

Bridging Finance and International Trade: A CAMELS-Based Insight into the Strategic Role of India's EXIM Bank

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Received: 15.11.2025 • Accepted: 26.12.2025 • Published: 30.12.2025 • Final Version: 30.12.2025

Abstract: The Export-Import Bank of India (EXIM Bank) plays a vital role in facilitating India's international trade by providing export credit, project finance, overseas investment support, and Lines of Credit. This connection helps domestic enterprises engage with global markets. In light of India's export-led growth strategy and its increasing integration with the global economy, assessing the financial health of EXIM Bank is essential to understanding its capacity to support trade expansion. This study evaluates the financial performance of EXIM Bank and its relationship with India's international trade performance from 2020-21 to 2024-25, utilising the Capital Adequacy, Asset Quality, Management Efficiency, Earnings, Liquidity, and Sensitivity to Market Risk (CAMELS) framework. The analysis relies exclusively on secondary data sourced from EXIM Bank's annual reports, publications from the Reserve Bank of India, and reports from the Ministry of Commerce and Industry. Key financial ratios for each CAMELS component were computed and analysed using both ratio analysis and trend analysis techniques. The results show a consistent improvement in EXIM Bank's financial performance over the study period, evidenced by the growth in total business from ₹2,377 billion in 2020-21 to ₹3,979 billion in 2024-25, along with a significant rise in Profit After Tax from ₹2,540 million to ₹32,432 million. The bank's capital adequacy consistently exceeded regulatory requirements, while the Net Non-Performing Assets ratio declined significantly, indicating better asset quality and credit risk management. Furthermore, improvements in Return on Assets and profit per employee reflect enhanced profitability and management efficiency. These financial trends align with the recovery and expansion of India's export activities in the post-pandemic period. The study concludes that EXIM Bank's financial resilience, prudent risk management, and operational efficiency have bolstered its capability to support India's international trade, thereby reinforcing its strategic role in promoting export-led growth, external sector stability, and global economic integration.

Keywords: EXIM Bank of India, CAMELS Model, Financial Performance, Export Credit, International Trade, Trade Finance, Global Integration, Economic Development.

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1. Introduction

The Export-Import Bank of India (EXIM Bank) is a premier financial institution established in 1982 under the Export-Import Bank of India Act, 1981, with the principal objective of promoting, financing, and facilitating India's international trade (Chand, n.d.). As the country's designated export credit agency, EXIM Bank serves as a vital financial intermediary linking Indian exporters and importers with global markets (P. Kumar, 2024). Its core mandate is to support the expansion and diversification of India's foreign trade by providing a comprehensive range of financial, developmental, and advisory services (Ahmad & Aziz Ansari, 2016). EXIM Bank plays a crucial role in strengthening India's trade ecosystem by extending export credit to Indian enterprises engaged in the production of goods and services for export, as well as providing import finance to domestic firms for the acquisition of essential raw materials, advanced technology, and capital machinery from overseas (Kesavan, 2015). In addition, the Bank extends Lines of Credit (LoCs) to foreign governments and international financial institutions, enabling them to import Indian goods and services and thereby expanding India's export footprint in global markets (Pradip Kumar Das, 2025). EXIM Bank also supports overseas project finance and outward investment, assisting Indian companies in executing international projects, joint ventures, and strategic collaborations abroad (Chand, n.d.). Furthermore, the Bank actively promotes export-oriented small and medium enterprises (SMEs) through pre-shipment and post-shipment credit, export guarantees, and insurance facilities (P. Kumar, 2024). Through these mechanisms, EXIM Bank facilitates the smooth flow of trade finance, mitigates risks associated with cross-border transactions, and enhances the global competitiveness of Indian exporters. Consequently, its operations contribute directly to India's balance of payments, foreign exchange earnings, and export growth (Sunday et al., 2025). In the rapidly evolving global trade environment, the financial performance of EXIM Bank reflects the strength and resilience of India's external sector. A financially sound and efficiently managed EXIM Bank enhances trade capacity, supports sustained export growth, and ensures stability in international transactions. Therefore, a systematic evaluation of the Bank's performance is essential to understand its effectiveness in fulfilling its trade-promotion mandate. The CAMELS framework, which assesses banking performance based on Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, Liquidity, and Sensitivity to Market Risk, is widely recognised as a comprehensive and reliable tool for evaluating financial institutions (Ashwath R 2025). In this study, selected key ratios under the CAMELS model are employed to assess the financial performance of EXIM Bank and its ability to support India's international trade. Capital adequacy is assessed using the Capital Adequacy Ratio (CAR), which measures the Bank's capacity to absorb potential losses arising from credit, market, and operational risks (Qureshi & Siddiqui, 2023). A strong CAR is particularly critical for EXIM Bank, given its involvement in long-term export credit and overseas project financing that are exposed to global economic uncertainties (Jimmy Carter, 2024). Asset quality is evaluated through the Net Non-Performing Assets (Net NPA) Ratio, which indicates the quality of the loan portfolio after provisioning (Nair & Asghede, 2015). A lower Net NPA ratio reflects effective credit appraisal, monitoring, and recovery mechanisms, signifying prudent management of cross-border credit risk (R. Kumar 2022). Management efficiency is measured using the Profit per Employee Ratio, which reflects the productivity and effectiveness of human resource utilisation (Chaturvedi et al., 2021). This indicator is especially relevant for EXIM Bank, as its operations require specialized expertise in trade finance, project appraisal, and international risk management. Earnings quality is examined through the Return on Assets (ROA), which evaluates the Bank's ability to generate profits from its total asset base. While EXIM Bank is not solely profit-

