

## **PROGRAMME EXIM BANK & INDIAN BANKING SYSTEM**

Bangalore: December 15, 2006

### **Background**

The programme was conducted by Eximius Centre at Bangalore, for a team from Suffolk University, Boston, comprising 20 Executive MBA students and 3 faculty members. An overview of the Indian Banking Sector and the Role and Functions of Exim Bank were presented to the participants.

The Executive MBA Programme at the Sawyer Business School, Suffolk University, offers specialisation in either international finance or marketing. As part of the course, the students participate in a one-week travel seminar where they experience global business first-hand through corporate visits and meetings with global executives. The Executive MBA Programme has students from across the globe, working in areas such as financial services, IT, engineering, energy, telecom and hospitality sectors.

Suffolk University set up in 1906, offers undergraduate, graduate and post-graduate courses in Management, Law, Arts and Science. Apart from three other Massachusetts locations, Suffolk University has international campuses in Madrid, Spain, and Dakar, Senegal. Suffolk University is a teaching University, where research and scholarship are interrelated with the unique character of each academic discipline. The University supports and encourages diversity in a challenging, supportive environment for motivated and capable students from various backgrounds and cultures.

Details are available on the website [www.suffolk.edu](http://www.suffolk.edu)

### **The Indian Banking Sector**

The broad structure of Indian banking sector covers, at the apex level, the Reserve Bank of India (RBI) as the central bank of the country, and other banks/institutions as under:

- i) Commercial Banks in Public & Private sector;
- ii) Development Financial Institutions/Banks:
  - at all India level such as IFCI, IDBI, ICICI (since converted into commercial banks); and
  - at State level such as SFCs, SIDCs;
- iii) Principal Institutions for different sectors:
  - Exim Bank for foreign trade;
  - NABARD for agriculture & rural development;
  - SIDBI for small industries;

- IDFC for infrastructure; and
- NHB for housing;

iv) Non-Banking Financial Companies (NBFCs).

Apart from commercial banks in public and private sectors, there are significant numbers of foreign commercial banks, Regional Rural Banks and Cooperative Banks. As at end March 2006, there were 84 Scheduled Commercial Banks with over 69,000 branches, of which 66% were in semi-urban and rural areas. With the liberalisation of Indian economy since the early 1990's, the Indian banking sector has undergone reforms based on five fundamentals:

- Strengthening of Prudential Norms & Market Discipline;
- Adoption of International Benchmarks;
- Management of Organisational Change and Consolidation;
- Technological Upgradation; and
- Human Resource Development.

Deregulation, technological upgradation and increased market integration are the key factors driving change in the financial sector.

The Securities & Exchange Board of India (SEBI) is the regulator for the Indian capital market, and is vested with the role of regulation and investor protection with focus on small investors. There are 23 stock exchanges in the country, of which the Bombay Stock Exchange and National Stock Exchange are the principal exchanges. 17 of the 28 Public Sectors Banks have raised resources through public issue of share capital, and are listed on Stock Exchanges.

The insurance sector - earlier the monopoly of public sector viz. LIC (for Life insurance) and the erstwhile subsidiaries of GIC (for Non-Life/General insurance) - also underwent reforms with the entry of private sector insurance companies, mostly joint ventures of international insurers. The Insurance Regulatory & Development Authority (IRDA) regulates both the public and private sector insurance in India.

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