

**EXPORT CREDIT GUARANTEE
CORPORATION OF INDIA LTD.**

(A GOVT. OF INDIA ENTERPRISE)

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Gram : INDERIC

**Specific Contract
(Political Risks) Policy**

Policy No. _____

Policy made the _____ day of _____
between Messrs _____
who carries on business at _____

(hereinafter called 'the Exporter') of the one part and the Export Credit & Guarantee Corporation Ltd., (hereinafter called 'the Corporation') of the other part.

WHEREAS the Exporter has entered into a contract as specified in the Schedule appended hereto, with Messrs.

(hereinafter called 'the Buyer') for export from India of

hereinafter referred to as 'the goods')

AND WHEREAS the Exporter has made a proposal dated the _____ day of _____ (hereinafter called 'the Proposal') requesting the Corporation to insure him against percentage of loss which he may sustain by reason of certain risks involved in the shipments of goods to the buyer under the said contract.

AND FURTHER WHEREAS the Exporter has agreed that the said proposal shall be basis of this Policy.

Now, therefore, in consideration of the premium of Rs. _____ (Rupees

_____) paid by the Exporter to the Corporation, the Corporation hereby insures the Exporter in accordance with the terms and subject to the conditions hereof against a percentage of the amount of any loss as hereinafter defined which may be sustained by the Exporter in respect of shipment of goods from India made under the above contract due to the following causes (hereinafter called the 'Risks Insured').

RISK INSURED :

- i) the operation of a law or of an Order, Decree or Regulation having the force of law, which in circumstances outside the control of the Exporter and/or the buyer, prevents, restricts or controls, the transfer of payment from the buyer's country to India, of an irrevocable deposit made by the buyer in the currency of his country within 30 days from due date of payment under the relative contract of sale for transfer to India; or
- ii) the occurrence of war between the buyer's country and India, or
- iii) the occurrence of war, hostilities, civil war, rebellion, revolution, insurrection or other disturbance in the buyer's country; or
- iv) the imposition, after making of the contract, of any Law or of any Order, Decree or Regulation having the force of Law, which in circumstances outside the control of both the Exporter and/or the buyer, prevents the import of the goods into the buyer's country; or

- v) the cancellation, in circumstances outside the control of the Exporter and/or the buyer of a previously issued and currently valid authority to import the goods; or
- vi) the 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 which it is impracticable to recover from the buyer; or
- vii) the cancellation, in circumstances outside the control of the Exporter, of a currently valid licence to export the goods or the imposition of restrictions on the export of goods not previously subject to licence; or
- viii) any other cause not being inherent in the nature of the goods and not being within the control of the exporter and/or of the buyer which arises from events occurring outside India.

PROVIDED always that the Corporation shall not be liable for loss:

- a) in respect of any risk which at the date when the contract is made can be insured with the Government or any of its organisations other than the Corporation or can normally be insured with commercial insurers;
- b) which arises from the insolvency of any agent of the Exporter or the insolvency of a collecting bank or from any act or default on the part of such agent or collecting bank;
- c) which arises from 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 contract to import the goods and/or to pay for them as contracted and invoiced and/or to convert at the official rate of exchange the relative currency into Indian Rupee or other currency permitted by the 2nd Schedule to Government Notification No. 6 (8) EF 11/52, dated 22nd April, 1952 or any modification thereof in force from time to time;
- d) unless a claim for the loss is made by the Exporter to the Corporation in writing in the form prescribed by it within one year from the due date of payment.

- e) which arises from 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 Exporter or such terms and in such Bank as are approved by the Corporation in writing, of a sum in the currency of the buyer's country equal to the amount due for payment under the contract unless the buyer is prohibited from making such a deposit by any Law or by any Order, Decree or Regulation having the force of law, of the buyer's country; and
- f) which arises from any failure or inability of the Exporter, to obtain any authority necessary under the regulations of the country of the Exporter, in force at the date of the contract to export the goods or where a currently valid licence is cancelled due to the fault of the Exporter.