oriented, a stable ROA demonstrates operational efficiency and financial sustainability in supporting developmental and trade-promotion objectives. Liquidity position is analysed using the Cost-Deposit Ratio, which measures the efficiency of fund mobilization (Singh & Milan, 2023). A lower cost-deposit ratio indicates effective liquidity management, enabling the Bank to provide export and import finance at competitive costs and ensure uninterrupted trade credit. Sensitivity to market risk captures the extent to which a bank's financial position is exposed to adverse movements in market variables, particularly foreign exchange rate fluctuations (P V, 2025). Given the export–import orientation of EXIM Bank and its significant involvement in foreign currency–denominated loans, Lines of Credit (LOCs), buyer's credit, and overseas project financing, foreign exchange risk constitutes the most critical market risk faced by the Bank. Accordingly, sensitivity in this study is measured using the Forex Exposure Ratio. This ratio indicates the net foreign currency exposure of the bank relative to its total asset base. A positive value reflects a net long foreign exchange position, implying potential gains when the domestic currency depreciates, while a negative value indicates a net short position, exposing the bank to exchange losses during currency depreciation. Lower and stable values signify effective foreign exchange risk management through hedging, asset–liability matching, and currency swaps. By integrating these selected CAMELS ratios, CAR, Net NPA Ratio, Profit per Employee, ROA, and Cost-Deposit Ratio, as well as the Foreign Exposure Ratio, the study provides a focused and meaningful assessment of EXIM Bank's financial performance. The analysis not only captures the internal financial health of the Bank but also establishes a clear linkage between financial soundness and its role in facilitating India's international trade and global economic integration. Through this approach, the study highlights the strategic importance of EXIM Bank in advancing India's broader economic objectives of export promotion, industrial development, and sustained participation in the global economy

2. Review of Literature

Jahan Nusrat (2014) conducted an analytical study on the foreign exchange operations and financial performance of the Export-Import Bank of Bangladesh Limited, focusing on the New Eskaton Branch from 2009 to 2013. The study assessed profitability, liquidity, credit risk, and asset activity ratios, finding improvements in liquidity and credit risk management, but a decline in profitability. It also outlined import procedures involving Letters of Credit (LCs) and inward remittances. **Varun Kesavan (2015)** explored the role of the Export–Import Bank of India as the national export finance institution. The study discussed the bank's evolution from a conventional credit provider to a strategic entity that enhances international competitiveness through financing and risk mitigation. Nevertheless, it was descriptive and did not empirically assess financial performance using quantitative models. **Alam Ahmad and Alqa Aziz (2016)** focused on the role of EXIM Bank of India in supporting Micro, Small, and Medium Enterprises (MSMEs), which play a critical role in employment generation and economic development. The study identified various financing constraints faced by MSMEs, including information asymmetry, lack of collateral, and high transaction costs. It concluded that EXIM Bank significantly addresses these constraints through targeted credit and support services. While the study emphasizes developmental aspects, it does not assess EXIM Bank's financial soundness or efficiency. **Johura Fatema Tuj (2016)** presented an internship-based study on EXIM Bank Bangladesh Limited, concentrating on its import division and foreign trade operations. The study analyzed customer handling, trade finance procedures, and organizational efficiency. The findings suggested that the import division operates efficiently with smooth operational processes. However, the study primarily focused on practical exposure and lacked rigorous financial or econometric analysis. **Meraj Md. Shamsuddin (2018)** analyzed the

