

इंडियन बैंक



Indian Bank

इलाहाबाद

ALLAHABAD

IND MSME OBSERVER

Monthly Insights from Your Own Bank

March 2026

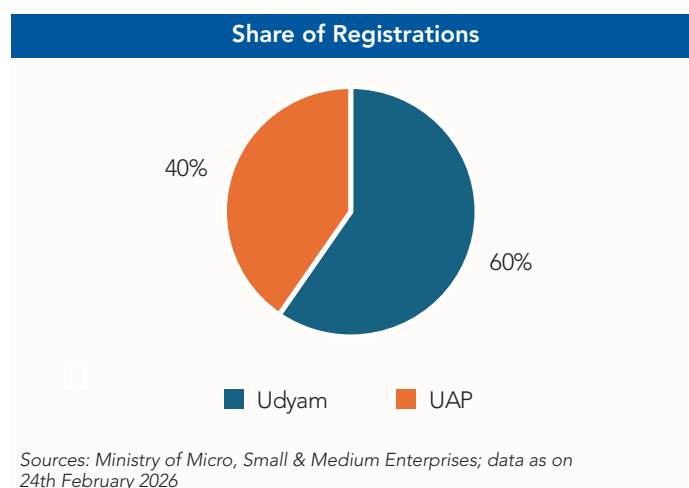
Table of Contents

1. MSME Cursor	3
2. Indian Economic Monitor	4
3. Global Scenario	6
4. Output and Price	7
5. Focus Sector	
• Hospitality Sector	8
• Chemicals Sector	10

MSME Cursor

MSME Formalisation

- The MSME sector continues to increasingly formalise with growing monthly registrations, 777.3m as of Feb 2026, registered MSMEs, consisting of 464.1m enterprises registered on Udyam and 314.2m units registered through the Udyam Assist Platform (UAP).
- MSMEs continue to be critical economic pillar of Indian economy, generating over 34.3bn jobs, underscoring their central role in employment, grassroots entrepreneurship and economic value creation units.



Top five States with highest number of registrations

S. No.	State	Udyam (Micro, Small & Medium Enterprises)	IMEs (UAP)	Total MSMEs
1	Maharashtra	7.2m	2.9m	10.1m
2	Uttar Pradesh	4.9m	3.7m	8.6m
3	West Bengal	2.1m	3.1m	5.3m
4	Karnataka	2.6m	2.4m	5.0m
5	Madhya Pradesh	2.4m	2.4m	4.8m

Note: As on 24th February 2026

Recent Developments:

- **Credit and Financing Support**
 - a. **Equity Support:** A dedicated Rs 1trn SME Growth Fund has been introduced to nurture future champions through incentivized support, alongside a Rs 20m top-up to the Self-Reliant India Fund (2021) to strengthen risk-capital access for micro enterprises.
 - b. **Liquidity Support:** To enhance MSME cash-flow, over Rs 7trn has already been enabled via TReDS, with four new measures proposed, mandatory TReDS use by CPSEs, CGTMSE-backed invoice discounting, GeM-TReDS integration for financing, and TReDS receivables as asset-backed securities would support development of a secondary market and boost liquidity.
- **Export Promotion Mission:** Launch of export factoring and e-commerce credit support to ease liquidity for exporting MSMEs.
- **Launch of Udyami Bharat Portal:** The Udyami Bharat Portal and MSME Technology Transfer Platform was launched in February 2026 to boost competitiveness by streamlining access to information for MSMEs.

Economy Monitor

Base Year Revision of GDP series

- The base year for GDP has been revised from 2011–12 to 2022–23 to better reflect India’s evolving economic structure. The year 2022–23 has been selected as the new base year as it represents the most recent “normal” period following the disruptions of 2019–2021.
- The revised GDP series strengthens estimation by integrating new, improved data sources such as ASUSE, PLFS, GST, PFMS etc. Real GDP growth for 2025-26 is estimated at 7.6%, higher than the 7.1% recorded in 2024-25.

Industrial & Consumption Trends

- India’s Index of Industrial Production (IIP) rose 7.8% in Dec-2025, reaching its highest level in over two years. Growth remains broadly stable at 3.8% during Apr–Dec 2025 compared to 4.1% during Apr–Dec 2024, indicating that underlying momentum remains strong.
- GST receipts in Jan-2026 rose 6.2% y/y to Rs 1.9trn, supported by 4.8% growth in gross domestic revenue and a 10.1% increase in import revenue. Net GST revenue after refunds reached Rs 1.7trn in the month. Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Uttar Pradesh led in collections.

