
ECGC sees claims raising to INR 550 crore this fiscal

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BL reported that the Export Credit Guarantee Corporation will examine claims worth INR 300 crore from the gems and jewellery sector on account of payment defaults by importers.

During this period, ECGC has already paid INR 53 crore towards guarantees invoked in the textiles sector in the He of the current calendar year. Another INR 25 crore was disbursed to gems and jewellery exporters, faced with payment defaults.

Mr AV Muralidharan CMD of the ECGC said as a result of the global economic meltdown, corporation expects claims to rise to INR 550 crore in 2009-10, against INR 450 crore in 2008-09 and INR 420 crore in 2007-08. The ECGC is a specialized credit risk insurance agency that guarantees export credits against payment risks by importers.

Mr Muralidharan said the ECGC had not stopped issuing guarantees to exporters, except in the case of automobile suppliers to US parent companies on the verge of bankruptcy.

He said that unlike the steps taken in other countries, ECGC had not raised insurance premiums or reduced the rating of crisis-ridden importing countries. This had helped keep the cost of credit to Indian exporters in check. This was because exporters often resort to discounting their export bills with banks. Bills without ECGC cover are seldom accepted by the banks. Even if accepted, they are at high discounting rates leading to credit cost escalations.

He further added that ECGC had dropped the premium when the rupee depreciated sharply in September 2007-08. However, further reductions, would require the approval of the insurance regulator.

(Sourced from Business Line)

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