

ECGC introduces new scheme providing enhanced export credit risk insurance cover up to 90% for small exporters

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ECGC has introduced a new scheme to provide enhanced export credit risk insurance cover to the extent of 90% to support small exporters under the Export Credit Insurance for Banks Whole Turnover Packaging Credit and Post Shipment (ECIB- WTPC & PS). The scheme is expected to benefit a number of small-scale exporters availing of export credit with banks which hold the ECGC WT-ECIB covers. This will also enable the small exporters to explore new markets/new buyers and diversify their existing product portfolio competitively.



Addressing a press conference in Mumbai today, ECGC Chairman M Senthilnathan said, "We expect the cover to play a game changing role. We expect this to bring up percentage of accounts with up to Rs. 20 crore, thereby lending further stability to ECGC portfolio". He further said, "By giving 90% cover to banks, we expect more small companies to get export credit from banks, benefiting these industries greatly. We expect banks to provide more concessions. The net effect will be benefit to exporters, involving reduction in interest rate".

Thanking the Commerce Ministry and the Minister Shri Piyush Goyal, ECGC Chairman said, "The Government supported us with adequate capital infusion in recent years. This, as well as the need

to make our cover more helpful to exporters has led us to take the decision being announced today”.



Explaining the role played by the premier Export Credit Agency of the Government of India, Shri Senthilnathan said, “Countercyclical role played by organizations like ECGC is similar to that of a fireman, when credit is suffering, credit insurance agencies step in to stabilize the market”.

Shri Senthilnathan further remarked, all governments took various measures to stabilize the market in view of COVID-19, because of which, ECGC has not withdrawn cover given to exporters, against expectations, export credit insurance agencies all over the world have witnessed only average levels of claim ratios, not high ratios.

Enhanced Cover to Banks

- The enhanced cover shall be available for manufacturer- exporters availing fund-based export credit working capital limit up to ₹ 20 crore (i.e., total Packaging Credit and Post Shipment limit per exporter/exporter-group) excluding the Gems, Jewellery & Diamond sector and merchant exporters/traders.
- This new scheme will enable the banks holding ECGC’s WT-ECIB cover to explore the possibility of reducing interest rates further so that all the stakeholders are benefitted. The enhanced cover percentage shall be made available to State Bank of India as per the previous year’s premium rate in view of its favourable claim premium ratio. However, for other Banks there may be a moderate increase in the prevailing premium rates.

ECGC had extended support to exports amounting to Rs.6.18 lakh crore in the last FY 2021-22. As on 31/03/2022, more than 6,700 distinct exporters were benefitted by the direct cover issued to exporters and more than 9,000 distinct exporters benefitted under the Export Credit Insurance for Banks (ECIB). Notably, around 96% of these are small exporters.

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