



भारतीय निर्यात ऋण
गारंटी निगम लिमिटेड
EXPORT CREDIT GUARANTEE
CORPORATION OF INDIA LTD.

(भारत सरकार का उद्यम)
(A Government of India Enterprise)

आप निर्यात पर ध्यान केंद्रित करें. हम जोखिमों से रक्षा प्रदान करेंगे।
You focus on exports. We cover the risks.

**Specific
Shipment
Policy-ST
(Commercial & Political Risks)**

Specific Shipment Policy issued by Export Credit Guarantee Corporation of India Limited (hereinafter referred to as "the Corporation") to the exporter named in schedule attached hereto (hereinafter referred to as "the insured"), at the place and on the date mentioned in the said schedule:

WHEREAS the insured has entered into a contract as specified in the schedule (hereinafter referred to as "the contract") with the buyer named in the schedule (hereinafter referred to as "the buyer") for export of goods from India (hereinafter referred to as "the goods");

AND WHEREAS the insured has made a proposal (hereinafter referred to as "the proposal") on the date specified in the schedule requesting the Corporation to insure him against a proportion of any loss that he may sustain by reason of certain risks involved in the export of goods from India in pursuance of the contract with the buyer;

AND WHEREAS the insured has agreed that the said proposal shall be the basis of this Policy;

AND WHEREAS the insured has paid to the Corporation the amount mentioned in the schedule towards premium due on this Policy in respect of the contract (the receipt of which is hereby acknowledged by the Corporation) and has promised to pay additional premium, if any, that may become payable;

NOW THEREFORE, in consideration of the said premium paid by the insured, the Corporation hereby insures the insured in accordance with the terms and conditions hereof and subject to the exclusions, against a percentage of the amount of any loss as hereinafter defined, which he may sustain due to the following causes (hereinafter referred to as "the risks insured") in respect of the shipment of goods in pursuance of the contract:

Risks insured and exclusions

(1) Commercial Risks insured

- (i) Insolvency of the buyer as hereinafter defined;
- (ii) Failure of the buyer to pay to the Insured the gross invoice value of the goods delivered to and accepted by the buyer until the expiry of the 'waiting period' specified in the schedule after the due date of payment;

- (iii) Failure or refusal on the part of the buyer to accept goods which have already been exported from India, where any such failure or refusal is not excused by and does not arise from or in connection with any breach of contract or warranty on the part of the insured or from any other cause within his control, provided that the insured shall, if so required by the Corporation, satisfy the Corporation through such means or documents as the Corporation may require, including appropriate legal proceedings against the buyer if necessary, that the said failure or refusal on the part of the buyer was wrongful;

(2) Political Risks Insured

- (iv) Operation of a law or of an order, decree or regulation having the force of law which, in circumstances outside the control of the insured and/ or the buyer, prevents, restricts or controls transfer of payment from the buyer's country to India;
- (v) Occurrence of war between the buyer's country and India;
- (vi) Occurrence of war, hostilities, civil war, rebellion, revolution, insurrection or other disturbances in the buyer's country;
- (vii) Imposition of any law or order, decree or regulation having the force of law which, in circumstances outside the control of the Insured and/or of the buyer, prevents the import of the goods into the buyer's country;
- (viii) Cancellation, in circumstances outside the control of the insured and/or of the buyer, of a previously issued and currently valid authority to import the goods;
- (ix) Incurring in respect of goods shipped from India of any additional handling, transport or insurance charges which are occasioned by interruption or diversion of voyage outside India and which is impracticable to be recovered from the buyer;

(3) Exclusions to the 'Risks Insured'

The following losses are expressly excluded from the purview of cover under this policy and the Corporation shall not be liable to pay any claim for any such losses, i.e., any loss that arises from –

- (a) any default, insolvency or act of omission or commission of the carrier of goods or of any insurer of goods;
- (b) insolvency of any agent of the insured or of the collecting bank or any default or act of omission or commission on the part of such an agent or collecting bank;
- (c) any failure or inability of the buyer to obtain any authority necessary under the regulations of the buyer's country in force at the date of shipment to import the goods and/ or to pay for them as contracted and invoiced;
- (d) the failure or refusal on the part of the buyer to accept the goods and/or to pay for them due to his claim that he is justified in withholding payment of the contract price or the gross invoice value of the said goods or any part thereof by reason of any payment, credit, set-off or counterclaim and/or due to his claim that, for any other reason he is excused from performing his obligations under the contract, unless, except where the Corporation agrees in writing to the contrary, the insured has, for the amount of his loss, obtained by legal proceedings in a competent court of law in the country of the buyer a final judgment enforceable against him;
- (e)
 - (i) the prevention of, or delay in, the transfer of any payment from any overseas country of sums due under any contract of insurance effected by the Insured;
 - (ii) the non-receipt of the insurance monies in Indian rupees by the insured where the buyer has effected any insurance and an event insured against has occurred;
 - (iii) the occurrence of an event that should have normally been insured against with commercial insurers (other than credit insurers) but against the risk of which a contract of insurance for a

sufficient sum has not been effected either by the insured or by the buyer and/or is not then in force;

