

NIRVIK scheme

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Why is it in the news?

- Export Credit Guarantee Corporation of India (ECGC) has introduced 'NIRVIK' scheme to ease the lending process and enhance loan availability for exporter

Ministry: Ministry of Commerce and Industry.

Objective: The main aim behind introducing the scheme was to enhance accessibility and affordability of credit for exporters.

Benefits:

- The decision will help make Indian exports competitive and make ECGC procedures exporter friendly, benefiting MSME exporters with a new scheme for reimbursing taxes, reduced insurance cost and ease of doing business.
- The insurance cover is expected to bring down the cost of credit due to capital relief, less provision requirement and liquidity due to quick settlement of claims and will ensure timely and adequate working capital to the export sector.
- Ministry of Commerce was already running a scheme "Export Credit Insurance Scheme" to provide credit risk insurance through ECGC Ltd at cheaper premium. Under this scheme it was covering a loss of 60% of Principal and Interest. But in the newly launched scheme "NIRVIK" this coverage has been increased to 90% of the Principal and Interest.
- So, if the exporter took Rs. 100 cr loan and he is not able to receive payment because of any aforementioned reasons. then ECGC will pay 90 crore and exporter will have to pay Rs. 10 crore.
- It was also proposed to subsidise the premium under the

Scheme that has to be paid by exporters of certain key sectors.