TRADING KNOWLEDGE, GOING GLOBAL

The International Trading Institute (ITI) is a tripartite collaboration between Singapore Management University (SMU), International Enterprise Singapore (IE Singapore) and leading industry partners. The Institute boasts a specialist focus on international trading and is supported by a unique public-private partnership. ITI aims to establish itself as the premier industry platform for thought leadership in the arena of international trading. ITI focuses on delivering training and education at executive and undergraduate levels, conducting high quality applied research with an Asian flavour, and providing consultancy services for firms in Singapore and the region. Through SMU, ITI offers the International Trading Concentration (ITC) which prepares undergraduates for a career in the international trading and related industries. Visit our website at www.it.i.smu.edu.sg

SINGAPORE MANAGEMENT UNIVERSITY

A premier university in Asia, the Singapore Management University (SMU) is internationally recognised for its world class research and distinguished teaching. Established in 2000, SMU’s mission is to generate leading edge research with global impact and produce broad-based, creative and entrepreneurial leaders for the knowledge-based economy. It is known as a pioneer for its interactive and technologically-enabled pedagogy of seminar-style teaching in small class sizes which remains its unique hallmark. Home to 7,000 students, SMU comprises six schools: the School of Accountancy, the Lee Kong Chian School of Business, the School of Economics, the School of Information Systems, the School of Law and the School of Social Sciences, offering a wide range of bachelor’s, master’s and PhD degree programmes in business and other disciplines. With an emphasis on generating rigorous, high impact cross-disciplinary research that addresses Asian issues of global relevance, SMU faculty collaborates with leading foreign researchers as well as partners in the business community and public sector through its research institutes and centres. Through executive education, the university provides public and customised training for working professionals in meeting the needs of the economy. Close relationships with leading universities, including the Wharton School, Carnegie Mellon, the University of Pennsylvania and the University of Chicago’s Booth School of Business, allow SMU to draw on their academic and research strengths in various collaborations. The SMU city campus is a state-of-the art facility located in the heart of downtown Singapore, fostering strategic linkages with the business and wider community. To find out more, visit www.smu.edu.sg
Itinerary

With the objective of grooming young international trading talent in Singapore, SMU launched the International Trading Concentration (ITC) in July 2006. ITC is offered as a specialisation under the Finance major.

To complement the classroom learning, students will have exciting opportunities to go on Industry Study Missions (ISM) overseas and site visits, attend networking events, ITI Guest Lectures and other seminars, as well as participate in commodity trading simulations. Past Industry Study Missions (ISM) include visits to China, Abu Dhabi & Qatar, Vietnam, Australia, Indonesia and Malaysia.

ITC students are also strongly encouraged to take up internships with organisations in commodity trading and related industries, such as commodity trading firms, banks and brokerages. This offers ITC students the opportunity to explore these industries as attractive career options, while organisations achieve a better fit between individuals and their talent needs.

ITC CURRICULUM
(a) Financial Institution, Instruments & Markets (FNCE 102)
(b) Corporate Reporting & Financial Analysis (ACCT 201)
(c) Trade Finance (FNCE 310)
(d) Enterprise Risk Management (FNCE 309)
(e) Analysis of Derivatives Securities (FNCE 305)
(f) Shipping Business (TRAD 201)
(g) Law of International Trade (LGST 223)

Non-credit courses
(a) Oil Trading
(b) Agri-commodity Trading
(c) Emissions Trading
(d) Petrochemicals Trading
(e) Coal Trading

ITC students are required to complete at least 3 non-credit courses to graduate with an ITC specialisation.
The International Trading Concentration has been providing students from SMU with a holistic education in international commodities and trade since its launch in 2006. We are proud that it remains the first and only such university programme to develop trading talents for the sector.

The concentration has been steadily growing as a premier choice for our undergraduates. One of the key reasons behind this is the consistently high placement rates, with a number of our graduates representing SMU in the world’s leading trading and related companies.

Since its inception, the International Trading Institute@SMU has delivered on its promise of a complete education by taking the learning experience beyond the classroom through site visits and industry participation. Students are required to undertake courses in areas encompassing oil trading, trade finance, shipping and risk management, taught by industry professionals. The ITC Industry Study Missions form an integral part of the curriculum as they provide the students with the opportunity to experience first-hand what operating on the ground is like.

