

INDIA'S DEVELOPMENT BANKS

This factsheet is an updated version of the factsheet "Development Banks in the BRICS Countries", published in 2013 by the BRICS Policy Center and Ibase.



BRICS Policy Center - Centro de Estudos e Pesquisas - BRICS



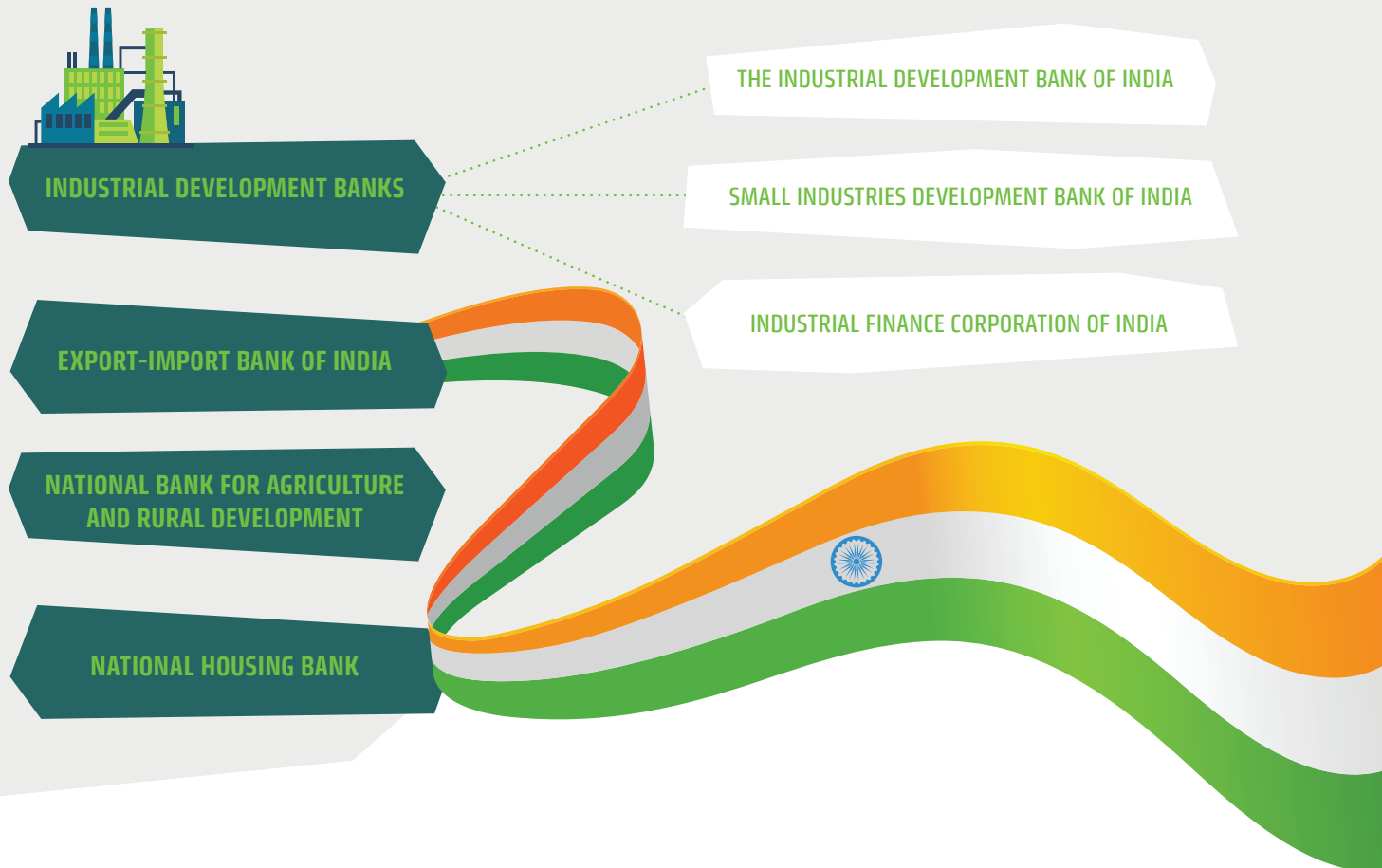
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CHARLES STEWART
MOTT FOUNDATION



