

इंडियन बैंक



Indian Bank

इलाहाबाद

ALLAHABAD

# IND MSME OBSERVER

Monthly Insights from Your Own Bank

April 2026



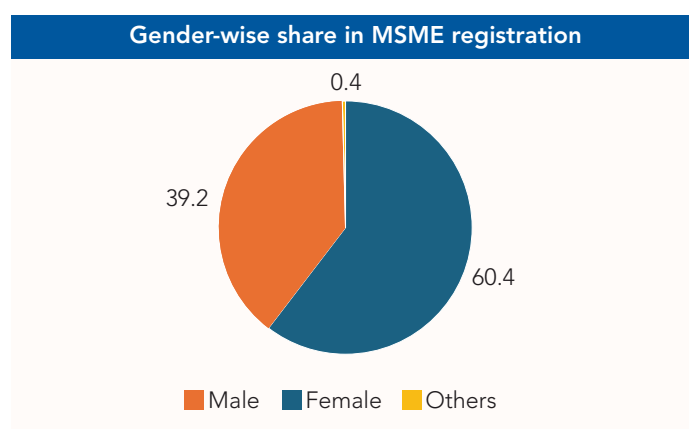
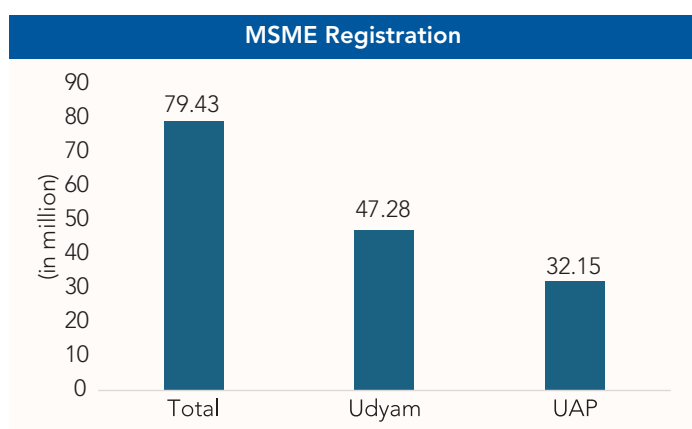
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## MSME Cursor

### MSME Udyam Registration

- The Udyam portal has reported 79.4m registrations for Micro, Small, and Medium Enterprises (MSMEs) in India, generating 350m jobs (as on Mar 20, 2026). The distribution of MSME reflects a strong orientation towards trading (42.7%) and service (36.4%) related activities as opposed to manufacturing (21%).
- The majority of registrations are in the micro category (99%), followed by small (0.6%) and medium (0.05%) enterprises. Maharashtra, Uttar Pradesh, Tamil Nadu, West Bengal and Karnataka together account for nearly 45% of total registrations.



Sources: Ministry of Micro, Small and Medium Enterprises; Data \*as on March 20, 2026

- 31.1m women-led enterprises have been registered as on Mar 20, 2026. The numbers highlight the growing footprint of women entrepreneurs across sectors. The government is supporting this growth through targeted policies, skill development programmes and credit support designed specifically for women-led businesses.

### Credit Environment and Financing Support Received by MSMEs

CGTMSE (Credit Guarantee Scheme)	(SRI) Fund	NSSH (National SC/ST Hub)	Loan Sanctions	Loan Sanctions
Guarantees issued: 1,39,39,040, Total Value: Rs 13.16 trn	MSME benefited: 731	Total beneficiaries: 2841, Subsidy released: Rs 3.21 bn	PMV: 5,67,953 projects, amount Rs 48.77 bn	PMEGP: 573,917 projects, amount Rs 590 bn

Sources: Ministry of Micro, Small and Medium Enterprises

- The Prime Minister's Employment Generation Programme sanctioned 5,73,917 projects amounting to Rs 590 bn and supported 3,94,591 units through Rs 132.2 bn in margin money subsidy, generating an estimated 3.2 mn jobs.
- PM Vishwakarma supported 5,67,953 micro-projects with assistance of Rs 48 bn as on Feb 28, 2026.
- The SRI Fund supports 731 MSMEs and the NSSH benefiting 2,841 SC/ST enterprises through Rs 3.21 bn in subsidies, helping marginalised entrepreneurs access affordable credit.