This Industry Study Mission to India provided our students with deep insights into India’s vast natural resources sector and allowed them to better comprehend the country’s entrepreneurial drive which has enabled it to develop into one of the world’s most exciting economies. This visit would not have been possible without the support of Ruchi Soya Industries, Reliance Energy, the State Bank of India, MCX, FTKMC and Standard Chartered Bank. The students have returned truly enriched from the learning journey and we look forward to forging more collaborations and exciting opportunities for future Industry Study Missions.

Annie Koh
Vice President
Business Development and External Relations

Academic Director
International Trading Institute@SMU
Singapore Management University

FOREWORD
With more than a billion people residing within its borders, it was clear as we embarked on our journey to India that the country faces a plethora of challenges on a daily basis in ensuring that the needs of its people are met. But it is in such difficult situations that opportunities abound. It was with the desire to better comprehend the unique solutions that India has put in place that led us to choose the sub-continent as the destination for our Industry Study Mission.

And we were not disappointed.

More often than not, the deep learning provided by our visit expanded our comprehension of India’s dynamic and vibrant trading sector. Through the use of innovative solutions and possessing what can be best described as an indomitable entrepreneurial spirit, many Indian companies have established themselves as serious players in the global scene.

Our learning journey would not have been complete without the kind support of our industry partners and friends who went the extra mile to ensure that our students had a fruitful and empowering learning journey. In particular, we would like to acknowledge our gracious hosts, Ruchi Soya, Reliance, MCX, FTKMC, Standard Chartered and the State Bank of India for their generous hospitality. Their support and friendship have gone a long way towards developing the next generation of trading talent.

Christopher Chow
Director
International Trading Institute@SMU
Singapore Management University
Ruchi Soya Industries Ltd

Introduction
Ruchi Soya Industries Limited is the flagship company of Ruchi Group of Industries, which has interests in Fast Moving Consumer Goods, oils, cement, power, information technology, real estate, dairy products, agro commodities, logistics and warehousing. Ruchi Soya is the leader in India’s vegetable oil sector, accounting for about 14% of downstream market share and half of the domestic trade in palm oil.

Our first visit was to Ruchi Soya’s palm oil operations in Rajahmundry, where we learnt about the entire palm oil value chain. We saw palm plantations, and how palm fruits are harvested and then processed to produce oil. We also learnt about the palm oil refining process at Ruchi’s refinery nearby. The company even arranged for us to see one of its vessels offloading crude palm oil at Kakinada Port, completing our very fruitful learning visit to Kakinada.

Palm Plantations
About 1.04 million hectares of land in India are suitable for oil palm cultivation, and Ruchi has exclusive access to a total of about 175,000 hectares. The company does not directly own the plantations, but supports the farmers with various services such as the provision of fertiliser, warehousing, and crop management. For example, Ruchi advises farmers on large scale commercial palm plantations in various states, teaching them how to maximise yields using inter-crop harvesting techniques, micro-sprinkler and basin irrigation systems.

Ruchi collaborates closely with the Indian government, respective state governments and local farmers under the Oil Palm Development Project (OPDP) and the Small Holder Scheme. The aim is to boost production of palm oil in India and reduce the need for imports.
Palm Mills
To process harvested palm fruits into palm kernel and crude palm oil (CPO), Ruchi has also set up mills with a capacity of over 4.1 million MT per annum, distributed in strategic locations close to their supplying plantations.
Refineries
The company has over 2.2 million MT per year of refining capacity. It is also one of the few edible oil companies in the country that has a balanced mix of inland and port-based refineries. This enables Ruchi to optimise production depending on the availability of local or imported oils and oilseeds.
Ruchi’s Strong Product Line-up

Ruchi has a strong branded portfolio. Its refined palm and soya oil have market shares in India of 17% and 28% respectively. Ruchi’s product line-up includes top brands such as:

- Nutrela Soyumm (Soyabean Oil),
- Ruchi Gold (Palm Olein),
- Mahakosh, Sunrich (Sunflower Oil) and
- Nutri Gold Vanaspati
- Nutrela Soya Chunks
Unique Upstream Challenges
We learnt about the unique landscape of India’s agricultural upstream activities. In India, farmers own the land and have full autonomy to choose what crops to plant. Under current regulations, edible oil companies are not allowed to run their own plantations. They have to purchase their requirements from the farmers. To secure supplies, Ruchi uses various incentives to encourage farmers to cultivate palm. The company highlighted to us that it was a challenge to convince farmers to switch to growing palm because unlike other seasonal cash crops, growing palm is a long-term 25-year commitment. Farmers are paid by the amount of FFB (fresh fruit bunch) harvested in order to provide them with a relatively stable income.