AUTHOR BRICS Policy Center



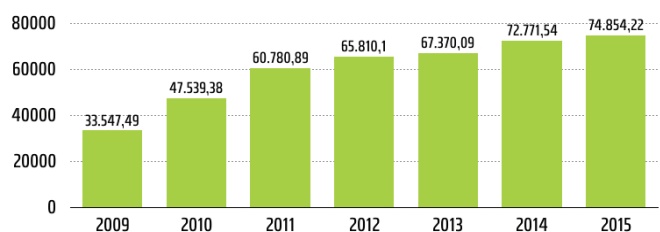
Industrial Development Bank of India (IDBI)

Nature and Purpose

- Founded in 1964, it is today one of the main public banks in India and the fourth largest in the general ranking.
- The IDBI underwent a deep restructuring in 2004, when it transformed from a financial institution geared to industrial development to a commercial bank. However, the IDBI's mandate maintained the financing to the Indian industry. As a public commercial bank, IDBI's purpose is to provide short and medium term financing to trade, industry, service companies, individuals and third parties in general.

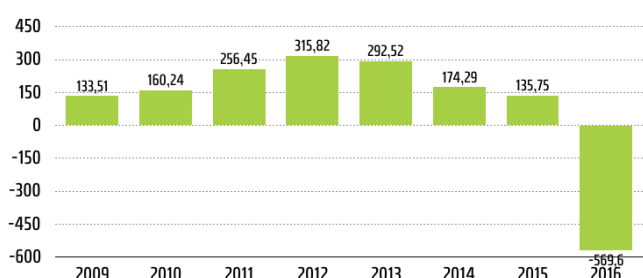
Total Value of Financial Activities (in millions of USD)

Source: [The author, based on IDBI Annual Report \(2014-15\)](#)



Net Profits (in millions of USD)

Source: [The author, based on IDBI Annual Report \(2015\)](#)

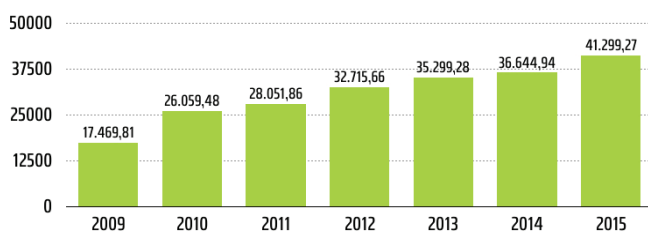


Where do the funds come from?

- Because it has been a commercial bank since 2004, the IDBI raises funds through deposits and investment funds. In addition, the bank has specific governmental financing lines.
- The IDBI also raises funds abroad through banks, bilateral agreements, short-term loans and bond emissions.
- In 2016, the IDBI presented negative profits, due to its policy of revising quality provision of assets, according to the requirements of the Reserve Bank of India (AQR) in order to adapt to international exchange changes and domestic economic changes in the country.

Deposits Received (in millions of USD)

Source: The author, based on [IDBI Annual Report \(2014-15\)](#)



How does it work?

- In addition to activities that are typical of a commercial bank, the IDBI has an operational line geared to financing industrial sectors.
- Corporate clients are served through three lines: Corporate Banking Group-I (CBG-I), Corporate Banking Group-II (CBG-II) and Infrastructure Corporate Group (ICG). While CBG I and CBG II attend to medium and large corporate clients, ICG serves corporate clients in the sector of infrastructure, which includes energy, telecommunications, ports, roads and bridges, airports and urban infrastructure development, among other subsectors.
- In the last years, the Bank has expanded its share in restoring direct retail credit to farmers involved in cultivation and related activities, to increase its reach in the Indian territory, as well as its access to credit for the Indian population.
- The IDBI has cooperation arrangements with other development banks in India:

IDBI-SIDBI: several Memorandums of Understanding geared to offer subsidized loan services for micro, small and medium enterprises (MSMEs)

IDBI-Exim: signed a Memorandum of Cooperation to co-finance, co-organize and subsidize foreign currency loans to enterprises geared to exports, especially MSMEs

Small Industries Development Bank of India (SIDBI)

Nature and Purpose

- Created in 1990 by IDBI, SIDBI is the main financial institution for promoting, financing and developing MSMEs.