- (f) the prevention of, or delay in the transfer of payment from the buyer's country until the buyer has made an irrevocable deposit for transfer to the Insured, of a sum in the currency of the buyer's country equivalent to the amount due for payment under the contract and also complies with exchange control formalities, if any, for facilitating the transfer of the funds to the insured unless the buyer is prohibited from making such a deposit by any law or order, decree or regulation having the force of law of the buyer's country;

Terms and Conditions

• Representations and disclosures by the insured

Proposal and Declaration

1. The proposal and the declaration therein shall be the basis of this Policy and shall form part thereof and if any of the statements contained in the Proposal or the Declaration be untrue or incorrect in any respect, this policy shall be void but the Corporation may retain any premium that has been paid.

Disclosure of facts

2. Without prejudice to any rule of law it is declared that this Policy is given on condition that the Insured has at the date of issue of this Policy disclosed and will at all times during the operation of this policy promptly disclose all facts in any way affecting the risks insured;

Withdrawal of Cover

3. The Corporation shall be at liberty at any time to give written notice to the Exporter that as from such date (not being earlier than the date of the notice) as may be specified in the notice, this Policy shall not apply to any shipment that may be made on or after that date.

Note: Dispatch of notice means a notice sent by ordinary post or by courier or by any other means ordinarily used for transmission of such communications, to the latest address registered with the Corporation.

• Duties of the Exporter

Insured's obligations

4. The Insured shall –

- (a) Use all reasonable and usual care skill and forethought and take all practicable measures, including any measures which may be required by the Corporation, to prevent or minimise loss;
- (b) Notify to the Corporation in writing of the occurrence of any event likely to cause a loss without delay but in no case later than 15 days of his becoming aware of any such occurrence;
- (c) Furnish the Corporation promptly with any further information regarding such shipments that the Corporation may from time to time require;
- (d) If, during the course of transit of goods it should come to the insured's knowledge that a country –
(i) has banned the import of goods contracted for; or
(ii) has ordered confiscation of goods; or
(iii) has any circumstances existing in it which may lead to any loss,
the insured shall exercise his right to stop the goods in transit from being delivered and stop shipment of further consignments to that country unless the Corporation consents in writing to his refraining from his so doing;
- (e) hold uninsured and to his own account credit risk on such portion of the 'amount covered' as is in excess of the 'percentage of loss payable' specified in the schedule.

Information on shipments made and on overdue payments

5. The Insured shall without fail deliver and/or furnish to the Corporation –

- (a) A 'statement of shipment(s)' in the form prescribed by the Corporation, giving full particulars of each of the shipments made by the insured under this policy as soon as may be upon making the shipment(s) but in any case by not later than the 15th day of the calendar month succeeding the month in which the shipment was made;
- (b) A 'statement of overdue payments' in the form prescribed by the Corporation by not later than the 15th day of each calendar month, giving information on all such shipments as were insured under this policy and in respect of which the payment due from the buyer was remaining wholly or partly unpaid after having become overdue by not less 30 days as at the close of the preceding month, (such declaration shall continue to be forwarded to the Corporation, so long as any such payment remained outstanding);
- (c) Information on all such shipments as were insured under this policy and in respect of which delivery could not be taken by the buyer under circumstances outside his control, immediately upon it has come to the knowledge of the insured;
- (d) Any such or further information as the Corporation may from time to time require with regard to the shipments made by the insured, on being required by the Corporation;

the insured agreeing and acknowledging that in the event of his failure to strictly comply with any of the aforesaid requirements, the Corporation shall have the right to repudiate all liability for payment of losses on any such shipment in respect of which the aforesaid information was not duly submitted in time to the Corporation.

Gross Invoice Value

6. In this Policy, the gross invoice value of shipments shall include any insurance, freight or other charges paid or to be paid by the insured on behalf of the buyer but shall exclude any payments secured by irrevocable letters of credit confirmed by a bank in India or payments received from the buyer prior to the date of shipment.

