A STUDY ON EXPORTERS AWARENESS TOWARDS VARIOUS POLICIES WITH ECGC

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Abstract:
ECGC's primary objective is to promote country's exports by covering the risk of exports on credit by providing: Insurance cover to Indian exporters against non-realization of export proceeds due to commercial or political risks; and guarantee to banks and other financial institutions to enable them to extend credit facilities to exporters on liberal basis. The main objective of the study is that to study about the level of awareness of exporters towards various schemes availed by ECGC. A sample of 150 respondents and percentage analysis, factor analysis and one way Anova were used as statistical tools to analyse the data and the conclusion is that the customers are aware about the schemes provided by the ECGC and further seminars can be conducted to increase the level of awareness about the schemes provided by ECGC.
Key Words: Credit Facilities & Export and Seminar.

Introduction:

Export Credit Guarantee Corporation of India Limited, (ECGC) is a company wholly owned by the Government of India. The Government of India set up the Export Risks Insurance Corporation (ERIC) in July 1957 in order to provide export credit insurance support to Indian exporters. It was transformed into Export Credit & Guarantee Corporation Limited (ECGC) in 1964. To bring the Indian identity into sharper focus, the Corporation's name was once again changed to the present Export Credit Guarantee Corporation of India Limited in 1983.

It functions under the administrative control of the Ministry of Commerce and is managed by a Board of Directors representing Government, Banking, Insurance, Trade and Industry primary objective is to promote country's exports by covering the risk of exports on credit by providing insurance cover to Indian exporters against non-realization of export proceeds due to commercial or political risks; and giving guarantee to banks and other financial institutions to enable them to extend credit facilities to exporters on liberal basis. ECGC is performing well to assist Indian exporters and bankers. The export business in India is growing, whether it is related to goods or services. The India is a growing consumer hub as well. The contemporary international financial issues, namely US sub-prime lending, appreciation of Indian currency; growing export and flow of FIIs investment in India are changing the equation for exporters, bankers, investors and therefore ECGC.

ECGC is offering various guarantees to banks, namely: Packing Credit Guarantee, Export Production Finance Guarantee, Post-Shipment Credit Guarantee, Export Finance Guarantee, Export Performance Guarantee, Export Finance (Overseas Lending) Guarantee etc. These schemes are suitable for banks which provide credit facilities, guarantees and other export related finances to exporters. ECGC, which is the country's premier organisation under the Ministry of Commerce & Industry offering credit risk insurance cover to exporters, banks etc.,. The Government indicated that a separate fund with a corpus of Rs.20000 million called the National Export Insurance Account had been under active consideration of the government and would to be taken to the Cabinet Committee on Economic Affairs soon. The fund would extend support in respect of exports involving large value projects with credit terms which are unconventional and those beyond the underwriting capacity of ECGC. The fund would also enable exports to countries facing persistent economic and financial difficulties. Meanwhile, six new policies with simplified procedures and reduced premium rates have been introduced by ECGC to meet specific needs of exporters, and 9 countries were upgraded resulting in lower cost for exporters.

Statement of the Problem:

In order to provide export credit insurance support to Indian exporters, the Government of India set up the 'Export Credit Guarantee Corporation of India Limited (ECGC). To overcome these risks and to promote exports further, the government of India has promoted Export Credit Guarantee Corporation of India, which assures the exporters financial support at times of crisis. The problem is that to identify the level of awareness towards schemes provided by EGGC

Scope of the Study:
 The study is concerned with the role played by the ECGC in India's foreign trade. The factors influencing the exporter's awareness towards various schemes of ECGC. This has been taken as the main focus of the study and it will be useful for the government to promote their products with exporters.

Objectives of the Study:
- ✓ To Study about the schemes prevailing with ECGC.
- ✓ To study about the level of awareness of exporters towards various schemes availed by ECGC.
- ✓ To compare the relationship between the turnover made by the companies and level of awareness towards various schemes provided.

Limitations of the Study:
- ✓ The study was conducted in a limited period of time.
- ✓ The data collection is primary in nature and suffers from the limitation of primary data.
- ✓ Due to the busy schedule of the exporters, there is low response for the survey.

Research Methodology:
Type of Research Design: For this research, the researcher has used both descriptive and analytical research.
Area of the Study: The area chosen for the study is Coimbatore and Tirupur which is recognized as a District.
Data Collection: The main aim of data collection was to acquire complete and relevant information from all the respondents to achieve the research solution or to study about their problem.
Primary Data: The primary data was collected through a structured questionnaire that consists of both open and closed ended and multiple choice questions from the exporters.
Secondary Data: The secondary data has been collected from the ECGC's annual reports, magazines, books and websites.
Statistical Tools: Simple percentage analysis, Factor analysis and One-way Anova.