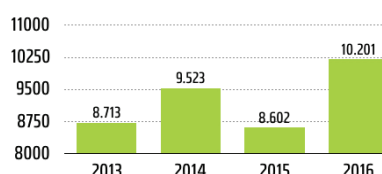
How does it work?

- The SIDBI refinances banks and non-banking financial companies (NBFCs), in addition to providing training to small commercial banks, rural regional banks (RRBs), urban cooperative banks (UCBs) and district cooperative banks (DCBs).
- Direct financing to MSMEs is also carried out through specific financial products, such as venture capital, sustainable financing, factoring, invoice discounting, and service sector financing.
- The SIDBI Venture Capital Ltd. was created in 1999. It provides assistance to specific industrial areas, focusing on biotechnology, pharmaceutical products, information technology (IT) and engineering. Funding from SIDBI Venture Capital is distributed through three funds: Fund for IT Industry, Fund for MSMEs and Fund for Innovation.

SIDBI Portfolio Transactions

(in millions of USD)

Source: The author, based on [SIDBI Annual Report \(2015-2016\)](#)

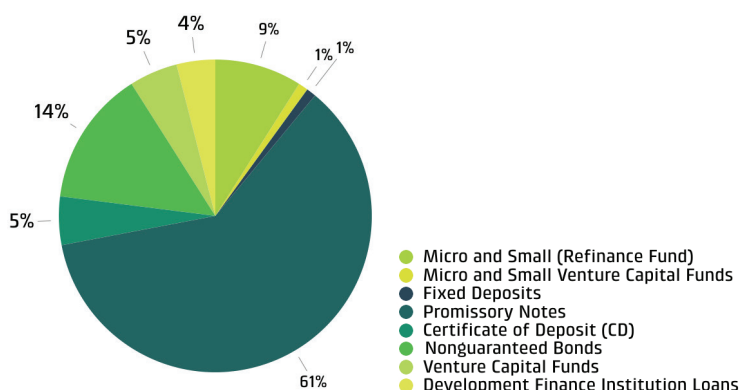


Where do the funds come from?

- In 2015, SIDBI raised US\$ 8.4 billion – a strong growth in relation to previous years, when fundraising was around US\$ 4 billion.
- The bank receives domestic and foreign resources, with a strong predominance on the issuance of promissory notes issued by SIDBI in the domestic capital market, which represent around 61% of resources obtained in 2015.

Funding Sources SIDBI (2015)

Source: The author, based on [SIDBI Annual Report \(2014-15\)](#)



National Bank for Agriculture and Rural Development (NABARD)

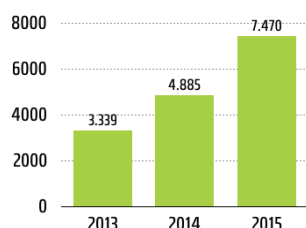


Nature and Purpose

- NABARD was created in 1982 to increase credit flow for agriculture and rural projects.
- The Bank's operations seek to develop agriculture, small scale industries, cottage and local industry, craftsmanship and other economic activities related to the rural area.
- Headquartered in Mumbai, it has 30 regional offices and 395 development managers in districts.

