

## Apparel Export Promotion Council

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### Chairman AEPC requested for a separate MSMEs export sector policy from RBI Governor

**New Delhi; 16<sup>th</sup> February 2026:** Dr. A Sakthivel, Chairman AEPC met Shri Sanjay Malhotra, Governor, Reserve Bank of India in Mumbai today and requested for a separate export policy for the MSMEs sector. Chairman AEPC proposed that a dedicated Special Interest Package Scheme be introduced for MSMEs. Currently, banks determine lending rates based on their internal policies and balance sheet considerations, leading to inconsistencies and higher borrowing costs.

Chairman AEPC meeting with the RBI Governor assumes important as India has signed FTA with 37 countries the next decade is going to the India's advantages in apparel and textiles and it is time to leverage this for boosting exports from the country. In his representation Dr Sakthivel said, "A large number of apparel exporters across India — predominantly MSMEs — face several operational and regulatory difficulties, particularly in their interactions with Authorised Dealer (AD) Banks, export finance systems, and compliance frameworks." MSMEs sector face challenges like high interest rates on MSME loans, increasing the cost of borrowing and affecting competitiveness; lending rates closely linked to CIBIL scores, which places small enterprises and first-time exporters at a disadvantage; high Turnaround Time (TAT) for processing and sanctioning MSME loans, impacting working capital cycles, limited digitalization of MSME lending processes, resulting in procedural delays and lack of transparency, etc. he added.

As a suggestion, Dr Sakthivel proposed, "A dedicated Special Interest Package Scheme be introduced for MSMEs. Currently, banks determine lending rates based on their internal policies and balance sheet considerations, leading to inconsistencies and higher borrowing costs. In this regard, the RBI may kindly consider issuing appropriate regulatory guidelines to ensure fair, transparent, and uniform lending practices for MSMEs, thereby improving credit accessibility and supporting sustainable sectoral growth with end-to-end digital loan processing and real-time tracking."

Further Chairman AEPC requested to solve the export finance constraints, the Interest Equalisation Scheme may be increased from existing 2.75% to 5% for manufacturing exporters and the Reserve Bank of India may consider removing the cap of Rs.50 Lakhs and enhancing the eligible limit for Interest Equalisation Scheme in a graded manner based on turnover/export performance.

Chairman AEPC in his representation also requested for hosts of other measures to strengthen the MSMEs sector. The few other suggestions are as below:

- External credit ratings may be made mandatory only for MSME units with total banking exposure above ₹100 crores.
- Credit Information Reports (CIRs) may be replaced with CRILC (Central Repository of Information on Large Credits) reports for regulatory and monitoring purposes, wherever applicable.

- Processing charges on renewal of existing bank limits (where there is no enhancement or restructuring) may be waived or significantly reduced only to the enhanced amount of bank limits.
- A standardised structure should be implemented across all banks, and the Reserve Bank of India may kindly regulate both forex conversion and general bank service charges to ensure transparency and uniformity.
- Exporters obtain post-shipment risk coverage through active buyer policies from the Export Credit Guarantee Corporation of India. However, for pre-shipment packing credit facilities, lender banks secure separate coverage, and the premium cost is passed on to exporters. This results in increased financing costs and additional compliance burden, despite exporters already maintaining adequate risk protection.
- Integration and seamless transmission of foreign bank charges data from the RBI-EDPMS system to the Customs ICEGATE system will help eliminate unnecessary short realisation notices from Customs.

Chairman AEPC stated that, MSME exporters play a vital role in India's export growth and employment generation. However, procedural delays, banking constraints, and regulatory complexities are affecting their operational efficiency and competitiveness." MSMEs form the backbone of India's economy, contributing nearly 30% to GDP, 45% to exports, and providing employment to over 11 Crore people. However, persistent structural, financial, and procedural challenges are impacting their competitiveness and export performance, he added.