Price Scenario

- CPI increased 2.7% y/y in Jan-2026, with WPI at 1.8% y/y during the month. The rise was led by higher prices in other manufacturing categories, minerals, machinery and equipment, food products, and textiles, pointing to stabilising producer-side pricing conditions.

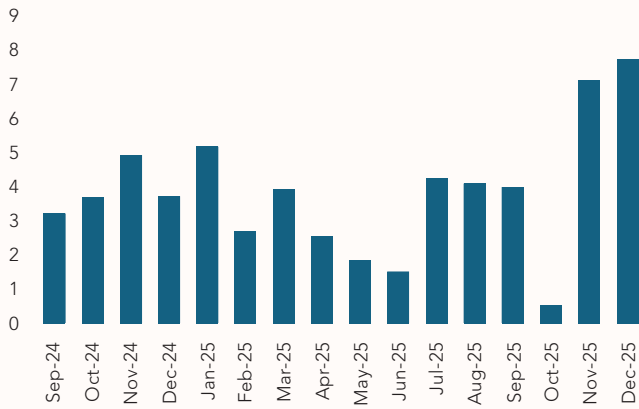
Money Market and Market Operations

- The 10-year G-Sec yield averaged at 6.6% and the 91-day T-bill yield averaged at 5.3% in Feb 2026. Uptick of ~10 basis points reflect firmer short term liquidity conditions and higher government borrowing requirements at the start of the quarter.
- Bank credit grew 14.6% in January 2026, elevated credit growth may reflect building stress in funding conditions.
- The RBI’s MPC held the repo rate at 5.25% with a neutral stance. It paused further easing to monitor the transmission of earlier cuts and the effects of recent US–EU trade agreements.

External Sector

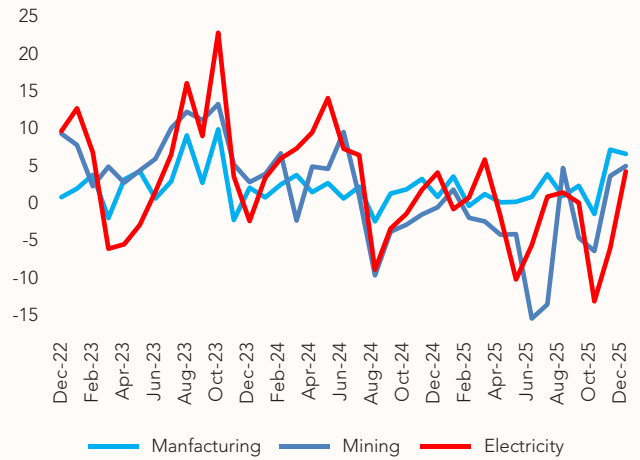
- The rupee hovered near 90.92 per USD, supported by a softer dollar.
- The cumulative exports (merchandise & services) during Apr-Jan 2025-26 grew 6.15% at (USD 720.76 bn from USD 679.02 bn in Apr-Jan 2024-25).

IIP (y/y%)



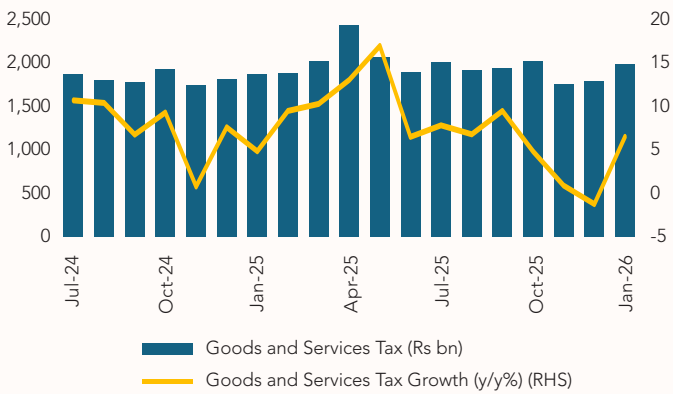
Sources: Ministry of Statistics and Programme Implementation

IIP Sectorial Performance (y/y%)