foreign exchange operations and organizational transformation of EXIM Bank Bangladesh Limited, particularly its shift from conventional banking to Shariah-based banking. The study highlighted improvements in operational efficiency, product restructuring, and human resource practices following the transformation. Although the research provides insights into institutional change, it does not quantitatively evaluate financial performance or risk parameters. **Satish (2018)** critically examined EXIM Bank of India's decision to finance the Rampal coal-based thermal power project in Bangladesh. The study focused on the environmental, social, and governance (ESG) risks associated with development finance, highlighting the conflicts between economic objectives and environmental sustainability. The paper underscored the growing importance of responsible financing in development banking, yet it did not analyze the bank's financial performance. **Sameer Shekhar (2021)** empirically examined the relationship between export financing provided by EXIM Bank of India and India's export performance from 2000-01 to 2019-20. Using regression analysis, the study established a statistically significant association between export credit and export growth, confirming that export finance is a key determinant of trade performance. However, the study focused on macro-level trends and did not assess the internal financial health of EXIM Bank. **Tasin Afridi (2023)** evaluated the investment performance of EXIM Bank Bangladesh Limited by analyzing the impact of macroeconomic variables such as GDP, inflation, unemployment, exports, and imports. The study utilized both primary and secondary data, concluding that macroeconomic factors significantly influence the bank's investment decisions. This research was exploratory and did not rely on standardized banking performance models. **Lal and Arjun Gupta (2023)** investigated the impact of CAMELS components on the financial performance of Indian commercial banks using panel data from 2016 to 2021. Their study found that capital adequacy, liquidity, and sensitivity to market risk significantly affect Return on Assets (ROA) and Return on Equity (ROE), while asset quality and management efficiency were statistically insignificant. This study provides a strong methodological foundation for evaluating banking performance based on CAMELS. **Pankaj Kumar (2024)** analyzed the contribution of EXIM Bank of India's financial assistance to India's export and import performance using descriptive and inferential techniques. The findings revealed a persistent underutilization of sanctioned funds and a widening trade deficit due to higher imports. The study suggests the need for policy reforms to improve export-oriented credit disbursement; however, it did not examine CAMELS indicators. **Jimmy Carter (2024)** conducted a comparative CAMELS-based performance evaluation of the State Bank of India and Indian Bank for the period from 2017–2018 to 2021–2022. The results indicated a marginally better performance by Indian Bank. This study reinforced the usefulness of CAMELS in assessing the performance of public sector banks, although it was limited to commercial banks rather than development finance institutions. **Bansode (2025)** examined the role of the EXIM Bank of India in export promotion using secondary data from annual reports. The study observed significant growth in loans, investments, borrowings, and total business, indicating strong institutional support for exporters. However, it also highlighted India's low share in global trade and a persistent trade deficit, suggesting the need for coordinated efforts among policymakers and financial institutions. **Chandana M. and Thimmarayappa (2025)** analyzed the effectiveness of pre-shipment export credit provided by the EXIM Bank of India to project exporters. Their findings indicated that such credit improves liquidity, reduces working capital constraints, and enhances global competitiveness. This study contributes to the understanding of the EXIM Bank's role in project exports but does not evaluate overall financial performance. **Omekwe et al. (2025)** researched export financing in Nigeria with a focus on the Nigerian Export–Import Bank (NEXIM). The study emphasized the importance of export finance in economic development and diversification, particularly concerning non-oil exports. The authors recommended

enhanced funding and export credit guarantees. Although contextually different, this study provides comparative insights into development banking. **Ashwath R. (2023)** applied the CAMELS model to evaluate the financial performance of selected Indian public and private sector banks from 2020 to 2023. The study found that private sector banks outperformed public sector banks across most CAMELS parameters, reinforcing the applicability of CAMELS in analyzing banking performance in India. **Ashwath R. and Sachindra G.R. (2025)** examined the Capital Adequacy Ratio (CAR) and Debt–Equity Ratio (DER) of selected Indian banks using ANOVA and Bonferroni tests. The results revealed overall stability across banks, with private banks showing lower variability. This study highlights the importance of capital structure in banking resilience. **Sumesh John (2025)** assessed the financial performance of ESAF Small Finance Bank using the CAMELS framework. The study concluded that CAMELS is an effective tool for evaluating financially inclusive banks, offering insights into capital strength, management efficiency, and risk management.

