

RBI Trade Relief Measures: Moratorium, Extended Credit Tenor & Support for Exporters

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RBI Trade Relief Measures Latest News

- The RBI has introduced immediate trade relief measures to help exporters struggling with debt servicing amid global trade disruptions.
- These include a loan moratorium, longer export credit tenors, and relaxed asset classification norms, applicable to banks, NBFCs, cooperative banks, and all-India financial institutions.
- The announcement follows signals from the US about reducing high tariffs on India.
- Key exporting sectors such as chemicals, plastics, rubber, leather, apparel, footwear, iron and steel products, and electrical machinery are covered under RBI's relief framework.

RBI Unveils Relief Package for Tariff-Hit Exporters

- The RBI announced a series of trade relief measures to ease working capital stress, enhance borrowing access, and defer repayments for exporters affected by global trade disruptions.

- These measures, effective immediately, cover 20 tariff-hit export sectors including chemicals, plastics, textiles, leather, metals, machinery, vehicles, footwear, and fisheries.
- These steps aim to ease compliance pressures for exporters facing global trade disruptions.

Loan Moratorium to Ease Debt Burden

- The RBI has announced a moratorium on term loan repayments and interest recovery for working capital loans due between September 1 and December 31, 2025.
- During this period, interest will accrue only on a **simple interest** basis, with no compounding.
- Accrued interest will be converted into a funded interest term loan, repayable between April and September 2026.
- For working capital loans, lenders may revise drawing power or reassess limits to support affected borrowers.

Improved Access to Working Capital

- The RBI has increased the maximum repayment period for pre-shipment and post-shipment export credit from **270 days to 450 days** for loans disbursed up to March 31, 2026.
- For packing credit availed before August 31, 2025, where shipments could not occur, lenders may permit repayment through legitimate alternative sources, including domestic sales or proceeds from substitute export orders.

Safeguards for Asset Quality

- The RBI announced that any moratorium or deferment granted will **not count toward days past due**.
- With this, it ensured that borrowers' accounts are not downgraded under Income Recognition, Asset Classification and Provisioning (IRACP) norms.
- These relief actions — including revised drawing power — **will not be treated as restructuring**, and Credit Information Companies must ensure borrowers' credit histories remain unaffected.
- Only exporters with standard asset classification as of August 31, 2025, are eligible.
- Relief measures will require 5% provisioning on such loans, though analysts say this is unlikely to significantly impact profitability.
- Lenders must adopt a formal policy defining eligibility and publicly disclose criteria.

Relaxations Under FEMA for Export Realisation

- The RBI extended the deadline for realising export proceeds from 9 to 15 months.
- It also increased the shipment period against advance payments from 1 to 3 years, easing compliance pressures for exporters facing delays.

Recent Government Measures to Boost Export Ecosystem

- The government has extended key timelines to ease pressures on exporters:
 - the period for realisation and repatriation of export proceeds has been increased from 9 to 15 months;
 - the shipment window for goods against advance payments has been extended from 1 to 3 years.

- In addition, the Union Cabinet approved two major initiatives worth ₹45,060 crore to strengthen India's export ecosystem.
- These include:
 - the **Credit Guarantee Scheme for Exporters (CGSE)**, offering collateral-free loans up to ₹20,000 crore, and
 - the Export Promotion Mission (EPM) aimed at improving export competitiveness.
- Industry leaders say these measures will particularly benefit MSMEs facing tariff-related disruptions, enhance market access, ease liquidity constraints, and address longstanding challenges in logistics, credit availability, and export infrastructure.

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