NABARD Disbursements (in millions of USD)

Source: The author, based on [NABARD Annual Report \(2016\)](#)

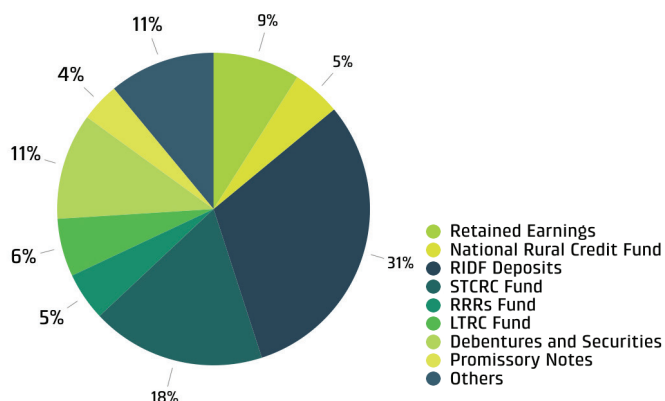


Where do the funds come from?

- NABARD's capital is constituted mainly by specific governmental funds, but also by fundraising in the domestic market. The total amount raised by NABARD in 2015-2016 was US\$ 48.2 billion.
- The main funds are: "Rural Infrastructure Development Fund" (RIDF); "Short Term Cooperative Rural Credit Fund" (STCRC); "Long Term Rural Credit Fund" (LTRC); "Revitalization, Reform and Restructuring Fund" (RRR) and "National Rural Credit Fund" (NRC).

NABARD Funding Sources 2015-2016

Source: The author, based on [NABARD Annual Report \(2016\)](#)

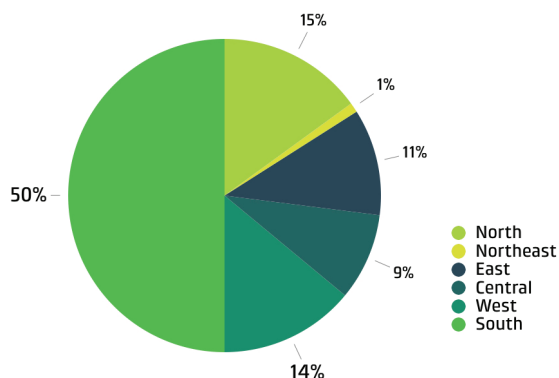


How does it work?

- Investments are concentrated in micro and small irrigations, economic devices and water conservation, implementation and acquisition of small machines for agriculture, development of arable land, production in dry lands, seed production, livestock, fishing and non-conventional energy.
- It also operates through its subsidiaries: NABARD Consultancy Services (NABCONS), Agriculture Development Finance Limited (ADFT), Agri Business Finance Limited (ABFL), NABARD Financial Services Limited (NABFINS)

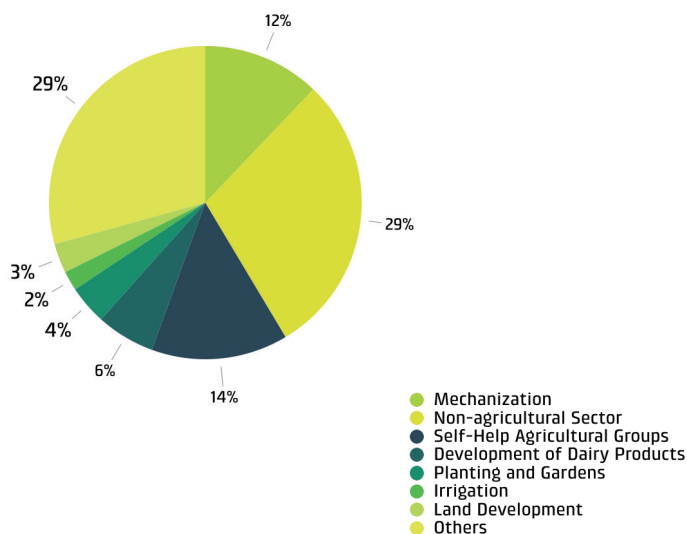
NABARD Disbursements by Region 2015-2016

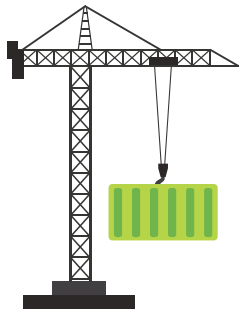
Source: The author, based on [NABARD Annual Report \(2016\)](#)



NABARD Disbursements by Sector 2015-2016

Source: The author, based on [NABARD Annual Report \(2015-2016\)](#)