TERMS AND CONDITIONS

1. **Proposal and Declaration** : 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.

2. **Disclosure of Facts** : Without prejudice to any rule, or law it is declared that this Policy is given on condition that the Exporter has at the date of issue of the policy disclosed and will at all time during the operation of this policy promptly disclose all facts in any way affecting the risks insured.

3. **Withdrawal of Cover** : 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 to the latest address registered with the Corporation.

DUTIES OF THE EXPORTER

4. **Exporter's Obligations** : The Exporter shall

- a) use all reasonable and usual care, skill and fore-thought, and take all practicable measures including any measures which may be required by the Corporation (including if so required the institution of legal proceedings) 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 30 days of his becoming aware of any such occurrence;
- c) if during the course of transit of goods, it should come to the Exporter'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.

exercise his right to stop the goods in transit from being delivered, stop shipments of further consignments and stop manufacture of goods which are under the process of manufacture for that particular market unless the Corporation consents in writing to his refraining from so doing.

5. **Declarations**: (a) The Exporter shall, on or before the 10th day of each calendar month, forward to the Corporation the declaration on the form prescribed by the Corporation of:

- i) all contracts and shipments made by him during the previous month;
 - ii) all amounts which at the end of the previous month, remained wholly or partly unpaid for more than one month from the due date of payment in respect of shipments previously declared. (Such declarations shall be continued to be forwarded to the Corporation in respect of all transactions insured with it, so long as such transactions remain outstanding);
- (b) the exporter shall furnish the Corporation promptly with any further information regarding such contracts entered into and shipments made by the exporter that the Corporation may from time to time require.

6. **Contract price and gross invoice value**: In this Policy,

- i) the contract price, and
- ii) the gross invoice value of a shipment shall include any insurance, freight or other charges paid or to be paid by the exporter on the buyer's behalf but shall exclude any payments at the date of the contract secured by irrevocable letters of credit confirmed by a bank in India.

7. **Percentage of loss payable**: The percentage of the amount of any loss which the Corporation hereby agrees to pay shall be 90%.

8. **Amount of Loss**: The amount of loss shall :

- (A) where the loss is due to the diversion risk as defined in sub-clause (vi) of Risks Insured under this 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 it is impracticable to recover from the buyer less any allowance, rebate or refund to which the exporter is entitled by reason of the interruption or diversion of voyage.

(B) 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

Exporter 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 buyers, be the contract price of the goods or when the goods have been shipped the gross invoice value thereof, less
- i) any expenses saved by the nonfulfilment of the contract for the sale of those goods,
 - ii) any sums which, at the date at which the loss is ascertained the exporter has recovered from any source, including realisation of any security, resale of any goods or materials and any sums or credits in his possession which the Exporter is entitled to appropriate as or towards payment of the purchase price, or any part thereof provided that the sums so recovered or realised by any security or resale of any goods or materials shall be the sums less all expenses of recovery realisation or resale
 - iii) any part of the contract price of the goods or as the case may be the gross invoice value which represents interest payable by the buyer for credit facilities in respect of any period subsequent to payment by the Corporation, provided always that the goods not delivered, shall remain the property of the Exporter and any resale thereof by the Exporter shall be with prior approval of the Corporation. In case the sale of goods not delivered is made without the prior approval of the Corporation, the Corporation shall not be liable for any loss suffered by the Exporter in connection with the particular shipment concerned.

