

Export Credit Agencies (ECAs)

(i) Export Credit Agencies (ECAs) are policy instrument for Government to support exports. ECAs support exports by insurance, guarantee and also direct lending. Export Credit Agencies (ECAs) like Export Credit Guarantee Corporation of India Ltd. (ECGC) provides credit insurance support to exports and export credit lending. Covers issued by ECGC to exporters, protect against losses arising out of payment failures due to insolvency or default of the buyers or due to political risks. Exporters can diversify their markets in addition to protecting existing markets through such covers. ECGC also supports .Medium and Long term (MLT) exports including project exports. Exim Bank is the other ECA in the business of lending for MLT exports and fronting the government's line of credit.

(ii) ECGC indemnifies losses of exporters in export trade due to insolvency or default of the buyer. Additionally losses due to political risk like war, sudden import restriction, promulgation of law or decree after the shipment has been effected are also covered. Some of the anti- dumping measures or non-tariff barriers introduced after a shipment has been made will come under the purview of the political risk. In such cases exporter's interest are protected by ECGC.