



REGULATORY

Niryat Protsahan: Unpacking the Legal Architecture of India's E-Commerce Export Credit Scheme

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Legislative and Regulatory Background

On 6th March 2026, the Directorate General of Foreign Trade (DGFT), operating under the Ministry of Commerce and Industry, Government of India, promulgated Trade Notice No. 31/2025-26 announcing the operationalisation of the Credit Assistance for E-Commerce Exporters intervention. This measure forms an integral component of the Export Promotion Mission (EPM) Niryat Protsahan and carries prospective legal effect from the date of its issuance.

The intervention has been framed pursuant to the Foreign Trade Policy (FTP) 2023 and its guidelines are expressly submitted for stakeholder consultation under Paragraph 1.07A thereof. Stakeholders are afforded a thirty-day window from the date of issuance to furnish written submissions to the DGFT, thereby preserving the participatory character of the regulatory process.

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Policy Objective and Statutory Purpose

The stated objective of the intervention is the enhancement of working capital access for Micro, Small and Medium Enterprises (MSMEs) participating in international value chains through electronic commerce. The policy rationale is grounded in the observed structural impediment that MSMEs face in procuring inventory in anticipation of demand, thereby constraining their capacity to scale their presence in global markets.

The scheme seeks to address this deficiency through the dual mechanism of credit guarantee coverage and interest subvention, designed to simultaneously reduce the perceived credit risk for lending institutions and lower the effective cost of borrowing for eligible beneficiaries.

Eligibility Criteria and Conditions Precedent

Eligibility for support under the intervention is circumscribed by several cumulative conditions. An applicant must hold an active Importer-Exporter Code (IEC) not appearing on the Denied Entity List, and must possess a valid MSME Udyam Registration Number linked to the said IEC. Additionally, the applicant must demonstrate either a minimum of six months' proven track record in exporting through postal or courier channels, current inventory maintained in overseas warehouses, or stock placed in warehouses established under the E-Commerce Export Hub (ECEH) facility.

Notably, new MSME entrants to international e-commerce are also accommodated within the scheme's ambit, provided they can establish a minimum of one year of regular domestic e-commerce operations. This provision reflects the legislature's intent to cultivate nascent export capacity while maintaining minimum risk thresholds.

Financial Instruments and Nature of Assistance

The intervention provides for two distinct credit instruments. The Direct E-Commerce Credit Facility offers a credit limit of up to Rs. 50 lakh, carrying a guarantee cover of up to 90% and a guarantee fee of 0.5% per annum, with a maximum tenure of 365 days. The Overseas Inventory E-Commerce Credit Facility extends a significantly higher credit ceiling of up to Rs. 5 crore, with a guarantee cover of up to 75% and a guarantee fee of 1.0% per annum for the same maximum tenure.

Both instruments are supplemented by an upfront interest subvention of 2.75%, which is subject to an annual per-beneficiary ceiling of Rs. 15 lakh. The applicable subvention rates and guarantee coverage levels are subject to bi-annual review and revision by the Sub-Committee on Trade Finance, with effect from 1st April and 1st October of each financial year respectively.

Implementing Framework and Institutional Architecture

The intervention is operationalised through the Export-Import Bank of India (Exim Bank) in conjunction with the National Credit Guarantee Trustee Company Limited (NCGTC). A dedicated corpus, designated the 'E-Commerce Credit Trust', shall be seeded by the Government of India and administered by NCGTC. Exim Bank is charged with the conduct of risk-model-based assessments and shall communicate in-principal approvals to Member Lending Institutions (MLIs) within three business days, with NCGTC confirming conformity within one subsequent business day.

Only Scheduled Commercial Banks and All India Financial Institutions qualify as MLIs under the scheme. This institutional restriction is designed to ensure adequate prudential oversight and accountability in the disbursement and management of guaranteed credit facilities.

Procedural Requirements and Process of Application

The application process is initiated through the DGFT online portal, upon which a Unique Identity Number (UIN) is issued to the applicant. The beneficiary thereafter approaches an eligible MLI with the UIN for the sanctioning of the credit facility. Upon sanction, the MLI submits an application for credit guarantee to Exim Bank, accompanied by relevant financial, export and firm-specific documentation. In the case of direct exports via postal or courier routes, an independent Chartered Accountant certificate validating export turnover for the preceding two financial years is a mandatory documentary requirement.

Legal Observations and Practitioner's Analysis

From a legal standpoint, the scheme represents a sophisticated and well-structured deployment of conditional sovereign credit enhancement. The guarantee framework is carefully circumscribed claims may only be invoked between 90 and 360 days following an account's classification as a Non-Performing Asset (NPA), ensuring that guarantee invocation is preceded by substantive recovery efforts on the part of the MLI. Accounts classified as fraud or wilful default are expressly excluded from claim settlement, which aligns the scheme with the broader regulatory philosophy under the Reserve Bank of India's prudential norms.

Of particular significance is the express exclusion of deemed exports, as defined under Chapter 7 of the Foreign Trade Policy, and exports directed to Special Economic Zones (SEZs). Enterprises operating within such structures must therefore seek alternative avenues of credit support. Furthermore, the prohibition on double-counting of guarantee coverage whereby a credit facility already covered under another scheme is expressly rendered ineligible reflects a clear legislative intent to prevent unjust enrichment and ensure equitable distribution of State support.

The scheme's pilot nature warrants attention. While the framework is legally operative from 6th March 2026, it is expressly subject to iterative refinement based on institutional learning and data-driven assessment. Prospective beneficiaries and their legal advisors should remain attentive to amendments, operational circulars, and FAQs that may materially alter the terms of access or the quantum of assistance available under the intervention.

Conclusion

Trade Notice No. 31/2025-26 marks a substantive policy milestone in India's commitment to positioning MSMEs as meaningful participants in the global digital economy. The legal and institutional architecture of the Credit Assistance for E-Commerce Exporters intervention is coherent, proportionate and operationally grounded. Enterprises that satisfy the prescribed eligibility conditions stand to benefit materially from reduced working capital costs and enhanced access to institutional credit. The thirty-day stakeholder consultation window also presents a timely opportunity for industry participants to engage constructively with the regulatory framework before its terms are finalised.

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