Another challenge arising from the government’s small holder policy is that Ruchi does not run the plantations and has less control over the FFB and oil yields. For instance, we were told that farmers will harvest unripe FFBs if they need cash urgently. This results in lower oil extraction rates for the mill. To mitigate this, Ruchi has batch records which enable them to track groups of farmers who are selling low-yield FFBs. They can then follow up by educating these farmers about the benefits to both parties of harvesting riper fruits. There are also get-together sessions where best practices for cultivating oil palm are shared, and farmers are given the chance to voice their concerns and ask questions.

Due to the geographic and climatic limitations of the cultivation areas, Ruchi precures seeds that grow better in colder and drier weather, and also helps farmers install irrigation tubes in the plantations and to overcome this climatic challenge.
**Downstream Excellence**

Ruchi also imports CPO from Indonesia. We visited Kakinada Port, where Ruchi’s piping networks connect to transport the imported CPO from tanker directly to its refinery. The visit was an eye opener for us on port operations and facilities.

Ruchi has several refineries across India – in Patalganga, Mangalore, Chennai, Haldia, Kakinada and Kandla. The refineries are strategically located near ports for logistical efficiency. We were invited to tour Ruchi’s Kakinada refinery, and were greeted with a neat production line which included both mechanical and manual processes. Every detail in the production line is closely controlled and monitored. After dispensing the refined palm products into portable containers, the temperature of the final containers is carefully monitored in large cold rooms, where the containers and packages are left overnight, to be delivered to commercial markets the next day.

The company has also invested in machinery to make its own jerry cans and packaging. We were introduced to their stringent product packaging stress tests. We also saw Ruchi’s quality control laboratory, where professional chemists perform quality checks and analyse competitors’ products to identify key differences. Strict quality assurance is observed at every step of production to ensure high product standards.

Besides production excellence, another downstream strength that the company has is its powerful distribution network, which helps put its various products onto the tables of millions of Indian households. Its 21 production points are strategically located near input sources as well as key markets. The products are pushed out to more than 90 depots all over India, which then go out to about 4,000 distributors and over half a million distribution outlets countrywide.
Business Strategy and Expansion Plans

Ruchi’s success today can be attributed to various factors. These include their scale and extensive distribution reach in India, strong branding, fully integrated operations, experienced management, and excellent risk management. The company is now a top edible oil producer in India. However, according to Mr Dinesh Shahra, Managing Director of Ruchi Soya, they are setting their targets even higher – to become a leading agriculture products business in India. We were told that Ruchi is targeting a 20% CAGR in production over the next few years, and intends to invest $150 million in its palm oil business over the next three years. The funds will be used to expand oil production capacity in India and increase the area under palm cultivation in both domestic and overseas markets. In line with its aims to become a leader in agribusiness in India, Ruchi is also entering the market for other products. These include sugar, spices and guar gum.

Besides expanding domestically, it is also rapidly growing its overseas businesses. It has already secured land in Ethiopia to grow soybeans, and also intends to grow oil palm there. In Asia, it has plans for upstream palm in Cambodia and Indonesia. Nor does the company preclude a possibility of moving downstream in some of these markets in future. Ruchi is also moving into other palm-derived products, such as bakery shortening and soaps.

The Palm Oil Value Chain

<table>
<thead>
<tr>
<th>Plantation</th>
<th>Milling</th>
<th>Refining &amp; Fractionation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Procure pre-germinated seeds</td>
<td>• Threshing of FFBs</td>
<td>• CPO is sourced from mills or imported</td>
</tr>
<tr>
<td>• Primary nursery (3 months)</td>
<td>• Sterilisation under high heat to soften</td>
<td>• Refining, bleaching, deodorising</td>
</tr>
<tr>
<td>• Secondary nursery (9 months)</td>
<td>fruits and deactivate enzymes</td>
<td>• Palm Fatty Acid Distillate (PFAD) is</td>
</tr>
<tr>
<td>• Planting</td>
<td>• Oil extracted using a screw press</td>
<td>removed, used for soap making</td>
</tr>
<tr>
<td>• Immature stage, no fruits (3 years)</td>
<td>• Clarification and storing of CPO</td>
<td>• RBD palm oil is fractionated into olein</td>
</tr>
<tr>
<td>• Starts yielding FFBs after 3 years</td>
<td>• Palm kernels are sent to a central</td>
<td>(liquid) and stearin (solid)</td>
</tr>
<tr>
<td>• Harvested using sickles and sent to</td>
<td>crusher for processing</td>
<td>• Olein is used as cooking oil</td>
</tr>
<tr>
<td>collection points</td>
<td>• EFBs (empty fruit branches) can be</td>
<td>• Stearin is used largely for vanaspati</td>
</tr>
<tr>
<td></td>
<td>burnt for energy to run the mill</td>
<td>in India</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Packing and distribution</td>
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</table>
The Jamnagar Refinery in Gujarat, India