Analysis and Interpretation:
Percentage Analysis:

		Frequency	Percent
Annual turnover	< Rs.25,00,000	72	48
	Rs.25,00,001-50,00,000	28	18.7
	Rs.50,00,001-1,00,00,000	26	17.3
	Rs. More than 1,00,00,000	24	16
	Total	150	100
Frequency of export	Daily	35	23.3
	Weekly	25	16.7
	Monthly	20	13.3
	Quarterly	25	16.7
	Yearly once	40	26.7
	More than a year	5	3.3
	Total	150	100
Total value of TEV'S exported by the respondents	LCL	8	5.3
	FCL	111	74
	less than 100 TEV's	15	10
	Based on buyers preference	16	10.7
	Total	150	100

Interpretation:
 The above table about percentage analysis for factors related to information of the company. It shows that Out of 150 respondents 48% are making a turnover of less than Rs.25,00,000, 18.7% are making a turnover between Rs.25,00,001-50,00,000, 17.3% are making a turnover between Rs.50,00,001-1,00,00,000 and 16% are making turnover more than Rs.1,00,00,000. Out of 150 respondents 23.3% are exporting on a daily basis, 16.7% are exporting on a weekly basis, 13.3% are exporting on a monthly basis, 16.7% are exporting on a quarterly basis, 26.7% are exporting yearly once and 3.3% are earning more than one year. Out of 150 respondents 5.3% are exporting LCL, 74% are exporting FCL, 10% are exporting lass than 100TEV's 10.7% are exporting based on buyers preference.

Factor Analysis for Factors Related to Awareness Towards Various Schemes Availed by EGCG:
 A total of 19 variables were identified for the purpose of collecting awareness towards various schemes availed by EGCG. In order to reduce the number of variables and to identify the key factors contributing towards the level of awareness, factor analysis is performed. KMO and Bartlett's test is conducted to identify the sampling adequacy.

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.590

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	Approx. Chi-Square	760.900
Bartlett's Test of Sphericity	df	171
	Sig.	.000

KMO of sampling adequacy value for the level of awareness is 0.590 and it indicates that the sample is adequate to consider the data as normally distributed.

The number of factors as identified by performing the screen plot. The results are shown below,
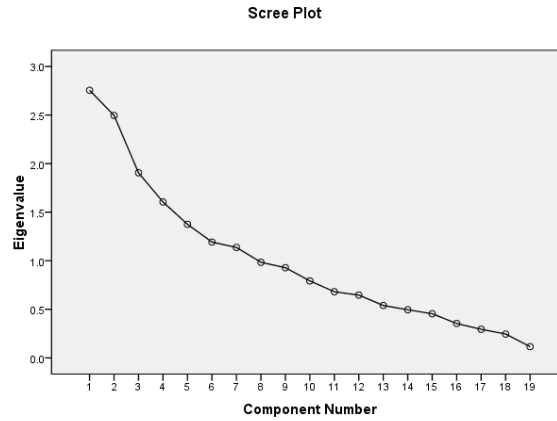
Screen plot shown the above figure gives a pictorial view of the number of components to be shortlisted and to become factors based on Eigen value. So from the above chart become seven factors have been shortlisted. Rotated component matrix is used to identify the factors after data reduction. The results are shown below,

Rotated Component Matrix[a]							
	Component						
	1	2	3	4	5	6	7
Awareness towards shipment comprehensive risk policy	-.072	.876	-.094	.141	-.030	-.063	-.041
Awareness towards export turnover policy	.877	-.110	.151	-.045	-.032	.059	-.098
Awareness towards specific shipment policy	-.364	.379	.293	-.104	-.413	-.126	-.231
Awareness towards specific buyers policy	-.041	-.059	.084	-.060	-.079	.781	-.090
Awareness towards buyer exposure policy	.000	-.009	.233	-.110	.660	-.270	-.165
Awareness towards multi exposure policy	-.343	-.099	.123	.392	-.228	-.075	.579
Awareness towards consignment export policy	-.331	-.045	.015	.198	.403	.148	-.326
Awareness towards consignment export policy (Stock holding agent) (CGE)	.103	-.106	.165	-.343	.151	.135	.669
Awareness towards IT enabled service policy	-.057	.195	-.736	.182	-.005	.249	-.076
Awareness towards IT enabled service policy (Multi customer)	-.121	.262	.626	.161	.208	.099	.218
Awareness towards small exporters policy	-.015	-.033	-.601	.158	-.057	-.355	.237
Awareness towards mirror exporters policy	-.035	-.003	-.102	.163	.012	.759	.198
Awareness towards commercial disputes raised by the buyer	-.037	.202	.029	-.051	.748	.025	.035
Awareness towards cause inherent in the nature of the goods	.022	-.465	-.069	.011	-.323	-.157	.410
Awareness towards buyer's failure to obtain necessary import	.345	-.150	.301	.155	.268	-.206	-.529
Awareness towards insolvency or default of any agent of the exporter	.174	.194	.079	-.771	.074	-.048	.128
Awareness towards loss due to exchange fluctuation	.110	.233	-.085	.762	.033	.049	-.027

