation - Hedging and Forwards 	<ul style="list-style-type: none"> ▶ Market Development Assistance (MDA) ▶ Special Focus Initiatives – a) Focus Product Scheme b) Focus Market Scheme ▶ Issue of Duty Entitlement Pass Book; Advance Authorisation; Duty Free Import Authorisation; Export Promotion Capital Goods Licence; licence for duty credit under Vishesh Krishi and Gram Udyog Yojana ▶ Deemed Export benefits for local supply/export to the indigenous companies/Projects/100% Export Oriented Units etc. ▶ Issue of Status holder Certificate ▶ Duty Draw Back ▶ Private Bonded Warehouse for Exports ▶ <i>Value Added Tax (VAT) Refund for expenses incurred abroad on Hotel Travel & Food</i> ▶ Finance - Concessional rate of Interest for Pre-shipment and Post- Shipment credits; Gold Card for exporters with good track records which entitles special benefits from the banks; Waiver of margins for exporters with good track records; ▶ Green Card from Commercial Tax Dept. ▶ 100% refund of VAT paid ▶ Duty Free Import of Samples