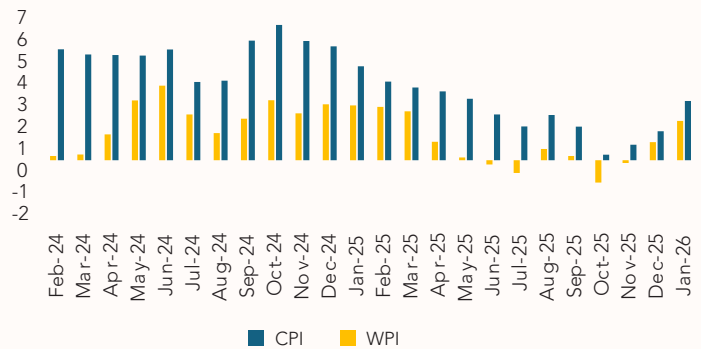
Sources: Ministry of Statistics and Programme Implementation

Goods and Service Tax



Sources: Ministry of Finance

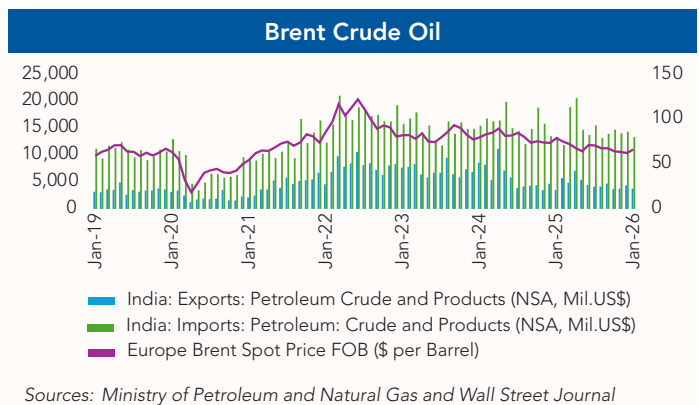
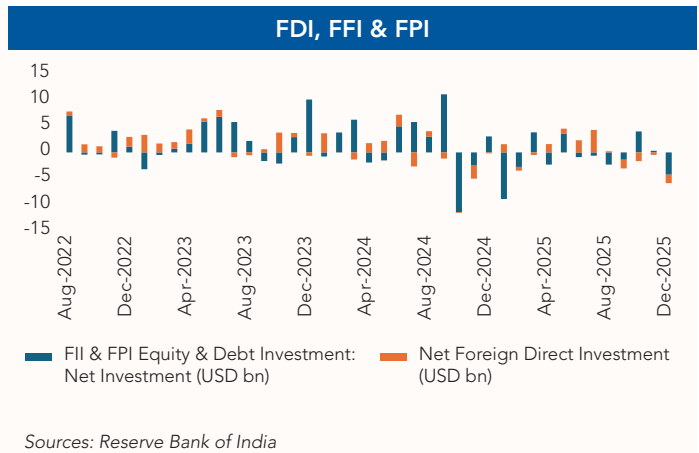
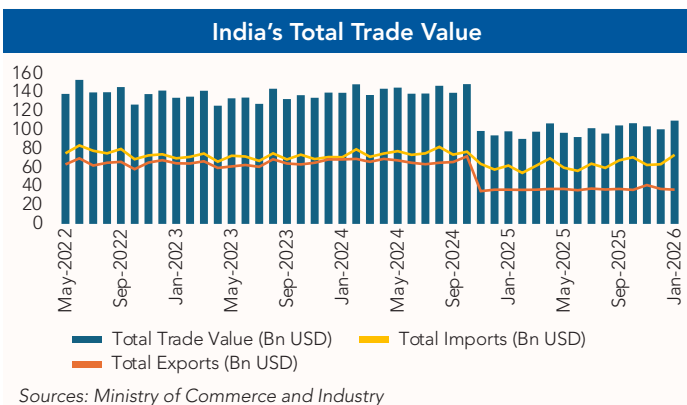
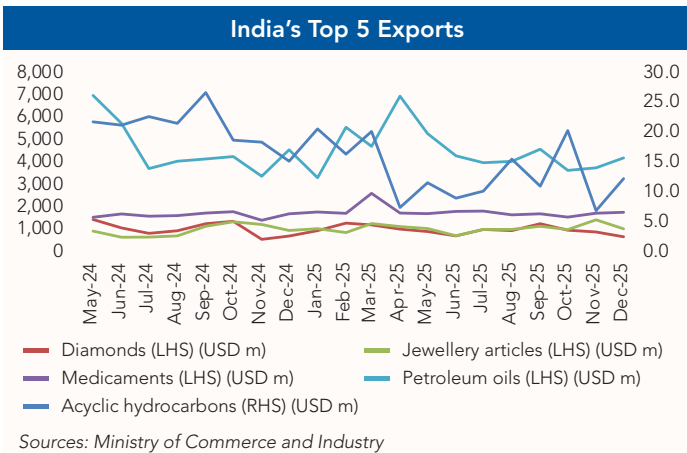
CPI & WPI (y/y%)