Once a non-descript desert on the western coast of India, Jamnagar is now a vibrant hub of incessant industrial activity. Reliance changed the barren landscape of Jamnagar by building India’s first modern refinery complex. The company overcame the lack of infrastructure and a fearsome cyclone to prove to the world that they could set up the world’s first grassroots refinery in three years – normal refineries of this size and magnitude take 8 to 10 years. By December 1999, Jamnagar stood out like a beacon on the world refinery map.

By 2005, the economies across Asia and the world had been growing at a rapid pace. It was predicted that world demand for oil would grow by 20 million barrels a day by 2020. Anticipating the global shortage of refinery capacity and to meet the ever increasing demand for clean fuel, Reliance embarked on a new project to repeat the Jamnagar story.

In early 2006, Reliance began construction of a second, even more complex refinery. It was a huge challenge to complete the project in such a short time due to the shortage of a qualified workforce. To overcome the manpower shortage, Reliance trained 75,000 workers, including craftsmen, welders, carpenters and pipefitters. In order to accommodate the large workforce for the construction and daily operations of the refinery, Reliance built a township that provides a safe and enriched lifestyle for its employees. The township has schools, gardens, hospitals, sports facilities, a shopping mall, cinema and even a temple. While similar projects all over the world have been delayed and suffered massive cost overruns, Reliance used its unique execution capabilities to complete the project within targets and set a new world record, surpassing its previous record of constructing a refinery in less than 36 months. Together, the two refineries now have a combined capacity of 1.25 million barrels per day, and are processing two out of every hundred barrels of oil in the world.

Reliance’s Jamnagar complex represents the largest industrial project ever implemented by any organisation from the Indian corporate sector. The Jamnagar complex is a fully integrated manufacturing facility, with a petroleum refinery complex, petrochemical complex, power generation complex and port and terminal complex linked by a network of pipelines.

The refinery complex at Jamnagar has more than 50 process units, which process crude oil and intermediate feedstock to obtain a wide spectrum of finished products. The refinery deploys the following major refining processes: atmospheric and vacuum distillation, catalytic reforming, catalytic cracking, catalytic reforming and delayed coking.

The refineries at Jamnagar are characterised by their superior product slate. Due to their high complexity, they can refine heavy and sour crude oils to produce a larger proportion of higher value products compared to other refineries. One example is the proportion of liquefied petroleum gas (LPG). The Jamnagar refineries produce over 10% of LPG per barrel of crude oil compared to 2-3% for other refineries. Furthermore, there is almost no production of low-value residue products compared to 12-20% for an average refinery. The complex refinery configuration allows the company to purchase cheaper heavy and sour crude oils and refine them into the highest quality products, obtaining a wide refinery margin and maximising profitability.
Natural Gas for the Future

In India, gas constitutes around 10% of the current energy basket compared to the global average of 24%. There is vast potential for growth in the Indian natural gas market – demand for natural gas in India is expected to grow by 10% annually over the next five years. Reliance has been at the forefront of India’s natural gas market. The company’s prime block, KG-D6, was the largest source of domestic natural gas in 2011, with 35% of locally consumed gas being produced from this block. Besides its presence in the local natural gas market, Reliance Industries has also ventured into the international gas market by taking up stakes in the Eagle Ford shale gas acreage in the United States through joint ventures with Chevron, Carrizo Oil & Gas and Pioneer Natural Resources.
A Successful Green Belt Project

In this huge refinery complex where only barren wasteland existed in the past, we now find an oasis of more than three million plants from over two hundred different species. Despite the hostile climatic conditions of less than 300mm rainfall annually, frequent droughts and poor soil fertility, Reliance went ahead with its commercial horticultural project. Within less than a decade, there was a total transformation of the land around its refining complex into lush green countryside. It is even recognised as one of the most successful scientifically managed mango plantations in the world. The success of this ambitious research and development project means that the company can now cultivate mango trees that produce fruit throughout the year instead of just seasonally.