9. **Time for ascertainment of loss:** Subject to the submission by the Exporter on the form prescribed by the Corporation of a claim supported by evidence which, in the opinion of the Corporation is sufficient and by a verification of the cause of loss the Corporation will pay to the Exporter in Mumbai the amount of loss hereby insured immediately after the loss has been ascertained and such loss shall be ascertained;

- a) where the loss is due to the goods not having been delivered to the buyer, one month after the due date on which, with the Corporation's approval in writing the goods have been resold or otherwise disposed of by the Exporter

- b) where the loss is due to the prevention of or delay in the transfer of payments from the buyer's country to India in circumstances outside the control of both the Exporter and the buyer, four months after the due date of payment by the buyer, or if the buyer has made irrevocable deposit for the transfer to the Exporter, four months after making of such deposit, whichever of the two is the earlier;
- c) where the loss is due to diversion risk as defined in (vi) of the Risks Insured, as soon as the proof of loss to the satisfaction of the Corporation is furnished;
- d) in all other cases, four months after the occurrence of the event which is the cause of the loss.

10. **Payment of Loss:** The Exporter shall, as a condition precedent to the payment of the amount of a percentage of any loss as herein defined, procure and deliver to the Corporation in writing from the Bank which holds the documents pertaining to the shipment concerned acknowledging and agreeing (1) that the Bank holds the same in trust for the Corporation (2) that the Bank shall, upon demand by the Corporation deliver them upto the Corporation and (3) that if the bank shall receive any payments against such document the Bank shall make payment thereof according to the directions of the Corporation in writing

11. **Rate of Exchange:** All payments under this Policy shall be made in Indian Rupees at the Head Office of the Corporation and for the purpose of payment of premiums and losses, the gross invoice value of shipments invoiced in a foreign currency shall be converted into Indian Rupee at the Bank buying rate of exchange at Mumbai on the date of the relative shipment.

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.

LIMITATION OF CORPORATION'S LIABILITY

12. **Limitation of Liability:** 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 Exporter has been assigned without full recourse to the Exporter unless the prior approval in writing of the Corporation thereto has been obtained; or
- b) in respect of a debt as to which the Exporter has extended the period for payments, 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 so exported.

13. **Maximum Liability :** The total liability of the Corporation under this Policy shall be limited to
Rs. _____)
(Rupees _____)

RECOVERIES

14. **Action after payment of claim :** Upon payment by the Corporation of the amount due hereunder to the Exporter, the Exporter shall :

- a) take all steps which may be necessary or expedient, or which the Corporation may at any time require to effect recoveries whether from the buyer or any other source from whom such recoveries may be made;
 - b) upon request assign and transfer to the Corporation his rights under any contract in respect of which such payment has been made, including his right to receive any moneys payable under such contract or his right to damage from any breach thereof;
 - c) upon request deliver up to the Corporation any goods in respect of which such payments have 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 up or otherwise transfer to the Corporation any negotiable instruments, guarantees, or other securities relating to such goods or such contracts.
15. **Recovery Expenses :** Any expenses incurred by the Exporter with the consent of the Corporation or by the Corporation for the purpose of effecting recoveries from buyer or any other source shall be a first charge on any amounts recovered thereafter.
16. **Recoveries :** Any sums recovered by the Exporter or the Corporation of a loss to which this policy applies after the date at which the loss is ascertained from the buyer or any other source shall be divided between the Corporation and the Exporter in the proportion of 90 and 10.

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

17. **Due date of payment :** The words 'Due date of Payment' in 'Risk Insured' under this Policy and clauses 5 and 9 of this Policy shall include and be deemed to include, where the time of payment has been extended by the Exporter with the consent in writing of the Corporation the date to which the time has been so extended.

18. **Assignment :** This Policy, or any amount payable hereunder, is assignable only with the previous approval in writing of the Corporation.

19. **Fraudulent Claims :** If the Exporter makes any claim hereunder, knowing the same to be false or fraudulent or if any fraudulent means or devices are used by the Exporter or any one acting on his behalf to obtain any benefit under this Policy, the liability of the Corporation hereunder shall cease and the Exporter 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.

20. **Observance of Conditions :** The due performance and observance of each terms 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 Exporter.

21. **Failure to comply with Condition :** No failure by the Exporter to comply with the terms and conditions of the Policy 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.

For Managing Director.