Sources: Ministry of Statistics and Programme Implementation and Office of Economic Adviser

Global Scenario

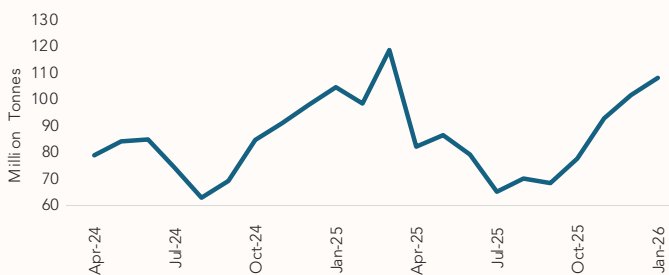
- Escalating tensions in Iran have intensified risks across key maritime corridors, with tankers increasingly avoiding the Strait of Hormuz and triggering volatility in crude markets as fears of supply disruptions push freight rates and oil prices higher.
- India–US Interim Trade Agreement Framework sought to boost technology collaboration and support MSMEs and other priority groups. It also aimed to reinforce bilateral supply chains, expanding MSME access to investment and advanced manufacturing ecosystems.
- India and Malaysia exchanged 11 cooperation documents spanning disaster management, UN peacekeeping, semiconductors, social security, TVET, and health. The move also deepened MSME opportunities by advancing semiconductor ecosystem development, digital-skills initiatives, and wider economic and maritime engagement under their Comprehensive Strategic Partnership.
- India and France upgraded ties to a Special Global Strategic Partnership under the Horizon 2047 roadmap. The focus spans economic security, innovation, digital and defence cooperation, and supply-chain resilience. This creates new MSME opportunities across high-value engineering, clean-tech manufacturing, dual-use technologies, and digital solutions.
- The India–Seychelles Joint Vision, aligned with India’s maritime-security doctrine, focuses on sustainability, maritime capacity building, coastal security, and people-centric growth. It also creates MSME opportunities in renewable energy, marine services, coastal infrastructure, and Indo-Pacific community projects.
- India signed MoU with Brazil for MSME Cooperation for green transition and technology collaboration, opening new innovation and market opportunities.



Output and Price

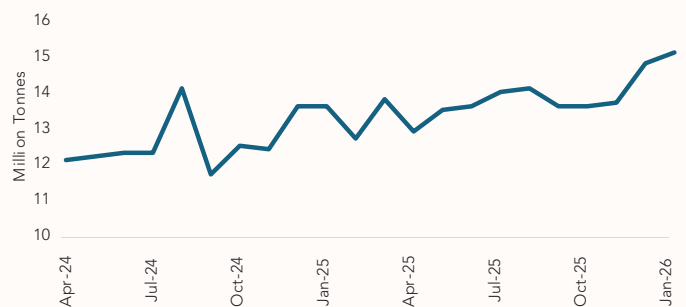
- Coal and steel indicators remained supportive through February, with steady coal and steel production.
- Across non-ferrous metals, pricing trends have shifted noticeably this month. Zinc and copper continue to firm up, keeping cost pressures elevated for electricals, hardware and precision-metal segments, while aluminium and nickel have softened, providing short-term relief for castings, extrusions and alloy-heavy industries.