3. Objectives

- To evaluate the financial performance of the EXIM Bank during the period 2020–2025 using key financial indicators.
- To analyze the CAMELS model parameters of EXIM Bank and assess its financial soundness.
- To examine the relationship between EXIM Bank’s financial performance and India’s foreign trade trends during the study period.
- To identify the role of EXIM Bank in promoting export growth and supporting trade-oriented industries through credit and financing facilities.
- To provide policy and strategic suggestions to enhance EXIM Bank’s effectiveness in facilitating India’s international trade and strengthening its global competitiveness

4. Methodology

Data Source and Study Period: The study primarily adopts a descriptive and analytical approach, and the study is based entirely on secondary data collected from the Annual Reports of EXIM Bank of India, publications of the Reserve Bank of India (RBI), reports of the Ministry of Commerce and Industry, and other authenticated government and financial sources. The analysis covers five years from 2020–21 to 2024–25.

Analytical Tools and Statistical Techniques

- Ratio Analysis to evaluate year-wise financial performance under each CAMELS component.
- Trend Analysis to identify performance patterns and directional changes over the study period.
- Percentage Change Analysis to measure growth or decline in key financial indicators.

CAMELS Ratios:

| Component | Ratio Used | Formula |
|-----------------------|------------------------------|---|
| Capital Adequacy | Capital Adequacy Ratio (CAR) | $(\text{Tier I Capital} + \text{Tier II Capital}) / \text{Risk-Weighted Assets} \times 100$ |
| Asset Quality | Net NPA Ratio | $\text{Net Non-Performing Assets} / \text{Net Advances} \times 100$ |
| Management Efficiency | Profit per Employee | $\text{Net Profit} / \text{Number of Employees}$ |
| Earnings Quality | Return on Assets (ROA) | $\text{Profit After Tax} / \text{Average Total Assets} \times 100$ |

| | | |
|-------------|---------------------------|--|
| Liquidity | Cost-Deposit Ratio | Interest Expense on Deposits / Total Deposits × 100 |
| Sensitivity | Foreign Exposure Ratio | Foreign Currency Assets- Foreign Currency Liabilities/ Total Assets x 100 |

5. Results and discussion

5.1 Financial Performance of Indian Exim Bank

Table 1: Financial Performance of Indian Exim Bank

| Particulars | 2020- 2021 | 2021- 2022 | 2022- 2023 | 2023- 2024 | 2024- 2025 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Customer Asset Portfolio (in billion) | 1,181 | 1,329 | 1,515 | 1,729 | 2,027 |
| Total Business (₹ in billion) | 2,377 | 2,512 | 2,923 | 3,442 | 3,979 |
| Operating Profit (₹ in million) | 28,235 | 31,304 | 35,992 | 37,501 | 37,650 |
| Profit Before Tax (₹ in million) | 3,563 | 21,498 | 20,891 | 33,365 | 42,973 |
| Profit After Tax (₹ in million) | 2,540 | 7,377 | 7,377 | 25,187 | 32,432 |

The financial performance of the EXIM of India for the period from 2020–21 to 2024–25 shows consistent improvement, highlighting its expanding role in financing India's trade and export development. The Customer Asset Portfolio of EXIM Bank increased from ₹1,181 B in 2020–21 to ₹2,027 B in 2024–25, resulting in an approximate growth of 71.6% over five years. This increase indicates significant expansion in loan assets, especially in export credit and overseas project financing. Similarly, the Bank's Total Business grew from ₹2,377 B in 2020–21 to ₹3,979 B in 2024–25, marking a growth of 67.4%. This reflects the increasing outreach of EXIM Bank's lending operations and its growing support for India's exporters and importers. In terms of profitability, the Operating Profit rose from ₹28,235 M in 2020–21 to ₹37,650 million in 2024–25, showing an overall growth of 33.4%. The Profit Before Tax saw a remarkable increase from ₹3,563 M in 2020–21 to ₹42,973 M in 2024–25, representing more than a twelvefold rise. Likewise, the Profit After Tax improved significantly from ₹2,540 M to ₹32,432 M during the same period, reflecting an extraordinary growth rate of 1,177%. This substantial surge in profitability, particularly after 2022–23, highlights EXIM Bank's effective management, reduced non-performing assets, and the revival of global trade following the pandemic. Thus, the Bank's financial performance closely aligns with the recovery and expansion of India's external trade activities.

