



E-Serve No.: 54 of 2026 | Date: February 24, 2026

Resend: February 25, 2026

Sub: Guidelines for Support for Alternative Trade Instruments under Export Promotion Mission (EPM)

Dear Member,

This is to inform you that DGFT vide Trade Notice No.25 dated 20th February, 2026 ([copy enclosed](#)) has introduced a new scheme titled "Support for Alternative Trade Instruments" under Export Promotion Mission (EPM).- Niryat Protsahan with immediate effect on a prospective basis.

Key Highlights:

1. Objective of the Scheme

The scheme shall improve access to export finance for MSMEs, particularly those engaged in global value chains, by promoting alternative trade finance instruments alongside traditional bank credit.

2. Focus Area - Export Factoring

The scheme will initially support export factoring, which is a financing arrangement where an exporter receives immediate payment against export invoices instead of waiting for the overseas buyer to pay after the credit period.

It will cover:

- Recourse factoring – If the foreign buyer fails to pay, the exporter remains responsible for repaying the amount to the factoring company.

- Non-recourse factoring – The factoring company bears the risk of non-payment by the buyer, protecting the exporter from default risk.

These arrangements can be executed either in **Indian Rupees** or in any **freely convertible foreign currency** (such as USD, EUR, etc.).

3. Eligible Entities

Factoring arrangements entered into between eligible MSMEs and entities regulated

by:

-- Reserve Bank of India (RBI), or
-- International Financial Services Centres Authority (IFSCA) will be covered under this intervention.

4. Pilot Basis Implementation

The scheme will initially operate on a pilot basis to enable feedback, institutional learning, and further refinements.

5. Detailed Guidelines

The following are enclosed with the Trade Notice:

- Annexure I – Policy Framework
- Annexure II – Operational & Procedural Guidelines
- Annexure III – Governance Structure
- Annexure IV – Procedure for Availing Support

Members Feedback Invited

You are advised to examine the Guidelines carefully and explore the opportunity to utilize export factoring as an alternative trade finance mechanism.

Members may submit comments and suggestions within 30 days from the date of the Trade Notice to epm-dgft@gov.in with a copy marked to the Council at sybil@texprocil.org / ramitha@texprocil.org

Regards,

Dr. Siddhartha Rajagopal
Executive Director

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