

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6966
ANSWERED ON:07.05.2010
EXPORT CREDIT OF PHARMA UNITS
Singh Shri Uday Pratap

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received complaints of denial of export credit to the developing countries by the public sector banks;
- (b) if so, the details thereof alongwith reasons therefor and reaction of the Government thereto; and;
- (c) the steps taken to remove these financial constraints of the small and medium scale pharma units in the matter?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) to (c): RBI has reported that based on a representation from Pharmaxecil alleging lack of bank finance to exporters to markets like Africa, CIS, Latin America and ASEAN under FOCUS markets Scheme of the Government of India was taken up with Indian Banks' Association (IBA). IBA is stated to have reported that banks while appraising export credit proposals normally take in to account inter-alia, the following factors:

- (i) the client is a bonafide exporter having good standing in the market.
- (ii) the exporter has the necessary ability to perform his export obligations.
- (iii) risk rating of the countries, with which the exporter wants to deal.
- (iv) ECGC reviews periodically the country rating. If the countries are placed under high risk, restricted risk and off credit risk, banks normally avoid lending to these countries in the absence of risk cover/restricted cover from ECGC.

IBA has further reported that banks have not denied any export credit proposal in the past involving exports to Kenya.

To examine the difficulties being faced by exporters in availing dollar credit and to ensure appropriate disposal by the concerned banks, Government has constituted a Monitoring Mechanism, which will ensure that the dollar credit needs of exporters are met in a timely manner. The Monitoring would be done by an Inter-Ministerial Committee constituted under the Chairmanship of Finance Secretary.