Percentage of the amount of loss payable

7. The percentage of the 'amount of loss' that the Corporation hereby agrees to pay is as specified in the schedule but in any case shall not exceed 80 percent of the 'amount covered'. The insured agrees and acknowledges that the balance percentage of the amount of loss is to be held uninsured and is to be borne by the insured.

Amount of Loss

8. The 'amount of loss' shall be –

- (1) Where the loss is due to the diversion risk as defined in sub-clause (ix) of "the Risks Insured" under the policy, be the amount of any additional handling, transport or insurance charges which are occasioned by interruption or diversion of voyage outside the Union of India and which is impracticable to be recovered from the buyer, less any allowance, rebate or refund to which the Insured is entitled by reason of the interruption or diversion of voyage;
- (2) In all other cases –
 - (a) as regards goods delivered to and accepted by the buyer, be the gross invoice value of those goods, less –
 - (i) the amount which, at the date at which the loss is ascertained the buyer would have been entitled to take into account by way of payment, credit, set-off or counter-claim or which the Insured is entitled to appropriate in whole or in part payment of the price of the goods; and
 - (ii) any expenses saved by the non-payment of agent's commission or otherwise; and
 - (iii) any part of the gross invoice value of the goods which represents interest payable by the buyer for credit facilities in respect of any period subsequent to payment by the Corporation.

(b) as regards goods not delivered to or not accepted by the buyer, be the gross invoice value thereof, less –

- (i) any expenses saved by the non fulfillment of the contract for the sale of those goods;
- (ii) any sums which, at the date at which the loss is ascertained, the insured has recovered from any source, including realization of any security, resale of any goods or materials and any sums or credits in his possession which the insured is entitled to appropriate as or towards payment of the purchase price, or any part thereof provided that the sums so recovered or realized from any security or resale of any goods or material shall be the sums less all expenses of recovery, realization or resale; and
- (iii) any part of the gross invoice value of the goods which represents interest payable by the buyer for credit facilities in respect of any period subsequent to payment by the Corporation

Provided always that –

- (a) the goods not delivered to the buyer shall remain the property of the Insured and any resale thereof by the Insured shall be with the prior approval of the Corporation. In case the resale of the goods not delivered is made without the prior approval of the Corporation, the Corporation shall not be liable for any loss suffered by the Insured in connection with the particular shipment concerned;
- (b) where goods are not accepted by the buyer and/or sub-clause (d) of the 'exclusions to the Risks Insured' applies, the amount of loss shall be the amount as defined herein-above or the amount for which final judgment is obtained by the insured against the buyer, whichever is lesser;
- (c) where the goods not delivered to the buyer are re-imported to India with the consent of the Corporation, the amount of loss shall be the amount of expenses actually incurred and paid out by the Insured subject to a maximum of the 'amount covered'.

Time for ascertainment of the amount of loss

9. Upon submission by the Insured of a claim in the prescribed form duly supported by evidence which, in the opinion of the Corporation is sufficient, the Corporation shall ascertain the 'amount of loss' –

- (a) where the loss is due to buyer's insolvency as hereinafter defined then, upon the expiry of the 'waiting period' specified in the schedule after the due date of payment or one month after the loss has been admitted to rank against the estate of the insolvent in favor of the insured, whichever of the two dates is the earlier, provided that the insured shall deliver to the Corporation –
 - (i) evidence satisfactory in the opinion of the Corporation that the insured has filed his claim in such insolvency of the buyer, and
 - (ii) a declaration in writing that he has done or omitted nothing whereby such claim is liable to be rejected by the Court in such insolvency;
- (b) where the loss is due to the buyer's failure to pay the gross invoice value of the goods delivered to and accepted by the buyer until the expiry of the 'waiting period' specified in the schedule after the due date of payment, then immediately after the expiry of the said waiting period;
- (c) where the loss is due to the goods not having been delivered to the buyer, one month after the date on which, with the Corporation's approval in writing, the goods have been resold or otherwise disposed of by the insured;
- (d) where the loss is due to prevention of or delay in transfer of payments from the buyer's country to India in circumstances outside the control of both the insured and the buyer, upon the expiry of the

waiting period specified in the schedule after the due date of payment or upon the expiry of the said waiting period after the completion of all the formalities necessary in order to obtain transfer to India of the irrevocable deposits made, whichever is the later, provided however that, where the Corporation's liability does not extend to the commercial risks specified in sub-clauses (i), (ii) and (iii) of "the Risks Insured" hereinabove, then the Corporation shall have no liability whatsoever for the loss under this sub-clause unless the irrevocable deposits have been made by the buyer within one month from the due date of payment;

- (e) where the loss is due to diversion risk as defined in sub-clause (ix) of 'the Risks Insured' as soon as the proof of loss to the satisfaction of the Corporation is furnished; and
- (f) in all other cases, upon the expiry of the waiting period after the occurrence of the event which is the cause of the loss.