5.2 CAMEL Ratio Performance

Table 2: Financial Performance of Indian Exim Bank

| Year | C | AQ | ME | E | L | S |
|-----------|-------|------|-------|------|-------|-------|
| 2020-2021 | 25.89 | 0.51 | 000.7 | 0.19 | 70.63 | 9.79 |
| 2021-2022 | 30.49 | – | 0.02 | 0.54 | 18.44 | 9.35 |
| 2022-2023 | 25.43 | 0.71 | 0.04 | 1.04 | 16.52 | 5.24 |
| 2023-2024 | 21.18 | 0.29 | 0.07 | 1.47 | 74.36 | -6.68 |
| 2024-2025 | 25.29 | 0.14 | 0.09 | 1.61 | 77.66 | 4.47 |

Source: Annual Report of India EXIM Bank

The CAMELS framework evaluates the financial health of banks using six key parameters. For EXIM Bank, five of these parameters have been analysed.

C: Period from 2020 to 2025, the CAR remained comfortably above the regulatory requirement, ranging between 21.18% and 30.49%. The average CAR of 25.86% indicates that the bank maintained a robust capital base capable of absorbing potential credit risks associated with long-term export financing.

A: Measured by the NPA ratio, asset quality showed consistent improvement. In the year 202-2021, it was 0.51, and the continued trend of prudent provisioning by the bank resulted in net NPAs becoming nil. Decreasing from 0.71% in 2022-23 to 0.14% in 2024-25, this represents a decline of nearly 80%. This reduction indicates better loan recovery, effective monitoring, and improved credit assessment in export-related lending.

M: This parameter, assessed through the Profit per Employee ratio, increased significantly from 0.007 in 2020-21 to 0.09 in 2024-25, reflecting a twelvefold rise in productivity per employee. This increase may be attributed to digitalisation and professional human resource management.

E: Represented by the (ROA, earnings demonstrated steady growth, rising from 0.19% in 2020-21 to 1.61% in 2024-25—an increase of more than eight times. This trend indicates improved utilisation of assets and enhanced profitability from trade finance operations.

L: The Liquidity Ratio, as indicated by the Cost of Deposits, fluctuated between 16.52% and 77.66%, reflecting changes in funding costs and resource mobilisation. Despite these variations, EXIM Bank maintained sufficient liquidity to meet the financing needs of exporters.

S: During the period from 2020–21 to 2024–25, EXIM Bank’s Forex Exposure Ratio experienced significant fluctuations due to global trade conditions and exchange rate volatility. In 2020–21, the ratio was 9.79%, reflecting moderate exposure during the post-pandemic recovery. It slightly decreased to 9.35% in 2021–22, indicating better alignment of foreign currency assets and liabilities. A notable drop occurred in 2022–23, with the ratio falling to 5.24%, highlighting improved foreign exchange risk management. The ratio turned negative at –6.68% in 2023–24, possibly due to increased foreign currency liabilities and cautious positioning amidst global uncertainties. However, it rebounded to 4.47% in 2024–25, indicating stability in foreign currency operations. Overall, the trend shows that while EXIM Bank remains exposed to foreign exchange risk, its effective risk management enhances resilience and supports India’s international trade.

5.3: Global Export Trade

Table 3: Global Exports Growth of EXIM Bank

| Year | Total Mercantile Export (%) | Total Service Export (%) |
|-----------|-----------------------------|--------------------------|
| 2020-2021 | -7.2 | -16.8 |
| 2021-2022 | 26.3 | 20.2 |
| 2022-2023 | 11.7 | 15.9 |
| 2023-2024 | -4.1 | 8.7 |
| 2024-2025 | 2.3 | 9.0 |

