

# Role of Exim Bank in Promotion of Rising Stars Companies in India

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## Abstract

India's ambition to achieve \$2 trillion in exports by 2030 depends significantly on unlocking the latent global competitiveness of its small and medium-sized enterprises (SMEs). The Ubharte Sitaare Programme (USP), jointly anchored by the Export-Import Bank of India (EXIM Bank) and the Small Industries Development Bank of India (SIDBI), represents a pioneering institutional response to this challenge. Launched in the Union Budget 2021 by Finance Minister Smt. Nirmala Sitharaman, the programme deploys a novel blended finance architecture—combining equity, debt, and technical assistance—to identify and nurture 'future export champions' among Indian SMEs. This article examines the role of EXIM Bank in promoting Rising Stars Companies in India under the USP framework. It analyses the programme's objectives, institutional structure, eligibility architecture, sectoral focus, and early impact. The study finds that USP constitutes India's first structured, SEBI-regulated attempt to integrate capital market instruments with traditional export finance for SME development, raising important questions about appraisal methodology, additionality, and scalability relevant to doctoral research in finance and banking.

**Keywords:** EXIM Bank, Ubharte Sitaare Programme, Rising Stars, SME Export Finance, Alternative Investment Fund, Blended Finance, Atmanirbhar Bharat, Development Finance.

## 1. Introduction

is home to an estimated 63 million micro, small, and medium enterprises (MSMEs), representing one of the world's largest SME ecosystems. Despite this vast base, India's MSME sector contributes only a fraction of its potential to total merchandise exports. A persistent structural gap has been identified: a significant cohort of Indian SMEs possesses genuine competitive advantages—rooted in technology, product innovation, or proprietary processes—yet consistently fails to realise export potential due to financial constraints, inadequate market intelligence, and absence of structured institutional support.

In response, the Government of India, through the Export-Import Bank of India (EXIM Bank), introduced the Ubharte Sitaare Programme (USP) — translating literally to 'Rising Stars Programme' — as a flagship initiative under the broader Atmanirbhar Bharat (Self-Reliant India) policy framework. Announced in the Union Budget Speech of 2021, the programme is significant not merely for its financial scale but for its conceptual innovation: it redefines the target beneficiary of export finance from 'established exporter' to 'future export champion.'

This article is structured to serve both academic and policy audiences. Section 2 outlines the research

objectives and methodology. Sections 3 through 7 provide a systematic analysis of the programme's origin, objectives, structural design, eligibility criteria, and sectoral coverage. Section 8 examines implementation architecture. Section 9 analyses programme progress and emerging impact. Section 10 positions USP within comparative development finance literature. Section 11 discusses research implications and Section 12 concludes.

### Literature review

**Smrithi(2024)**, examined “**Exim Bank export financing strategies**” the author explored correlations between exports and Country’s economic growth. India aims at achieving 5 trillion USD by the end of 2030. Research shows that when exports rise by 1%, GDP will increase by 0.70%. Hence there is direct correlation between exports and GDP. Research indicated that other determinants of exports are global GDP, inflation and regional trade agreement. When global GDP rises by 1%, country export rises by 2.5%. When domestic inflation is 1% simultaneously exports decline of 0.008%. Regional trade agreement leads to rise in exports of 0.03%.

**Saxena (2024)**, evaluated “**The role of EXIM bank in India’s export promotion**” the author examined the important role that the Export-Import Bank of India (Exim Bank) plays in boosting exports from India. It analyses the bank's various financial products, advisory services, and programs that support exporters and promote international trade. It also talks about the difficulties that Exim Bank has faced and looks at ways to improve how well it promotes export growth in India. EXIM Policy of India, where fiscal incentives were allocated through the provision of relevant statutes, but this system did not generate enough confidence among investors to commit considerable investment for infrastructural development and for setting up the new export units for producing goods and services.