## Economy Monitor

### Industrial and Consumption Trends

- The Index of Industrial Production (IIP), one of the key components of economic growth, reported a modest 4.8% (YoY) growth in Jan 2026. The modest growth was mainly attributed to the sluggish performance of the manufacturing, and mining sector whereas electricity generation has improved significantly.
- During Feb 2026, the Index of Eight Core Industries (ICI), increased by 2.3% against Feb 2025. The production of cement, steel, fertilizers, coal and electricity recorded positive growth in Feb 2026. However, the domestic production of natural gas, crude oil and refinery products has been contracting.
- Under Use-based classification of IIP, infrastructure and construction goods recorded a robust 13.7% (YoY) growth followed by intermediate goods grew by 6% (YoY).
- The Feb 2026 GST receipts stood at Rs 1.83 trn, rising at 8.1% YoY, driven by a strong growth of 5.3% in domestic transactions 17.2% growth in import revenues; net GST revenue (after refund) reported at Rs 1.61 trn.
- Maharashtra maintained its highest rank as the top GST contributor in Feb 2026, recording the highest gross monthly revenue among all states.

### External Sector

- The Indian rupee (INR) experienced a significant appreciation in the first week of Feb 2026, following the announcement of an interim India-US trade deal. So far in the month of Mar 2026, the rupee has faced depreciating pressure and breached Rs 92.7 level mark per US dollar, due to escalation in the geopolitical tensions in the Middle East.
- India's cumulative (merchandise and service) exports during Apr-Feb 2026 are estimated at USD 790.86 bn from USD 747.58 bn, reflecting a notable growth of 5.8%. The growth was driven by strong performance in engineering goods, electronics, chemicals, gems and jewellery, and agri-based products.

### Price Scenario

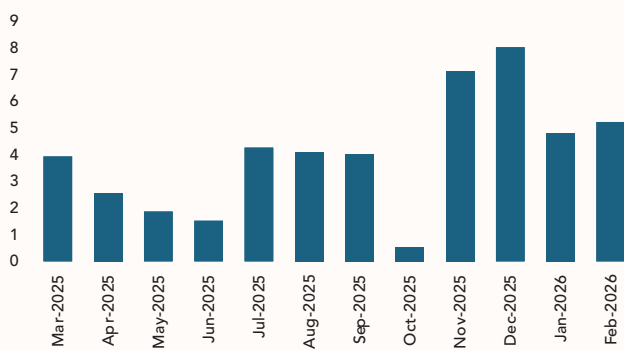
- The Consumer Price Index (CPI) for Feb 2026 had stood at 3.21% (with the new base year 2024) against 2.74% in Jan 2026. Inflation in rural areas (3.37%) remains slightly higher than in urban areas (3.02%).
- India's retail food inflation surged to 3.47% in Feb 2026, from 2.13% in Jan 2026.
- India's Wholesale Price Index (WPI) recorded a sharp rise at 2.13% in Feb 2026 as compared to 1.81% in Jan 2026. The acceleration was attributed to higher prices in the manufacture of basic metals, other manufactured products, non-food articles, food articles and textiles.
- Ongoing war-related disruptions in West Asia have amplified price risks for India by affecting the supply of critical non-oil imports such as fertilisers, coal, petrochemical intermediates, and LPG; constrained availability of these inputs can lead to immediate cost escalation and inflationary pressures across agriculture and manufacturing.