Source: World Trade Organisation

According to the WTO, global trade experienced significant fluctuations between 2020 and 2025. In 2020 and 2021, global merchandise exports declined by 7.2%, while service exports fell by 16.8%, primarily due to the COVID-19 pandemic. However, the following years saw a strong recovery, with merchandise exports increasing by 26.3% and service exports by 20.2% in 2021 and 2022. This growth continued, although at a slower pace, with merchandise exports rising by 11.7% and service exports by 15.9% in 2022 and 2023. In 2023 and 2024, the global economy slowed again due to geopolitical tensions and trade restrictions, resulting in a 4.1% contraction in merchandise exports. Nonetheless, services maintained moderate growth at 8.7%. By 2024 and 2025, global trade stabilised, with goods experiencing a growth rate of 2.3% and services expanding by 9.0%. These global trends align with the profitability patterns of EXIM Bank. When world trade rebounded between 2021 and 2023, EXIM Bank's profits surged. During the slowdown in 2023 and 2024, its growth moderated but remained positive. Therefore, EXIM Bank's financial results demonstrate a strong correlation with global trade cycles.

5.4 Indian Merchandise Trade

Table 4: Indian Merchandise Trade (US\$ billion)

| Year | Export | Import | Trade Balance | Export Growth |
|-----------|--------|--------|---------------|---------------|
| 2020-2021 | 291.8 | 399.4 | -102 | -6.9 |
| 2021-2022 | 422.0 | 613.1 | -191.1 | 44.6 |
| 2022-2023 | 451.1 | 716.0 | -264.9 | 6.9 |
| 2023-2024 | 437.1 | 675.4 | -238.3 | -3.1 |
| 2024-2025 | 437.4 | 720.2 | -282.8 | 0.1 |

Source: Ministry of Commerce & Industry, Government of India

India's export composition for the year 2024-25 was primarily led by petroleum products, amounting to US\$63.3 billion. This was followed by chemicals at US\$60.9 billion, machinery at US\$44.9 billion, and agriculture, along with allied products at US\$41 billion. Together, these top four categories accounted for over 45% of the country's total exports. Other significant export sectors included electronics, valued at US\$38.6 billion; textiles at US\$36.4 billion; and transport equipment at US\$35.5 billion. The diversification of these export sectors underscores India's industrial growth and the

expanding reach of EXIM Bank’s credit operations across various industries. Many of these sectors, especially chemicals, engineering goods, and textiles—are key beneficiaries of EXIM Bank’s project financing, line-of-credit support, and export credit facilities. Thus, the strength of these sectors indicates that EXIM Bank’s financial stability directly contributes to enhancing India’s export capacity.

5.5 India’s Top 10 Merchandise Exports in 2024-25

Table 5: India’s Top 10 Merchandise Exports in 2024-25 (US\$ billion)

| | |
|---------------------------------|------|
| Petroleum Products | 63.3 |
| Chemicals and Related Products | 60.9 |
| Machinery | 44.9 |
| Agriculture and Allied Products | 41.0 |
| Electronics Items | 38.6 |
| Textile and Allied Products | 36.4 |
| Transport Equipment | 35.5 |
| Base Metals | 31.3 |
| Gems and Jewellery | 29.8 |
| Plastic and Rubber Articles | 9.8 |

Source: Ministry of Commerce & Industry, Government of India

In 2024–25, India's export landscape was primarily led by petroleum products, which accounted for USD 63.3 billion. This was followed by chemicals at USD 60.9 billion, machinery at USD 44.9 billion, and agricultural and allied products at USD 41 billion. Together, these four categories made up over 45% of the country's total exports. Other significant export sectors included electronics, totalling USD 38.6 billion, textiles at USD 36.4 billion, and transport equipment at USD 35.5 billion. The diversification of these export sectors underscores India's industrial growth and the expanding influence of EXIM Bank's credit operations across various industries. Many of these sectors—particularly chemicals, engineering goods, and textiles- significantly benefited from EXIM Bank's project financing, line-of-credit support, and export credit facilities. Consequently, the strength of these sectors demonstrates that EXIM Bank's financial stability plays a vital role in enhancing India's export capacity.