**Pragya Verma et.al.,(2025)**, carried out research on “**The Role of Export Financing in the Development of the Indian Economy**” the author reported that Exporters that operate high-value firms that rely on funding must have access to export financing. Export financing is available at several stages to facilitate export trade. Pre-shipment and post-shipment funding are offered by export financing organizations in India. A company that exports either buys the raw materials or imported goods to be processed into final products and transported by air and sea for international trade. Exporters' main concerns with export financing are the availability of timely and sufficient funding as well as concessional credits for developing exports that are competitive on a global scale.

**Soheli Ghose (2017)**, review “**A Study of the Growth and Development of EXIM Bank in India in the Context of Increasing Exports**” the author opined that the new non-price competitive strategies that are widely used by exporters in different countries to increase their market share globally, credit and finance are essential to export transactions. The methods of selling are no longer limited to simple factors like product quality, cost, or delivery dates, but are expanded to include exporters' terms of payment. Generous terms of payment typically outperform rivals in both consumer items and capital equipment. However, the conditions of payment are contingent upon the amount, cost, and duration of pre-shipment and post-shipment periods of the funding that is available to exporters.

## 2. Research Objectives and Methodology

### 2.1 Primary Objectives

This research article is guided by the following primary objectives:

1. To study the role of EXIM Bank in promoting Rising Stars Companies in India through the Ubharte

Sitaare Programme.

- To analyse the objectives and structure of the Ubharte Sitaare Programme, including its financial instruments, institutional governance, and technical assistance architecture.

## 2.2 Research Methodology

This article adopts a qualitative documentary analysis approach, drawing primarily on official programme documents published by EXIM Bank and SIDBI, SEBI registration filings for the Ubharte Sitaare AIF, Union Budget speeches (2021), EXIM Bank Annual Reports (2021–2024), and academic literature on development finance and SME export promotion. The study period is 2021 to March 2023, aligned with available programme impact data. Comparative analysis with conventional export credit frameworks is employed to highlight USP's distinctive institutional design.

## 3. Background and Programme Origin

The Ubharte Sitaare Programme was born out of a well-documented policy diagnosis: despite possessing world-class technology and product capabilities, a large segment of Indian SMEs remained trapped in a 'missing middle'—too large for microfinance yet too small or too risky for conventional bank credit, and largely invisible to capital markets. This financing gap was compounded by non-financial barriers including lack of awareness of global market standards, absence of export strategy expertise, and high costs of international quality certifications.

EXIM Bank, established in 1982 as India's premier export finance institution, had long recognised this structural challenge. The USP provided a mandate and institutional vehicle to address it systematically. In partnership with SIDBI—which brings deep SME ecosystem knowledge and a large existing MSME client base—EXIM Bank designed a programme that deliberately moves beyond pure credit to encompass equity capital and technical handholding.

The programme is anchored within two overarching national policy frameworks: Atmanirbhar Bharat, which seeks to build indigenous manufacturing and export capability; and India's \$2 trillion export target by 2030, which requires a step-change in SME participation in global value chains.

## 4. Objectives of the Ubharte Sitaare Programme

The USP is designed around four core objectives, each addressing a distinct dimension of the SME export challenge:

| Objective                    | Description   |
|------------------------------|---|
| Competitiveness              | Enhance India's competitiveness in select sectors through targeted finance and extensive handholding support.   |
| Champion Identification      | Identify and nurture companies with differentiated technology, products, or processes, and accelerate their export business.                            |
| Financing the Missing Middle | Assist export-potential units that are unable to scale up operations due to lack of adequate finance.   |
| Market Diversification       | Help existing exporters widen their product basket and penetrate new international markets through a strategic, structured market development approach. |

A defining feature of USP's objective architecture is its forward-looking logic. Unlike conventional export credit programmes that reward demonstrated export performance, USP explicitly targets latent potential. A company need not be a current exporter to qualify—it may even be underperforming financially, provided it possesses a distinctive technological or process advantage with demonstrable global market fit. This philosophy is captured in the programme's core framing of its beneficiaries as 'future champions.'