Coal Production



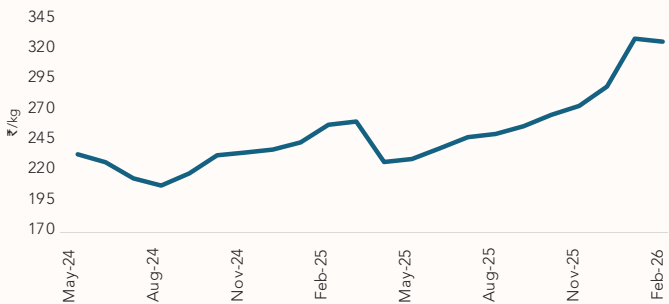
Sources: Ministry of Coal

Crude Steel Production



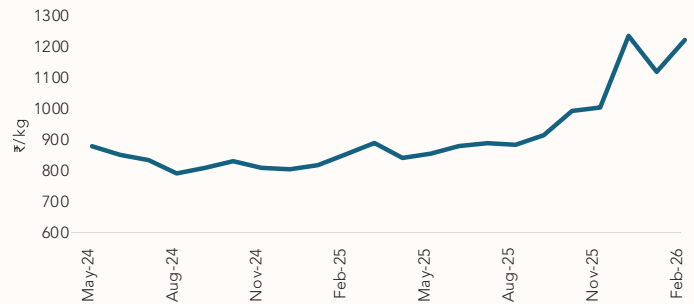
Sources: World Steel Association

Aluminium (Market Price)



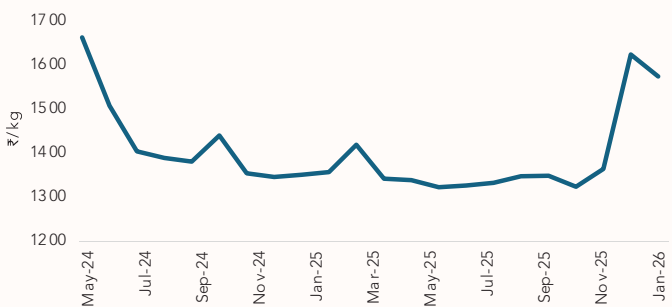
Sources: MCX India

Copper (Market Price)



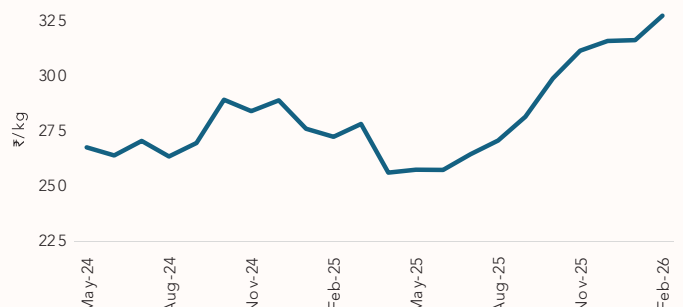
Sources: MCX India

Nickel (Market Price)



Sources: MCX India

Zinc Price (Market Price)



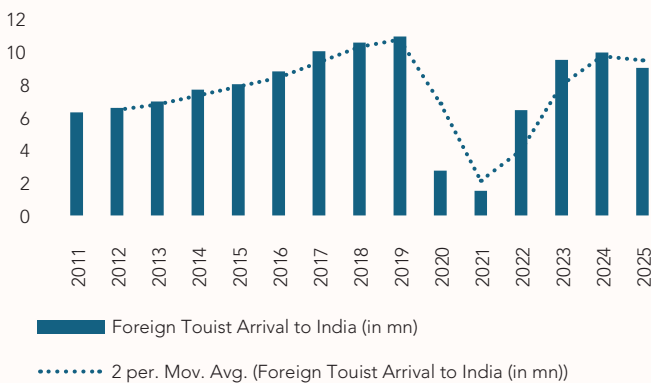
Sources: MCX India

Hospitality Sector

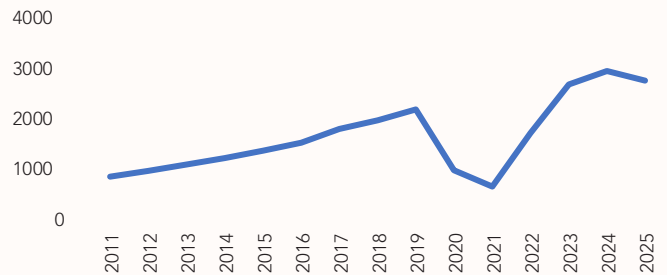
The tourism sector currently contributes to around 5.2% of India’s GDP, with foreign exchange earnings of around Rs 2.9 trn. A significant strengthening of the hospitality sector for FY27 is supported by an enhanced allocation of Rs 24.3 bn to the Ministry of Tourism, reflecting strong government commitment to tourism driven development.