5.6 India’s Top 10 Merchandise Imports in 2024-25

Table 6: India’s Top 10 Merchandise Imports in 2024-25 (US\$ billion)

| | |
|--------------------------------|-------|
| Petroleum crude and products | 185.8 |
| Electronics Items | 98.7 |
| Gems and Jewellery | 89.0 |
| Chemicals and Related Products | 63.2 |

| | |
|-----------------------------|------|
| Machinery | 62.2 |
| Base Metals | 47.3 |
| Ores and Minerals | 42.1 |
| Agri and allied products | 35.1 |
| Transport Equipment | 26.7 |
| Plastic and rubber articles | 26.1 |

Source: Ministry of Commerce & Industry, Government of India

India's reliance on key commodities for imports is significant. In the 2022-2023 fiscal year, petroleum crude and products accounted for the largest share of imports, totalling \$185.8 billion. This was followed by electronics items at \$98.7 billion and gems and jewellery at \$89 billion. Other important imports included chemicals at \$63.2 billion, machinery at \$62.2 billion, and base metals at \$47.3 billion. Together, these top six categories represented nearly 70% of India's total imports. Many of these imports are essential inputs for export-oriented industries, including petroleum refining, electronics assembly, and jewellery manufacturing. The EXIM Bank plays a crucial role in financing project imports, technology upgrades, and the procurement of raw materials, enabling exporters to remain competitive on a global scale. The ongoing trade deficit highlights the need for strong financial institutions, like the EXIM Bank, to support value-added exports and reduce dependency on imports.

6. Findings

Based on the financial and trade data analysed from 2020-21 to 2024-25, the following findings highlight the performance of the EXIM Bank and its connection with India's trade growth:

Significant Growth in Customer Asset Portfolio and Business Volume: The customer asset portfolio of EXIM Bank increased substantially from ₹1,181 billion in 2020-21 to ₹2,027 billion in 2024-25, representing a growth of approximately 71.6% over the five years. Similarly, the total business volume rose from ₹2,377 billion to ₹3,979 billion, indicating a steady expansion of the bank's financial operations and growing support for India's trade financing needs.

Rising Profitability and Operational Efficiency: Operating profit rose from ₹28,235 million in 2020-21 to ₹37,650 million in 2024-25. Moreover, profit before tax and profit after tax showed remarkable improvement, increasing from ₹3,563 million and ₹2,540 million to ₹42,973 million and ₹32,432 million, respectively. This upward trend reflects strong cost management, higher lending efficiency, and improved recovery of export and import credits.

Improved Capital Adequacy and Asset Quality: The CAR consistently remained above the regulatory requirement, fluctuating between 21.18% and 30.49%. This indicates the bank's robust capital base and its capacity to absorb financial shocks. The Net NPA ratio also declined sharply from 0.51% in 2020-21 to just 0.14% in 2024-25, demonstrating excellent asset quality and effective risk management practices.

Enhanced Management Efficiency and Earnings Performance: The profit per employee ratio and ROA improved consistently during the study period. ROA rose from 0.19% in 2020-21 to 1.61% in 2024-25, indicating better asset utilisation and overall management efficiency. The consistent rise in these metrics underscores the bank's operational effectiveness and ability to generate returns from trade-related financial activities.

Volatility in Liquidity Position: The CDR experienced fluctuations, dropping from 70.63% in 2020-21 to 16.52% in 2022-23, then rising again to 77.66% in 2024-25. This suggests variability in short-term funding and liquidity management, influenced by changes in trade credit demand, interest rate fluctuations, and foreign trade cycles.

Prudent management of foreign exchange risk: Sensitivity to Market Risk ratio declined from 9.79% in 2020-21 to 5.24% in 2022-23, indicating improved foreign exchange risk management during the post-pandemic recovery phase. In 2023-24, the ratio turned negative at -6.68%, reflecting a cautious net short foreign currency position amid global interest rate tightening and heightened exchange rate volatility. However, the exposure stabilised at 4.47% in 2024-25, suggesting effective realignment of foreign currency assets and liabilities. The overall declining and controlled trend highlights EXIM Bank's prudent management of foreign exchange risk, which is particularly crucial given its extensive involvement in foreign currency-denominated trade finance.

Positive Correlation with India's Trade Performance: During the same period, India's merchandise exports grew from US\$291.8 B in 2020-21 to US\$437.4 B in 2024-25, while service exports improved from a decline of 16.8% in 2020-21 to a growth of 9.0% in 2024-25. EXIM Bank's financial expansion and strong capital position played a crucial role in sustaining this trade momentum, particularly by financing exporters, facilitating overseas projects, and offering Lines of Credit to partner countries.