## Global Scenario

### Regional Developments

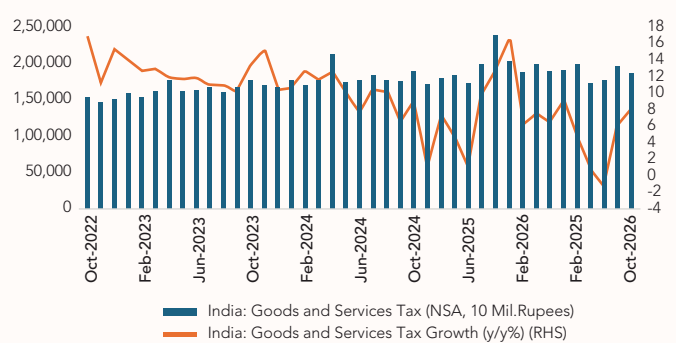
- Heightened Middle East tensions pose risks to India’s energy security, given that nearly 85% of India’s crude oil demand is met through imports, with around 40–45% of supplies transiting through the Strait of Hormuz. Escalation around Hormuz and the Red Sea has increased oil price volatility and freight costs, raising downside risks for India’s import.
- Potential disruption to the Strait of Hormuz and Bab-el-Mandeb is a concern for Indian trade, as these corridors handle about 12% of global trade and a significant share of energy shipments. Prolonged disruptions could push up shipping and insurance costs, add to imported inflation pressures, and widen the current account deficit if elevated crude prices persist.
- The Ministry of MSME, Government of India, has signed a Memorandum of Understanding (MoU) with the Ministry of Entrepreneurship, Micro and Small Enterprises of the Federative Republic of Brazil in Feb 2026. A key focus of the MoU is advancing the green transition. The agreement seeks to facilitate MSMEs’ access to green finance and promote sustainable business practices. It is also aimed at enhancing productivity, improving competitiveness and strengthening the capacity of MSMEs for sustainable development.
- India and the Gulf Cooperation Council (GCC) formally launched negotiations for a comprehensive Free Trade Agreement (FTA) by signing a joint statement on Feb 24, 2026. The FTA will help to further strengthen trade and investment ties between India and GCC countries by infusing predictability and certainty for businesses.

IIP (y/y%)



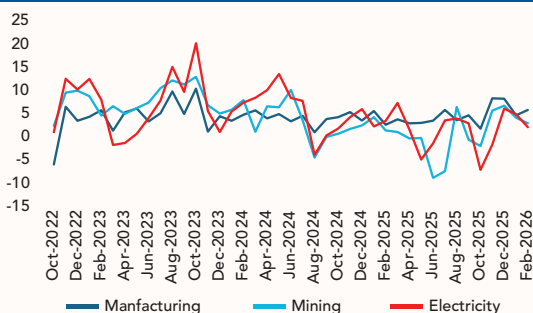
Sources: Ministry of Statistics and Programme Implementation

Goods and Service Tax



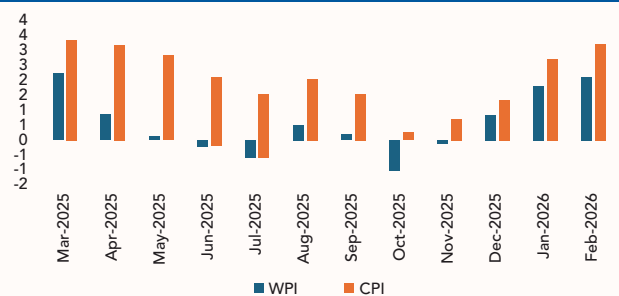
Sources: Ministry of Finance

IIP Sectorial Performance (y/y%)



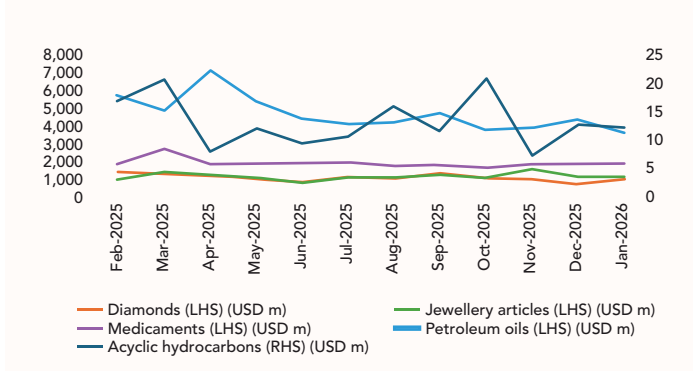
Sources: Ministry of Statistics and Programme Implementation