### 5. The Ubharte Sitaare Fund — Structure and Governance

A central institutional innovation of USP is the establishment of the Ubharte Sitaare Alternative Investment Fund (AIF), registered with the Securities and Exchange Board of India (SEBI) in July 2021 and formally launched by Finance Minister Smt. Nirmala Sitharaman on August 21, 2021.

| Parameter               | Details   |
|-------------------------|---|
| Fund Type               | Alternative Investment Fund (AIF) — Category II |
| Sponsors                | EXIM Bank and SIDBI (co-sponsors)               |
| Anchor Contribution     | ₹40 crore each from EXIM Bank and SIDBI         |
| Total Fund Corpus       | ₹250 crore                                      |
| Regulatory Registration | Registered with SEBI under AIF Regulations      |
| Launch Date             | August 21, 2021                                 |
| Programme Anchor        | Export-Import Bank of India (EXIM Bank)         |

The AIF structure is pivotal to USP's design philosophy. By registering as a SEBI-regulated Category II AIF, the programme gains the ability to provide equity and equity-like instruments to selected companies—a capability not typically available under standard bank lending frameworks. This reflects lessons from global development finance practice, where blended capital structures combining equity, debt, and grants have proven more effective than pure credit in addressing the multi-dimensional barriers faced by high-potential but under-resourced enterprises.

The co-sponsorship model—with both EXIM Bank and SIDBI as anchors—also ensures complementarity of institutional mandates: EXIM Bank's export finance expertise and international market linkages are combined with SIDBI's deep-rooted MSME network and appraisal capabilities.

### 6. Types of Support Provided under USP

#### 6.1 Financial Support

USP offers a comprehensive financial support architecture spanning three instrument types:

- **Equity / Equity-Like Instruments:** Provided through the Ubharte Sitaare AIF to companies requiring risk capital rather than debt. This is particularly relevant for early-stage or rapidly growing firms where debt servicing capacity may be limited.
- **Debt (Funded / Non-Funded):** Term loans for modernisation, technology upgradation, capacity expansion, R&D investment, and acquisition of land and building for production facilities. Loans are available up to 80% of project cost, subject to a maximum of ₹30 crore.
- **Non-Fund Based:** Guarantees and letters of credit to support trade transactions and market entry activities.

## 6.2 Technical Assistance (TA)

A critical differentiator of USP is its Technical Assistance (TA) pillar, which addresses the non-financial barriers to export competitiveness that pure credit programmes systematically overlook. TA support under USP covers the following areas:

- Product adaptation and improvement for international markets
- Cost of obtaining international quality certifications (ISO, CE, FDA, BIS, etc.)
- Training and capacity building expenses for export readiness
- Market development activities, including overseas travel for product and market development
- Sector and market research studies
- Techno Economic Viability (TEV) studies

The TA component is co-delivered with strategic academic and institutional partners. Notably, EXIM Bank has signed a technical assistance agreement with the Foundation for Science, Innovation and Development (FSID) at the Indian Institute of Science (IISc), Bangalore, specifically to support deep-tech startups with export potential under the USP framework.

## 7. Eligibility Criteria and Target Companies

### 7.1 Eligible Company Categories

USP targets a specific profile of companies. Eligible entities fall into four categories:

| Category                          | Description  |
|-----------------------------------|--|
| Existing Export-Oriented SMEs     | Small or medium-sized enterprises already engaged in export activities seeking to scale up.                            |
| SMEs with Export Entry Plans      | Existing SMEs with a credible, strategic market entry plan for international markets.                                  |
| New SMEs — Experienced Promoters  | New enterprises whose promoters have sufficient industry experience and where major projected revenue is from exports. |
| New SMEs — Technocrat Co-founders | New enterprises co-founded by technocrats from premier institutions such as IITs, IIMs, IISc, or NITs.                 |

### 7.1 Key Assessment Parameters

Companies are assessed against the following key parameters:

- Unique value proposition in technology, products, or processes that match global requirements
- Fundamentally strong financials with acceptable creditworthiness and outward orientation
- Annual turnover of up to approximately ₹500 crore
- Strong business model, management systems, and product quality standards
- No default history on loans from banks or financial institutions

