



## Handbook for Indian SMEs on Managing Risks and Securing Payments in Exports

### Brief Description:

In spite of contributing more than 40% to India's total exports, why do only less than half a percent of SMEs are engaged in direct exports? According to studies conducted under UNCATD led project in India, one of the major external barriers in SMEs' efforts to exporting is found to be payment related risk. The Handbook attempts to address the information failure in three major areas: Credit Reports, Export Inspections and Debt Collection. It provides for the first time a detailed directory of agencies that SMEs can approach for these three specific requirements. The Handbook begins with description of various payment instruments used in international trade such as advance payments, documentary collections and letters of credits (LCs). It provides valuable tips and highlights precautions in using various payment instruments especially the LCs. Secondly, it explains what does a Buyer's Credit Report contain and how an SME could take advantage of it before making shipment. The Handbook also provides lists of India based companies as well as country specific providers of such reports. Thirdly, it explains the concept of the Export Credit Insurance. It also enlists major Export Credit Insurance providers in India. Finally, it explains as to what should be done in case an export credit turns into bad-debt. A detailed global list of debt collection agencies (including those based in India) has been compiled and provided in Handbook. The entire Handbook is divided into two sections. Section one contains the explanatory notes on the three issues- Credit Reports, Export Inspections and Debt Collection and Section two houses the data bases of companies and service providers corresponding to the three issues.

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Handbook

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