

ECGC supports exporters in times of COVID crisis

The COVID-19 pandemic has hit India's export industry as many overseas importers have cancelled their orders and in some instances goods that have arrived in destination ports are lying unattended because of the lockdown. Hardships faced by Indian exporters have also affected the operations of export finance institutions and export insurance providers. ECGC, India's public sector export credit insurance firm, has expressed solidarity with the suffering trade community by extending a slew of relief measures.

In an interview to MVIRDC World Trade Center Mumbai, Mr. Anand Singh, Regional Manager, Western Region, ECGC Ltd explains the measures taken by his organization to support exporters and banks.

Excerpts of the Interview:

Q-1) What are the hardships faced by the exporter clients of ECGC amidst the COVID 19 lockdown?

It is observed that due to the global pandemic of COVID-19, businesses across the world have been hit severely. Many countries have undertaken necessary step of total lockdown in their respective countries. Most of these countries are the top export destinations of Indian goods. It is observed that except for Iron Ore, export of all other commodities has shown negative growth in March 2020 vis-a-vis March 2019. Further, we have observed that the demand has fallen in many countries. The exporters are facing cancellation of orders from overseas buyers. Some of the shipments that have reached destination ports have not been cleared by overseas buyers due to lockdown at the destination. Some exporters are unable to get the payment from their respective buyer within the due date. Several instances of requests for extended credit period have been observed.

Q-2) In this circumstance, what are the hardships faced by banks whose export credit have been underwritten by ECGC?

Since the demand has fallen in many countries, the exporters are not receiving fresh orders apart from withstanding cancellation of orders. The Working Capital cycle has got elongated. Banks are facing the problem of considering higher working capital requirement without any prospect for increase in business.

Q-3) ECGC has provided various relief measures to exporters and banks struggling to meet the compliance procedure of ECGC under this circumstance. Can you elaborate some of these measures and the measures that your organisation may take in future to protect the interest of banks and exporters?

ECGC Limited has always played a pivotal role in supporting the Indian Export Industry by providing cost effective insurance and trade related services to meet the growing needs of Indian exporters. With this mission of ours, we have taken the following measures to support our exporter customers:

- I. Time for filing returns like declarations, extension applications, report of default etc., under the insurance covers that are due in March and April, extended up to May 31, 2020.
- II. Time for filing claim/ replies due during this period extended up to 30th June, 2020.

- III. Waiver of credit limit application fee till 30th June, 2020.
- IV. Reduction in policy proposal processing fee by 50% till 30th June, 2020.
- V. Discretion to exporters to extend due date for payment by buyers for shipments accepted earlier.
- VI. Discretion to decide about shipments (i.e. resale / reimport / or abandon) that reached destination but not cleared by overseas buyers due to lockdown in the destination countries.
- VII. Claim eligibility period (waiting period) under insurance cover reduced from the present 4 months to 1 month.
- VIII. Exporters may be considering further shipments to buyers from whom payments for shipments made earlier due and not received during the crisis period. ECGC will be covering further shipments by Policy Holders (manufacturer exporter) to the buyer, to the extent of credit limit/loss limit already fixed on the buyer under the relevant Policy issued to the exporter subject to valid purchase order for further shipments, mutually agreed payment reschedule for shipments made earlier and accepted by the buyer.

For Banks, we have undertaken the following measures:

1. With regard to time limit for filing of extension in due date for the advances which have crossed 360 days under packing credit and 180 days under post shipment advances (360 days for status holders) and filing of Report of default under the ECIB covers will be available upto May 2020.
2. Time for filing of monthly declaration for the month of March 2020, has been extended upto May, 2020 (available for all the exporters and banks). However, please note that the extension of time is not applicable for payment of premium, as it can be made through digital mode viz, RTGS/ NEFT etc. The premium can be paid on the basis of estimation also, when actual premium payable is not workable. Further steps, if needed shall be taken by ECGC after assessing the situation in future.

Q-4) What is your message to banks and exporters struggling to navigate this tough circumstance?

We understand that the current situation is a very tough phase for the export industry. The government and other institutions are taking special measures to support the export industry by various means. ECGC as an export promotion organisation has also taken some measures to support the export industry as we believe that the interests of our customers should be protected in their adverse situation. These measures will boost their capacity and confidence to start future exports under ECGC cover. ECGC will support calculated risks taken by exporters through extended credit for increasing banks export business. ECGC is also ready to support banks for need based working capital enhancement to exporters.

Notifications

Press Information Bureau, Government of India

Update on COVID

<https://pib.gov.in/PressReleasePage.aspx?PRID=1620607>

Daily Bulletin on COVID

<https://pib.gov.in/PressReleasePage.aspx?PRID=1620667>

DGFT

Clarification with respect to application for free sale and commerce certificate

<https://dgft.gov.in/sites/default/files/TN%207.pdf>

CBIC

Notification of tariff value

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt40-2020.pdf>