### Target Sectors

USP is a sector-agnostic programme in principle, but has shown particular focus on industries where India has emerging or established competitive advantages in global markets. Key sectors currently prioritised include:

| Sector                          | Rationale  |
|---------------------------------|--|
| Aerospace & Defence             | Strategic exports with high technology content         |
| Pharmaceuticals & Biotech       | India's global pharmacy position; post-COVID relevance |
| Chemicals & Specialty Chemicals | Growing global demand; India's cost advantage          |
| Food Processing & Agri-Products | Large domestic base with significant export potential  |
| Automobiles & Auto Components   | Integration into global value chains                   |
| Electronics & IT Hardware       | PLI scheme alignment; import substitution drive        |
| Textiles & Technical Textiles   | Traditional strength with modernisation need           |
| Environmental / Sustainability  | Green economy and circular economy products            |

The sectoral diversity of USP beneficiaries is evident in early programme data: supported companies include a manufacturer of key vaccine and anti-fungal drug ingredients (pharma/biotech), and a company promoting sustainable recycling solutions for FMCG packaging (sustainability sector). This breadth underscores the programme's design as a sector-agnostic, competency-driven initiative.

## Implementation Architecture

### Institutional Roles

| Institution           | Role  |
|-----------------------|---|
| EXIM Bank             | Lead anchor; programme design, deal origination, financial appraisal, equity/debt disbursement, and government liaison. |
| SIDBI                 | Co-sponsor of the AIF; SME ecosystem knowledge, pipeline development from MSME client base, loan disbursement.          |
| SEBI                  | Regulatory oversight of the Ubharte Sitaare AIF as a Category II Alternative Investment Fund.                           |
| Ministry of Finance   | Policy oversight and original budget mandate; monitors programme outcomes.  |
| IISc Bangalore (FSID) | Partnership for technical assistance to deep-tech startups under USP.   |

### Selection Process

The selection of beneficiary companies follows a rigorous multi-stage process:

- **Pipeline Development:** EXIM Bank and SIDBI proactively identify potential companies through industry associations, chambers of commerce, incubators, and academic institutions.
- **Preliminary Screening:** Companies are assessed for basic eligibility—technology differentiation, financial health, export potential, and management capability.
- **Detailed Appraisal:** A comprehensive Techno Economic Viability (TEV) study is conducted, evaluating the company's product, market, financials, and growth strategy.
- **Structuring:** The appropriate mix of equity, debt, and technical assistance is determined based on the company's specific needs and constraints.
- **Disbursement & Handholding:** Post-sanction, EXIM Bank provides ongoing advisory support—including market linkages, certification guidance, and export strategy—as part of the handholding mandate.

**Programme Progress and Impact (as of March 31, 2023)**

| Metric   | Figure  |
|--|---|
| Total credit facilities extended (fund + non-fund) | ₹638 crore  |
| Number of companies supported                      | 42 companies  |
| Total amount disbursed                             | ₹319 crore  |
| Pipeline of proposals identified                   | 100+ companies  |
| Sectors covered                                    | Diverse (pharma, chemicals, auto, food, sustainability, etc.) |

Within two years of launch, USP had extended credit facilities totalling ₹638 crore across 42 companies, with disbursements of ₹319 crore—representing approximately 50% drawdown, consistent with the phased nature of project implementation. The pipeline of 100+ identified proposals suggests strong demand signal and effective origination by EXIM Bank and SIDBI.

The programme's scale—₹250 crore corpus, 42 companies—is sufficient for meaningful empirical analysis, while the policy stakes of India's \$2 trillion export ambition ensure that research findings will have practical relevance to both policymakers and practitioners.