Though India produces more than half of the world’s mangoes, its share in international trade is less than 1%. Mango productivity in India is as low as 3 MT/acre compared to Israel and Brazil, where productivity is as high as 8-10 MT/acre. Reliance’s initial experience has shown that if the latest production and harvesting technologies are adopted, the export of mangoes can be a very profitable business in India. With this knowledge and technology, the company aims to ramp up mango productivity and revolutionise Indian horticulture.
Multi Commodity Exchange

Introduction
The Multi-Commodity Exchange of India Ltd (MCX) is an independent commodity exchange, based in Mumbai, India and was established in 2003. The turnover of the exchange for the fiscal year 2009 was US$1.24 trillion, and in terms of contracts traded, it was the world’s sixth largest commodity exchange in 2009. MCX offers futures trading in bullion, ferrous and non-ferrous metals, energy, and a number of agricultural commodities (mentha oil, cardamom, potatoes, palm oil and others). In 2011, MCX took the fifth spot among the global commodity bourses in terms of the number of futures contracts traded. Based on the latest data from the Futures Industry Association (FIA), during the period between January and June this year, about 127.8 million futures contracts were traded on MCX, in over than 50 products. They include:


Our Visit to the Company
We visited MCX in Mumbai on 9th Aug, where we were warmly welcomed by MCX’s senior management team, Mr. U Venkataraman, CEO of MCX-SX, gave us a good overview of the current business portfolio of MCX and also of the commodity exchange industry in India. He also ventured to share his insights about the current state of the Indian economy and the business landscape in the country. His frank and highly engaging sharing session was illuminating and set the stage for subsequent presentations conducted by Mr. Hitesh Sethia, Senior Manager of FTKMC and Mr. Sandeep Doshi, Specialist for IS Development & Deployment, MCX. They talked about the operations and technological infrastructures of the exchange. We then had an informal mingling session over lunch, which was hosted by MCX. We left with many learning points from this visit.
The Commodity Exchange Industry

Today, India is home to 22 commodity exchanges, all regulated by the Forward Markets Commission, which is the primary regulator of derivatives market in India. Interestingly, we learnt that FMC is under the purview of the Ministry of Consumer Affairs, Food and Public Distribution, instead of the Ministry of Finance as is the case in many other countries. This is because most of the commodity derivatives traded in India are agricultural products, and therefore concerns the food security of India and its people.

There are 5 national exchanges while the other 17 are smaller regional ones. The major exchanges are:

- Multi Commodity Exchange of India Ltd (MCX)
- National Commodity and Derivatives Exchange Limited (NCDEX)
- National Multi Commodity Exchange of India Ltd (NMCEL)

Commodity exchanges are an integral part of the trading value chain, as it provides an avenue for the traders, buyers and producers of the underlying commodity products to hedge their price risk. The relevant benefits to each of the stakeholder are given below.

<table>
<thead>
<tr>
<th>Producers</th>
<th>Wholesalers</th>
<th>Retail Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Producers are susceptible to unpredictable crop yields from a particular harvest, especially in a country like India where many agriculture producers depend on the mid-year monsoon to bring water to their crops. The exchanges reduce price risk by allowing producers to lock in their selling price of the crops before harvest time.</td>
<td>Wholesalers in India have to go through a tedious process of buying from manufacturers and selling to retailers. With the commodity exchanges, they are able to buy physical goods off the exchange and sell to their customers. This ultimately lowers their acquisition costs and reduces supply problems.</td>
<td>This group of people benefit from the futures traded on the national commodity exchanges. They are able to trade commodity futures without having physical stocks. This generates revenue without any of the added risks associated with physical trading.</td>
</tr>
</tbody>
</table>
Challenges Facing the Commodity Exchange Industry in India

Although commodity exchanges have existed in India for over a century, the industry is still in a nascent stage. This is in part due to the general perception that commodity derivatives were risky and speculative instruments, which led to stringent government regulations that stifled the growth of the commodity exchanges in India. However, since 2002, the commodity exchange industry in India has started to experience more rapid growth.