Contribution to Export Diversification: The support from EXIM Bank enabled Indian exporters to expand into various sectors, including petroleum products (US\$63.3 B), chemicals (US\$60.9 B), machinery (US\$44.9 B), and agriculture and allied products (US\$41.0 billion) in 2024-25. This sectoral diversification reflects the bank's successful efforts in promoting a balanced export structure.

Alignment with Global Trade Trends: Although global merchandise exports showed moderate growth of 2.3% in 2024-25, EXIM Bank maintained a strong domestic trade finance position, indicating resilience against international trade fluctuations. Its financial strength has allowed India to remain competitive and stable in global trade despite geopolitical and economic challenges.

Overall Financial Stability and Trade Linkage: The CAMELS analysis reveals that EXIM Bank maintains high capital adequacy, low non-performing on the financial and trade data analysed from 2020-21 to 2024-25. The following findings highlight the performance of the EXIM Bank and its connection with India's trade growth.

7. Suggestions

Based on the analysis of the financial performance of EXIM Bank and its connection to India's trade growth, the following suggestions are proposed to strengthen its role and effectiveness:

1. Enhance Trade Financing Products: EXIM Bank should introduce more innovative trade finance instruments, such as green trade credit, supply chain financing, and digital export credit products. These will support emerging sectors like renewable energy, electronics, and sustainable manufacturing.

2. Strengthen Risk Management Practices: Although the Bank's asset quality is currently strong, it should continue to adopt advanced risk assessment tools and artificial intelligence-based credit monitoring systems to minimise potential defaults, especially in volatile global markets.

3. Promote Export Diversification and MSME Support: The Bank can play a more active role in promoting MSMEs by offering concessional credit lines, simplifying documentation, and providing capacity-building programs to help smaller exporters enter international markets.

4. Leverage Digital Platforms for Efficiency: EXIM Bank should invest in digital transformation initiatives such as blockchain-based trade settlement systems, paperless documentation, and real-

time payment monitoring. These measures will improve transparency, reduce transaction time, and enhance the customer experience.

5. Expand Global Partnerships and Lines of Credit: The Bank should increase the number of Lines of Credit and bilateral agreements with developing nations, particularly in Africa, Southeast Asia, and Latin America, to broaden India's export base and strengthen geopolitical trade ties.

6. Stabilize Liquidity Management: The Cost Deposit Ratio exhibited volatility during the study period. EXIM Bank should maintain a more balanced liquidity position through efficient short-term borrowing strategies, investment diversification, and effective cash flow forecasting.

7. Integrate Sustainability and ESG Goals: The Bank should align its financing policies with Environmental, Social, and Governance (ESG) frameworks by promoting sustainable exports, funding green technologies, and supporting low-carbon industries to ensure long-term trade resilience.

8. Periodic Performance Evaluation under the CAMELS Framework: Regular evaluations using the CAMELS model should be institutionalised. This will help monitor the Bank's capital adequacy, management efficiency, and profitability, allowing for the identification of emerging challenges and maintaining financial soundness in the long run.

9. Enhance Coordination with Government and Trade Bodies: EXIM Bank should strengthen its collaboration with the Ministry of Commerce, the Reserve Bank of India (RBI), and export promotion councils. This will help synchronise trade finance policies with India's broader export strategies and trade agreements.

8. Conclusion

The present study evaluated the financial performance of the EXIM Bank in relation to India's international trade from 2020–21 to 2024–25. The analysis shows that EXIM Bank has maintained strong financial stability, indicated by high capital adequacy, improved asset quality, and rising earnings efficiency, all while ensuring stable liquidity. The Capital Adequacy Ratio is consistently above regulatory standards, providing a solid capital base for trade financing. The decline in non-performing assets reflects effective credit management. Additionally, sensitivity to market risk, highlighted by the Forex Exposure Ratio, is crucial for managing exchange rate risks in volatile environments. The findings reveal a positive correlation between the Bank's performance and global trade trends, particularly during recovery periods from 2021–22 to 2022–23, when the Bank's profitability and asset portfolio grew significantly. India's diverse export structure—covering petroleum products, chemicals, machinery, and agriculture—demonstrates EXIM Bank's widespread financial impact. The study emphasises the need for a resilient and market-risk-aware EXIM Bank to support India's strategic trade goals, such as export diversification and integration into global value chains. Effective management of foreign exchange exposure is vital for sustaining trade finance during global uncertainties. Overall, EXIM Bank is positioned as a key player in enhancing India's global trade participation and promoting sustainable economic growth through exports.

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