**USP vs. Conventional Export Finance — A Comparative Analysis**

The following table highlights the key distinctions between the Ubharte Sitaare Programme and conventional export credit frameworks, illustrating USP's structural novelty:

| Dimension             | Conventional Export Credit | Ubharte Sitaare Programme                                |
|-----------------------|----------------------------|--|
| Target Beneficiary    | Established exporters      | Future export champions (including non-exporters)        |
| Financial Instruments | Debt / credit lines only   | Equity + Debt + Technical Assistance                     |
| Eligibility Logic     | Track record required      | Latent potential sufficient; underperformance acceptable |
| Support Type          | Purely financial           | Financial + Advisory + Market development                |
| Fund Structure        | Balance sheet lending      | AIF (SEBI-registered) + bank lending                     |
| Institution           | Single bank                | EXIM Bank + SIDBI (co-anchored)                          |
| Beneficiary Size      | All sizes                  | SMEs (turnover up to ~₹500 crore)                        |

This comparison underscores that USP is not merely an incremental improvement to existing export finance programmes, but a fundamental reconceptualisation of the institutional relationship between development finance and SME export promotion. By incorporating equity instruments and technical assistance into a single, integrated vehicle, USP aligns more closely with global best-practice models in

development finance—such as those employed by the UK's British Business Bank, Germany's KfW, or the International Finance Corporation (IFC)—than with traditional Indian export credit programmes.

### **Research Implications and Policy Significance**

The Ubharte Sitaare Programme is significant for doctoral research in finance and banking for several interconnected reasons:

#### ***Institutional Innovation***

USP represents India's first structured attempt to combine equity, debt, and technical assistance into a single, integrated export promotion vehicle targeting SMEs. This model has few direct precedents in the Indian policy landscape and raises important questions about institutional design, coordination costs, and governance accountability in blended finance structures.

#### ***Capital Market Integration***

The AIF structure, registered under SEBI's regulatory framework, introduces capital market discipline and investor accountability into what has traditionally been a purely banking-sector activity. This intersection of development finance and capital market regulation is an under-researched area in the Indian context.

#### ***'Future Champions' Appraisal Methodology***

USP's explicit focus on firms with latent rather than demonstrated export capability pushes the frontier of development finance beyond conventional credit risk frameworks. This raises critical research questions: How is latent export potential operationalised and measured? What selection criteria are used to distinguish genuine future champions from high-risk non-performers? How is additionality—the counterfactual question of whether supported companies would have exported without USP—assessed and verified?

#### ***Policy Evaluation Scope***

The programme's relatively recent launch (2021), novel institutional architecture, blended finance design, and limited existing academic literature make it an ideal subject for original empirical doctoral research. The availability of company-level data for 42 beneficiaries (as of 2023) enables quantitative analysis, while the institutional complexity supports qualitative case study and interview-based inquiry.

### **Conclusion**

The Export-Import Bank of India, through the Ubharte Sitaare Programme, has assumed a pivotal institutional role in redefining the landscape of export finance for Indian SMEs. By identifying 'future champions' rather than rewarding established exporters, USP addresses a structural gap in India's export promotion architecture—one that conventional credit programmes had systematically failed to bridge.

The programme's blended finance design—combining SEBI-registered equity capital, targeted debt, and hands-on technical assistance—reflects a sophisticated understanding of the multi-dimensional barriers that prevent high-potential SMEs from realising global competitiveness. The co-anchoring of EXIM Bank and SIDBI ensures complementarity of institutional strengths, while the academic partnership with IISc Bangalore extends the programme's reach into the deep-tech startup ecosystem.

Early programme data—₹638 crore in credit facilities, 42 companies supported, and 100+ in pipeline as of March 2023—provides encouraging evidence of implementation momentum. The sectoral breadth of beneficiaries, spanning pharmaceuticals, sustainability, chemicals, and automobiles, confirms the programme's design as a competency-driven rather than sector-prescriptive initiative.

From a research perspective, USP's novelty, scale, and policy salience make it an outstanding subject for original doctoral inquiry. Future research should examine appraisal methodology robustness, additionality assessment, long-term export performance of supported firms, and the replicability of the blended finance model for SME export promotion in other emerging economies.

## References and Key Resources

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