- Foreign Tourist Arrival (FTA) and Foreign Exchange Earnings experienced a slight dip in 2025 compared to the previous year.
- The uniform 2.0% TCS on overseas tours and new content creator labs will further promote visitor engagement, collectively enabling strong expansion of the hospitality sector in FY27.
- Higher funding under Swadesh Darshan (Rs 19.1 bn) and PRASHAD (Rs 2.5 bn) will accelerate the development of tourism circuits, pilgrimage centres and heritage destinations, thereby stimulating demand for hotel and travel services.

Foreign Tourist Arrival to India (in mn)



Foreign Exchange Earnings (Rs bn)

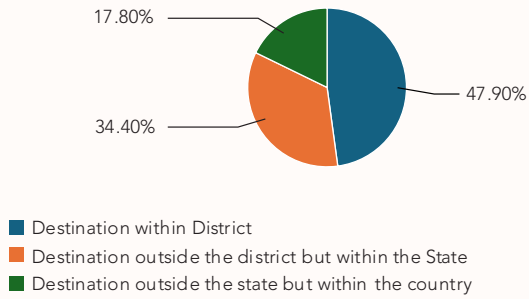


Sources: Tourism Satellite Account, India tourism data compendium & Annual Tourism Snapshot

Tourism Landscape

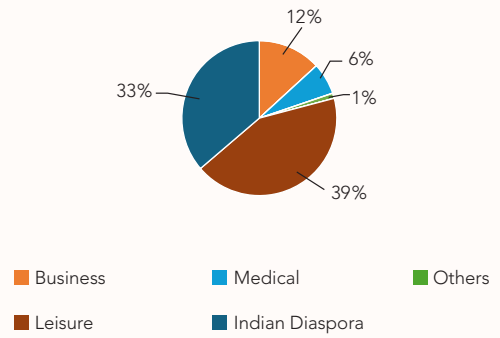
- India’s tourism dynamics reveal a clear tilt toward local travel, with short-distance trips dominating.
- Growth is reinforced by government’s emphasis on heritage and cultural tourism and medical tourism, with the introduction of five regional medical hubs, three new Ayurveda institutes, and upgraded Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH) facilities.
- Health related travel dominates with 62.8% national average, positioning India as a major hub for medical and wellness tourism. Andhra Pradesh tops this category at 85%.
- Leisure-driven travel accounts for a national average of 36.3%, with Delhi leading at 93.2%.

Domestic Travel Preferences in India (2025)



Sources: Tourism Satellite Account

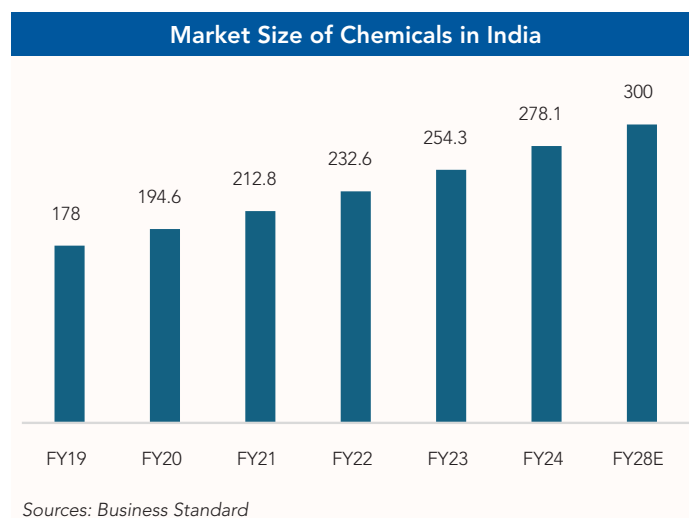
Purpose wise FTAs in India in 2025 (%)



