SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107
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Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai

DEPARTMENT OF MANAGEMENT STUDIES

COURSE NAME : 19BA205 - ENTREPRENEURSHIP DEVELOPMENT

I YEAR /II SEMESTER

Unit IV – FINANCING OF ENTERPRISE

Topic 2: ED –Export Finance

Export Finance

➢It is no exaggeration to say that finance is the lifeblood of any business. As an exporter, funds received through your financing channels may be used in the preliminary stage while incurring capital expenditures.

➢You will, of course, need to find the funds needed to make the business production-ready for day-to-day working capital requirements or to meet unforeseen contingencies.

When Do You Need Export Finance?

- Pre Shipment
- Post Shipment
- Finance against collection of invoices,LC,etc.,

Pre Shipment Finance

➢Pre Shipment finance is provided when an exporter needs funds before the shipment of products or goods.

➢Funds are required for purchasing raw materials, processing of raw materials into finished goods, packaging goods etc.

➢**Packing Credit** : You can avail pre-shipment finance from your financier against an export order received from the importer in the form of Packing Credit.

➢Once the funds are received from the overseas buyer, the concerned export packing credit amount willbe adjusted and loan will be closed against that order.

Post Shipment Finance

➢After you have shipped the products and raised an invoice from the importer, you will have to see through the credit period until you receive payment from your buyer.

➢ You may need working capital for this period to fulfill other orders. This can be resolved with post shipment finance from the following source.

➢**Bill Discounting and Invoice Factoring** : You can approach your bank or a financial institution and present your invoice to them for faster liquidation. The banker or the financial institution could purchase, collect, or even discount the bill.

Post Shipment Finance

Letter of Credit Discounting : Banks are often ready to finance against Letter of Credit (LC) as there is an inborn security in an confirmed LC that the issuing bank will make the payment in case of default.

RECAP

QUESTIONS???

THANK YOU