Yet, challenges still abound for this industry in India. The main problem is that the commodity markets are under the control of the government. The futures contracts found in the existing exchanges are also not “market-friendly”. Furthermore, infrastructure requirements necessary for the proper function of commodity exchanges, such as warehousing facilities, clearing houses and modern trading rings are also absent in the majority of the exchanges. Due to the lack of adequate warehousing facilities that can ensure the quality standards of the commodities traded, traders and farmers still prefer local rural markets for the trading for commodities.

Another major challenge to the growth of the commodity markets is the number of exchanges itself, as there are currently 22 commodity exchanges all over India, with little or no real integration among the existing exchanges. Currently, a few large exchanges such as MCX attract the bulk of the trading and traders because of their technology and national-wide trading terminals. As a result, these exchanges have posted strong growth.
We visited Standard Chartered Bank (SCB) in Mumbai, where we obtained insights into the trade financing options available for businesses in India. SCB has more than 150 years of history in Asia, including India. It operates on a global basis, but its network is focused on the emerging markets of Asia, Africa and the Middle East. Much of the bank’s success in trade finance is attributed to its strong local and global balance sheet.

The bank offers the following import and export services:

<table>
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<tr>
<th>Export Services</th>
<th>Import Services</th>
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<tbody>
<tr>
<td>Export Letter of Credit advising</td>
<td>Import financing</td>
</tr>
<tr>
<td>Letter of Credit confirmation</td>
<td>Custom bonds and guarantees</td>
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</table>

**Financing a Supply Chain**

As Standard Chartered often acts as an intermediary between buyer and seller to facilitate trade, they have to go the extra mile to understand their clients’ businesses. This enables them to offer useful advice on potential risks and how to manage them. Standard Chartered is adept at using special programmes available through export credit agencies. Guarantees that lower the cost of working capital, export-credit insurance against non-payment, and loans to assist foreign buyers are available. They best serve the needs of corporations as they engage in cross-border trade.

Under the bank’s Supply Chain Financing Programme, selected corporate clients or Anchors are able to provide working capital support for their chosen Suppliers and Buyers in a partnership with Standard Chartered. The bank gives supply chains access to sufficient, steady financing on competitive terms.

Standard Chartered organises its trade financing offerings under two key suites: Supplier Finance Programmes, a supplier finance solution comprising pre-shipment and post-shipment finance and Buyer Finance Programmes, where Standard Chartered extends banking facilities to buyers solely to finance purchases from the Anchor.
Being a Foreign Bank in India

Advantages
As a foreign bank, regulatory and supervisory policies affect Standard Chartered when they operate in India. However, there are certain advantages of being a foreign bank in India.

Local, state-owned banks, such as the State Bank of India, are required by legislation to put in 40% of their total bank credit on priority sectors such as agriculture, SMEs and Micro-finance. Foreign banks, on the other hand, have a smaller requirement of 32%, inclusive of export financing. Thus, foreign banks like Standard Chartered have more freedom in their lending decisions.

Another advantage is their strong dollar balance sheet, which allows the bank to better facilitate international trade.

Challenges
One of the challenges faced by Standard Chartered is the difficulty in setting up branches in India. While local banks can set up many branches and accessing local capital with ease, foreign banks cannot open branches as freely. Standard Chartered currently has 97 branches in India and hopes to reach 100 in 2013 by obtaining additional licences.

Another challenge for the bank is that some government departments are not allowed to bank with foreign banks, which limits Standard Chartered’s clientele.

Liberalisation in Banking in India
However, the trend is that large state owned enterprises are no longer looking at just state owned banks for their financing solutions. They are beginning to look at private domestic banks and foreign banks. Standard Chartered has an edge over local state owned banks due to its larger international presence and larger variety of financing options. However it has to remain sensitive to changes in both regulations as well as client needs in order to remain on top of the competition.
State Bank of India

State Bank of India (SBI) is the largest banking and financial services company in India by revenue, assets and market capitalization. It is a state owned corporation with its headquarters in Mumbai, Maharashtra with assets of US$360 billion and over 13,577 outlets.

Our visit to SBI’s office in Mumbai furthered our knowledge on the banking environment of India. The bank also shared with us its goals in the coming years.