CPI & WPI (y/y%)



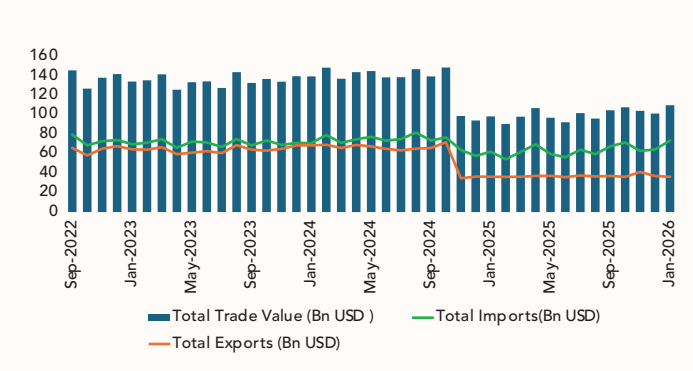
Sources: Ministry of Statistics and Programme Implementation and Office of Economic Adviser

### India's Top 5 Exports



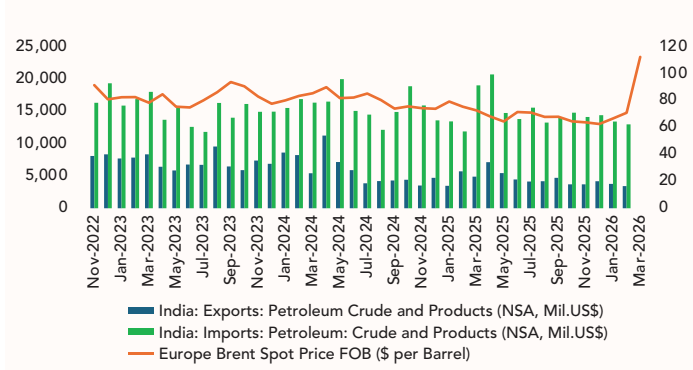
Sources: Ministry of Commerce and Industry

### India's Total Trade Value



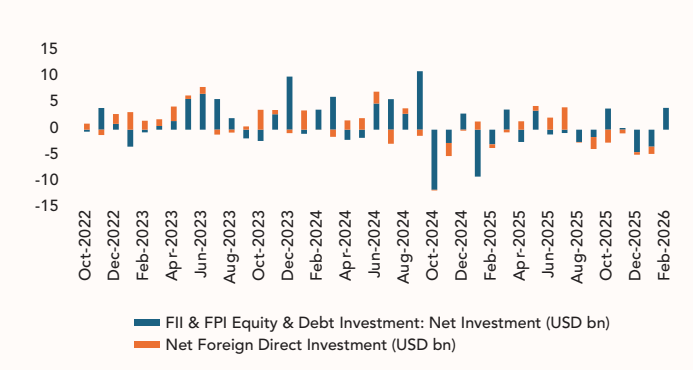
Sources: Ministry of Commerce and Industry

### Brent Crude Oil



Sources: Ministry of Petroleum and Natural Gas and Wall Street Journal

### FDI, FII & FPI

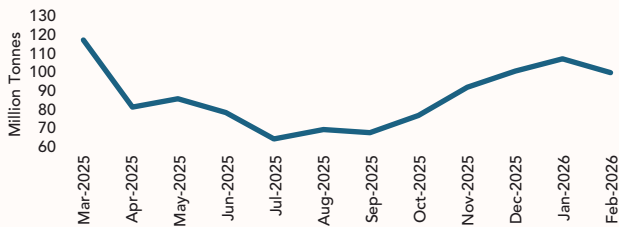


Sources: Reserve Bank of India

## Output and Price

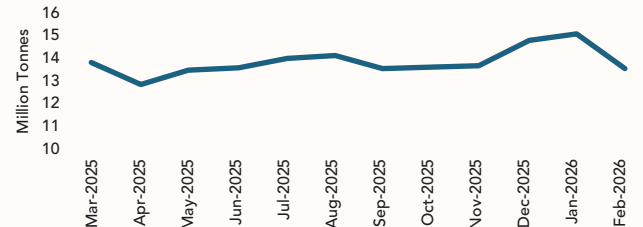
- Coal production showed some moderation in Feb, following a prolonged phase of steady gains, while crude steel output also eased during the month, indicating a brief softening in core industry momentum.
- Non-ferrous metal prices moved on divergent paths in Mar. Aluminium and nickel firmed up, keeping input cost pressures elevated for castings, extrusions and alloy-intensive segments.
- Copper and zinc prices softened during Mar, providing short-term cost relief for electricals, hardware and precision-metal manufacturers.