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Awareness towards L/C opening banks insolvency	-.080	.794	.301	-.108	.174	-.053	.038
Awareness towards respondents not availing policies with ECGC	.882	-.050	-.150	-.031	-.058	-.133	-.013
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.							
a. Rotation converged in 9 iterations.							

Interpretation:

From the above table, factors above the values above 0.5 are considered. They are specific buyers policy, mirror exporters policy, commercial disputes raised by the buyer, loss due to exchange fluctuation and respondents not availing policies with ECGC.

One Way Anova:

Comparison between Turnover of the Companies and Acceptance towards Various Schemes Availed by EGCG:

		N	Mean	Std. Deviation	F	Sig
Awareness towards buyer exposure policy	< Rs.25,00,000	72	2.92	1.676	1.504	0.016
	Rs.25,00,001-50,00,000	28	3.64	1.545		
	Rs.50,00,001-1,00,00,000	26	2.92	1.412		
	Rs.More than 1,00,00,000	24	3.04	1.574		
	Total	150	3.07	1.602		
Awareness towards mirror exporters policy	< Rs.25,00,000	72	3.14	1.647	1.191	0.043
	Rs.25,00,001-50,00,000	28	3.07	1.538		
	Rs.50,00,001-1,00,00,000	26	3.65	1.441		
	Rs.More than 1,00,00,000	24	2.83	1.685		
	Total	150	3.17	1.603		
Awareness towards commercial disputes raised by the buyer	< Rs.25,00,000	72	2.88	1.752	0.826	0.481
	Rs.25,00,001-50,00,000	28	3.00	1.466		
	Rs.50,00,001-1,00,00,000	26	3.15	1.488		
	Rs.More than 1,00,00,000	24	3.46	1.532		
	Total	150	3.04	1.621		
Awareness towards loss due to exchange fluctuation	< Rs.25,00,000	72	2.83	1.520	0.579	0.630
	Rs.25,00,001-50,00,000	28	3.11	1.370		
	Rs.50,00,001-1,00,00,000	26	3.23	1.478		
	Rs.More than 1,00,00,000	24	3.08	1.558		
	Total	150	2.99	1.486		
Awareness towards L/C opening banks insolvency	< Rs.25,00,000	72	2.93	1.550	0.424	0.736
	Rs.25,00,001-50,00,000	28	3.21	1.572		
	Rs.50,00,001-1,00,00,000	26	3.19	1.575		
	Rs.More than 1,00,00,000	24	3.25	1.622		
	Total	150	3.08	1.561		

Interpretation:

The above table shows about the relationship between turnover of the companies and acceptance towards various schemes availed by EGCG. There is a relationship between turnover of the companies and awareness towards buyer exposure policy (0.016) and mirror exporters policy (0.043) were the level of significance is less than 0.05. It reveals that the companies making a turnover between Rs.25,00,001-50,00,000 have higher impact towards buyer exposure policy and the companies making a turnover between Rs.50,00,001-1,00,00,000 have higher impact towards mirror exporters policy.

Findings:

✓ 48% are making a turnover of less than Rs.25,00,000
✓ 23.3% are exporting on a daily basis.

- ✓ 74% are exporting FCL.
- ✓ The factors acceptance towards buyers policy, mirror exporters policy, commercial disputes raised by the buyer, loss due to exchange fluctuation and respondents not availing policies with ECGC can be taken for decision making process of the study.
- ✓ The companies making a turnover between Rs.25,00,001-50,00,000 have higher impact towards buyer exposure policy and the companies making a turnover between Rs.50,00,001-1,00,00,000 have higher impact towards mirror exporters policy.

Suggestions:
- ✓ Seminars can be conducted to increase the level of awareness about ECGC schemes in future period of time
- ✓ Awareness about payment risk can be revealed by ECGC.
- ✓ Premium rates must be reduced further to cover more customers.

Conclusion:
This analytical study is based upon a sample of 150 respondents and conducted in Tirupur and Coimbatore District. The study is about analyzing the awareness towards various schemes availed by EGCG. The conclusion is that the customers are aware about the schemes provided by the ECGC and further seminars can be conducted to increase the level of awareness about the schemes provided by ECGC.

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