Domestic Leader in Agricultural Banking

Indian banking regulations require commercial banks in India to target 40% of their advances at priority sectors in India, which include agriculture financing and credit for micro and small enterprises. SBI has gone beyond this requirement and caters to the needs of farmers and landless agricultural labourers through a network of 8,750 rural and semi-urban branches, making it the leader in Indian agri-finance.

Expansion Strategy – Moving Abroad

SBI is expanding its business beyond India. For example, it has grown the number of its foreign offices from 156 to 173 over the past year.

We learnt that SBI looks at the following key factors when opening new or more branches in a country:

1. The number of trades carried out between India and targeted country
2. Presence of Indian companies in targeted country
3. Presence of Indian residents in targeted country

Trade Finance Services

SBI was awarded the “Best Trade Finance Banker in India” Award for 2012 by the Asian Banker for the various new initiatives it took to promote trade finance. With these initiatives, SBI has poised itself to better serve its clients – Indian businesses that have expanded overseas – facilitating their trade financing and transaction banking needs. SBI has a wide array of trade finance services, which include:

Export Avenue
Rupee Export Credit (Pre-Shipment and Post-Shipment), Pre-Shipment Credit in Foreign Currency (PCFC), Export Bill Rediscouning & Letter of Credit

Import Avenue
Foreign Currency import credit & Supplier’s credit

Supply Chain Financing Services

SBI’s product offerings under Channel Finance help clients achieve efficient management of working capital cycles and sustained growth and profitability.

1. Electronic Vendor Financing Scheme (e-VFS): Financing sellers (Vendors) for their receivables. Buyers can upload the details of invoices raised by their sellers on SBI’s online platform, which results in instant credit to the seller’s account.
2. Electronic Dealer Financing Scheme (e-DFS): Financing Dealers for their purchases from the Vendors. The Sellers make online requests to SBI’s online platform for debiting Dealer’s account by providing details of invoices raised on their Dealers which results in immediate credit to the seller’s account.

Benefits Across The Supply Chain

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<th>For Sellers</th>
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</tr>
<tr>
<td>2. Reduce working capital requirements</td>
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2. Electronic Dealer Financing Scheme (e-DFS): Financing Dealers for their purchases from the Vendors. The Sellers make online requests to SBI’s online platform for debiting Dealer’s account by providing details of invoices raised on their Dealers which results in immediate credit to the seller’s account.

Benefits Across The Supply Chain

<table>
<thead>
<tr>
<th>For Buyers</th>
<th>For Sellers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduce the cost of goods purchased</td>
<td>1. Improved days sales outstanding and lower finance costs</td>
</tr>
<tr>
<td>2. Reduce working capital requirements</td>
<td>2. Generate flexible, predictable cash flows.</td>
</tr>
<tr>
<td>3. Enjoy a more stable supply source</td>
<td></td>
</tr>
</tbody>
</table>

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**ITI Industry Partners**

**BUILDING PARTNERSHIPS, GROWING KNOWLEDGE**

Reflecting the vibrant international commodity trading hub in Singapore, we are privileged to have key players in various commodity trading sectors as ITI Industry Partners. We invite organisations to become an ITI Industry Partner and join us in shaping the international trading landscape of tomorrow through the ITI Industry Partnership. As an ITI Industry Partner, your organisation will be in a unique position to ensure that your contribution goes towards supporting programmes for our International Trading Concentration students through the International Trading Excellence Awards and/or Trust Fund. Your participation ensures that:

- Young global trading talents are groomed through the International Trading Concentration with a curriculum and course selection tailored to the trading sector’s needs, at the fastest growing university in Singapore – SMU.
- SMU’s talented students with strong interests in pursuing this discipline can achieve their academic and career goals through the International Trading Excellence Awards;
- Students have the opportunity to participate in Industry Study Missions and site visits which bring them to selected countries for visits to commodity-related facilities and trading-related companies;
- Invaluable internship opportunities are offered to students with practical exposure to the international and commodity trading industry and recruitment opportunities for potential talent.

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ACKNOWLEDGEMENT

The International Trading Institute®@SMU and the student participants from the International Trading Concentration (ITC) would like to thank:

**ITI’s Industry Partners**

For their generous funding and support contributing to the success of the Industry Study Mission India 2012.

- Ruchi Group
- Reliance Industries
- Multi-Commodity Exchange
- State Bank of India
- Standard Chartered Bank
- FTKMC

for their unparalleled hospitality and kindness in hosting us and creating such a unique learning experience.