PROVIDED THAT, where the insured has obtained a guarantee or, as the case may be, a guarantee and undertaking whether in compliance with a condition imposed by the Corporation or otherwise and a claim by the Insured against the guarantor who is specified in such condition as aforesaid has arisen, the loss shall not be ascertained and no payment shall become due from the Corporation under this policy, unless the Corporation agrees in writing to the contrary, until either the guarantor has paid the amount claimed by the insured or the insured has obtained a judgment against the guarantor in a competent court in the country specified in such condition, or the insured has satisfied the Corporation in such other manner as may be approved by the Corporation in writing that his claim against the guarantor is valid and subsisting, but in any case not earlier than at the appropriate time herein-above specified in the provisions of this clause.

Payment of Loss

10. Subject to due submission by the insured of a claim supported by evidence which, in the opinion of the Corporation, is sufficient and after due verification of the cause of loss, the Corporation will pay to the insured at Mumbai or at the 'place of issue' specified in the schedule, so much percentage of the amount of loss as is hereby insured and specified in the schedule immediately after the loss has been ascertained, PROVIDED HOWEVER THAT the Insured shall, as a condition precedent to the payment of a percentage of any loss as herein defined, procure and deliver to the Corporation a letter from the Bank which holds the documents pertaining to the shipment concerned, acknowledging and agreeing –

- (a) that the bank shall be holding all such documents in trust for the Corporation;
- (b) that the Bank shall, upon demand by the Corporation, deliver them to the Corporation; and
- (c) that, if the Bank shall receive any payment against such documents, the Bank shall appropriate or deal with any such payment strictly in accordance with the directions of the Corporation in writing.

Rate of exchange

11. All payments under this policy shall be in Indian rupees and will be made either at the Head Office of the Corporation at Mumbai or at the 'place of issue' specified in the schedule and, for the purpose of payment of premiums and losses, the gross invoice value of shipments invoiced in foreign currency shall be converted into Indian rupee at the rate of exchange specified in the schedule provided that if devaluation of the currency in which the buyer has to pay takes place before the claim is paid, the amount claimed in Indian currency shall be based on the devalued rate.

Note: The rate of exchange to be specified in the schedule will be on the basis of the relevant bank buying rate of exchange at Mumbai either as on the date of the proposal or as on the date of the relevant shipment, whichever of the dates is earlier.

• Limitations to Corporation's liability

Limitation of Liability

12. The Corporation shall not be liable for loss –

- (a) in respect of a shipment if all or any part of the gross invoice value thereof receivable by the Insured has been assigned without full recourse to the Insured, save and except where prior approval in writing of the Corporation has been obtained for such assignment; or
- (b) in respect of a debt as to which the insured has extended the period for payment or has accepted a composition arrangement with the buyer without the prior approval in writing of the Corporation; or
- (c) in respect of any contract in respect of which the relevant authority to import the goods and to pay for them is made subject to conditions as to the export of other goods from any country or to conditions as to the payment for such other goods when exported; or
- (d) in respect of which a claim has not been made on the Corporation in the form prescribed by it for payment of the specified percentage of loss, within a period of one year from the due date of payment by the buyer.

Maximum Liability

13. The total liability of the Corporation under this Policy shall not exceed the amount specified in the schedule as 'maximum liability'.

• Recoveries

Action after payment of claim

14. Upon payment by the Corporation of the amount due hereunder to the insured, the insured shall –
- (a) take all steps which may be necessary or expedient or which the Corporation may at any time required to effect recoveries whether from the buyer or from any other person from whom such recoveries may be made;
 - (b) upon request, assign and transfer to the Corporation his rights under the contract for the loss in respect of which such payment has been made, including his right to receive any monies payable under such contract or his right to damages for any breach thereof;
 - (c) upon request, deliver up to the Corporation any goods in respect of which such payment has been made and any documents relating thereto and assign and transfer to the Corporation his right and interest in any such goods and documents;
 - (d) upon request, assign, deliver or otherwise transfer to the Corporation any negotiable instruments, guarantees or other securities relating to such goods or contracts; and
 - (e) upon request, authorize the Corporation to take all such measures as the Corporation may deem appropriate for effecting recoveries on its own behalf and/or on behalf of the insured, including the authority to give up the whole or any part of the insured debt.