Export-Import Bank of India (Eximbank of India)



Nature and Purpose

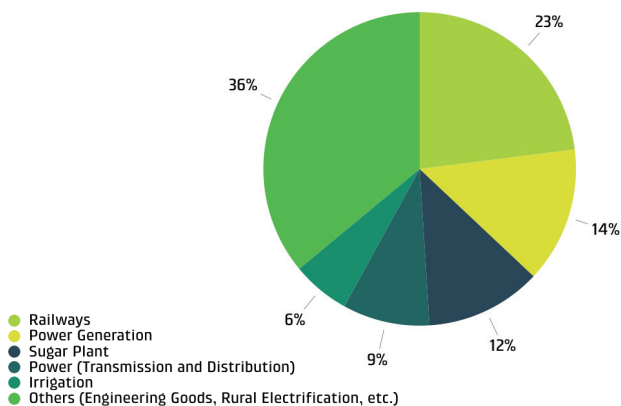
- Created in 1982, it is the main coordinating agent for institutions financing the export/imports of goods and services.
- Its objective is to promote the country's international trade.
- It is headquartered in Mumbai, and has other nine domestic offices (Ahmedabad, Chandigarh, Bangalore, Chennai, Guwahati, Hyderabad, Kolkata, New Delhi, Pune). Abroad, it operates in 8 countries through its London branch and other 7 offices (Singapore, Washington, Addis Ababa, Dakar, Dubai, Johannesburg, Yangoz).

How does it work?

- It extends lines of credit to overseas financial institutions, foreign governments and agencies, enabling them to finance the import of Indian goods and services. In addition, it has partnerships with small and medium-sized Indian companies.
- It has a program for rural initiatives, with the aim of connecting India's rural industry with the global market.
- Eximbank's lines of credit were extended to 63 countries around the globe, reaching US\$ 11.3 billion in approved credit, to finance infrastructure projects. The main infrastructure sectors contemplated are: energy, roads, information technology and communication (Eximbank of India Annual Report 2015-2016, p. 5).
- In recent years, the Bank has deepened its reach in the African continent. In 2016, the third edition of the "India-Africa Forum Summit" was held in New Delhi, the largest gathering of African leaders in India. The announcement of a credit line of US\$ 10 billion in the Summit reinforced the meaning of Africa for India's Eximbank.

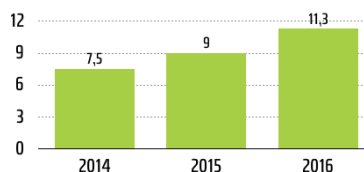
Lines of Credit

Source: Exim Bank of India Annual Report, 2016-17



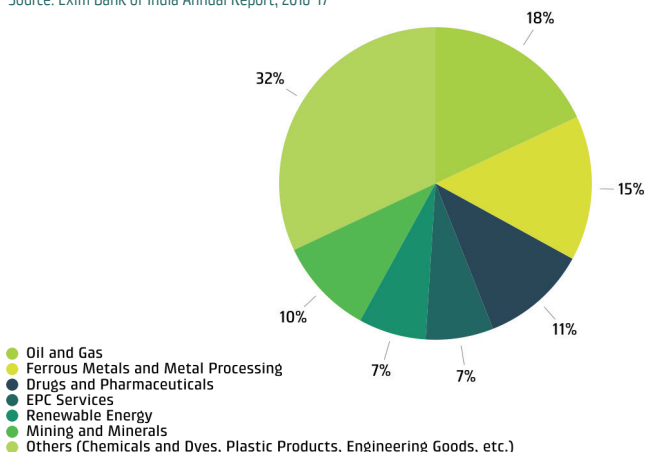
Eximbank India Approved Credit (in billions of USD)

Source: The author, based on [Eximbank of India Annual Report \(2016\)](#)



Overseas Investment Finance

Source: Exim Bank of India Annual Report, 2016-17



Eximbank Disbursements (in billions of USD)

Source: The author, based on [Eximbank of India Annual Report \(2016\)](#)