Sources: India tourism data compendium & Annual Tourism Snapshot

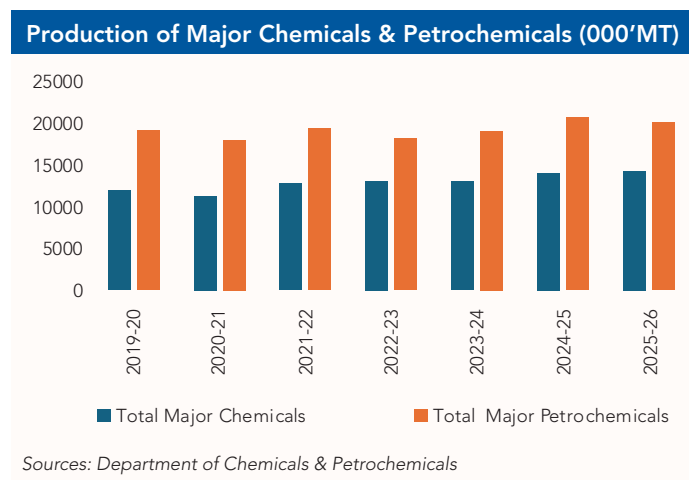
Chemicals Sector

- India is the sixth largest producer of chemicals in the world and third in Asia, contributing 7% to India's GDP.
- The Indian chemical industry, valued at Rs 21.5 trn in 2024, is projected to expand to USD 300 bn by 2028.
- The colourants segment remains a strong performer, holding an estimated ~15% share of the global market.
- A shift in global supply chains driven by the China+1 strategy, along with a revival in domestic end-user demand, is expected to significantly accelerate revenue growth.



Production of Chemicals

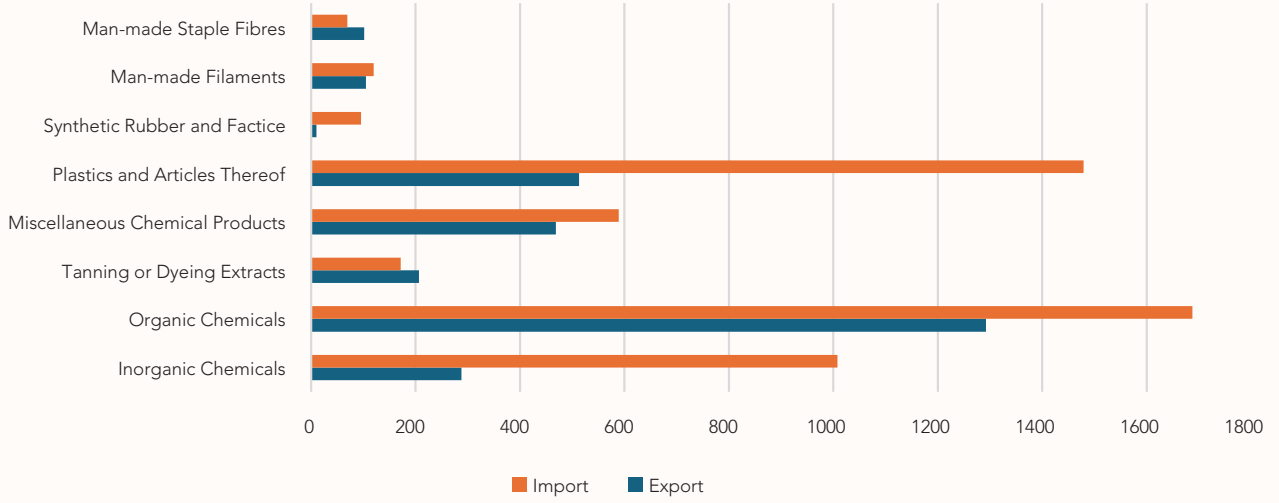
- India contributes 16–18% of global dyestuff and dye-intermediate production, with its colourants industry holding a strong ~15% share in the global market.
- Bharat Petroleum Corporation Ltd (BPCL) signed agreements on October 28, 2025, with Oil India, Numaligarh Refinery, and FACT to expand refining and petrochemical operations, including a proposed USD 1.43 bn greenfield refinery and petrochemical complex in Andhra Pradesh.



Trade Developments

- India maintains a strong global position in chemical trade, ranking 14th in exports and 8th in imports worldwide (excluding pharmaceuticals). During FY26 (Apr–Jul), India's dye and dye-intermediate exports amounted to USD 824.77 m.
- The UK–India FTA removes tariffs on 99% of India's exports to the UK and lowers duties on 90% of UK exports to India, offering a significant boost to the chemical sector.

Import-Export Trend of Chemicals, 2025 (in bn)



Sources: Ministry of Chemicals AR 2021-22

IND MSME Observer is a monthly publication designed to provide a comprehensive understanding of India's evolving economic landscape. Each edition delivers in-depth analysis of key macroeconomic developments, along with detailed insights into Micro, Small, and Medium Enterprises (MSMEs) and major industry sectors. The report aims to equip readers—business leaders, policymakers, and stakeholders—with valuable perspectives on trends shaping the Indian economy and their potential implications for MSMEs.

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