Recovery expenses

15. Any expense incurred by the Insured with the consent of the Corporation or by the Corporation for the purpose of effecting recoveries from the buyer or any other source shall be a first charge on any amounts recovered thereafter.

Sharing of Recoveries

16. Upon payment of a claim by the Corporation under this Policy –
- (a) any sums recovered either by the insured or by the Corporation from the buyer or from any other source shall be divided between the Corporation and the insured in the proportion in which the amount of loss was borne by each of them respectively according to the terms of this policy, irrespective of whether or not such division results in the retention by the Corporation of a greater or lesser sum than that was paid by the Corporation under this policy in connection with the amount of loss; and

- (b) the Insured shall pay all sums so recovered to the Corporation forthwith upon being received by him or by any person on his behalf, the Insured hereby acknowledging and declaring that until such payment is made to the Corporation he receives and holds such sums in trust for the Corporation.

• General

Assignment

17. The Policy or any amount payable hereunder shall not be assigned save and except with the prior written consent of the Corporation.

Fraudulent Claim

18. If the insured makes any claim hereunder knowing the same to be false or fraudulent or if any fraudulent means or devices are used by the insured or any one acting on his behalf to obtain any benefit under this Policy, the liability of the Corporation hereunder shall cease and the Insured shall have no claim hereunder and shall repay to the Corporation on demand all sums paid by the Corporation and the Corporation shall be entitled to retain all payments made to it by way of premium or otherwise.

Observance of conditions

19. Payment of the full amount of premium due on the shipment in advance and the due performance and observance of each term and condition contained herein or in the proposal or declaration shall be a condition precedent to any liability of the Corporation hereunder and to the enforcement thereof by the insured.

Failure to comply with conditions

20. No failure by the insured to comply with the terms and conditions shall be deemed to have been waived, excused or accepted by the Corporation unless the same is expressly so waived, excused or accepted by the Corporation in writing and such waiver, excuse or acceptance shall be subject to such terms and conditions as the Corporation may stipulate, including a reduction in the percentage of loss payable by the Corporation specified in the schedule;

Payment of Claim

21. If a claim for any loss shall be made by the insured under this policy or any endorsement which may at any time be attached to this policy and the claim shall be admitted by the Corporation (but not otherwise), it shall be paid by the Corporation direct to the bank which handled the export documents pertaining to the relevant shipment(s) concerned on discount or collection basis and, in the event of the Corporation making the payment to the bank as above, the bank's receipt would be in full legal discharge to the Corporation therefore and the Corporation shall have no further obligations to the Insured.

Definitions

22. In this policy the following words or group of words, as the case may be, defined herein shall have, unless repugnant to the context or meaning, the meaning assigned to them herein.

- (1) **Amount Covered:** Amount covered means the gross amount for which cover is taken under this policy and specified as the 'amount covered' in the schedule;
- (2) **Buyer:** Buyer means the overseas firm named in the schedule as the buyer and who is liable to the insured for payment of the gross invoice value of the shipments made by the insured;
- (3) **Corporation:** Corporation means Export Credit Guarantee Corporation of India Limited, having its Registered Office at Express Towers, 10th floor, Nariman Point, Mumbai 400 021;
- (4) **Due date of payment:** 'Due date of payment' means the date on which payment falls due to the insured from the buyer and where an extension of the due date has been agreed to by the Insured with the consent in writing of the Corporation, the due date of payment will be such extended due date;
- (5) **Insolvency:** The buyer shall be deemed to be insolvent for the purpose of this policy when:
 - (a) He is declared bankrupt, or

- (b) he has made a valid assignment, composition or other arrangement for the benefit of his creditors generally, or
- (c) a receiver has been appointed to manage his estate, or
- (d) if the buyer be an incorporated body –
 - (i) an order has been made for compulsory winding up or
 - (ii) an effective resolution has been made for voluntary winding up provided that such resolution is not merely for the purpose of reconstruction or amalgamation, or
- (e) an arrangement binding on all the creditors has been sanctioned by the Court, or
- (f) whether the buyer be an incorporated or unincorporated body, such conditions exist as are substantially equivalent in effect to any of the foregoing conditions;

(5) **Insured:** Insured means the exporter named as such in the schedule.