### Coal Production



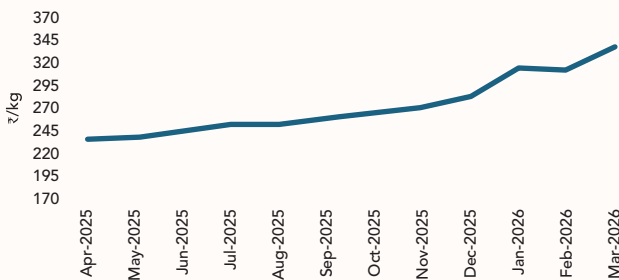
Sources: Ministry of Coal

### Crude Steel Production



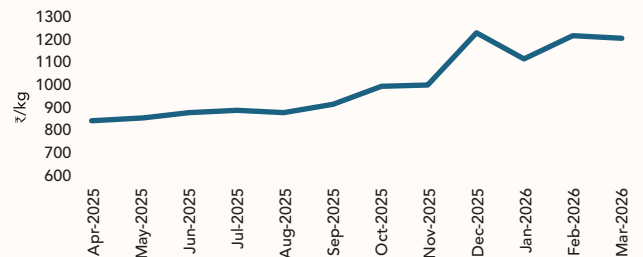
Sources: World Steel Association

### Aluminium (Market Price)



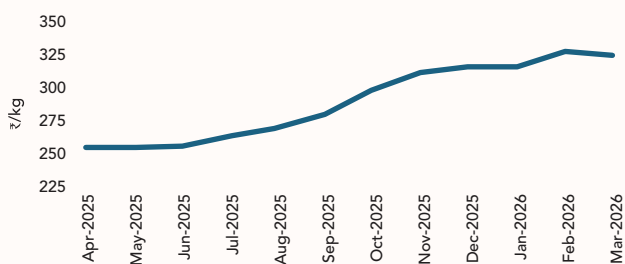
Sources: MCX India

### Copper (Market Price)



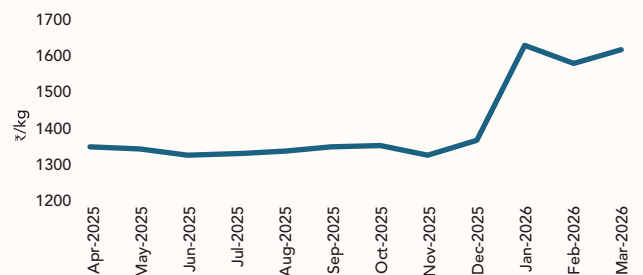
Sources: MCX India

### Nickel (Market Price)



Sources: MCX India

### Zinc Price (Market Price)

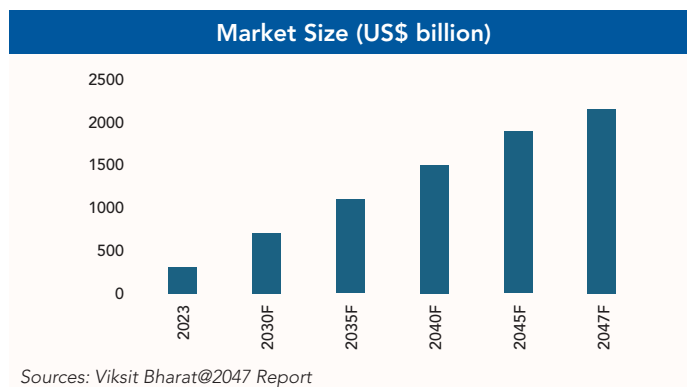


Sources: MCX India

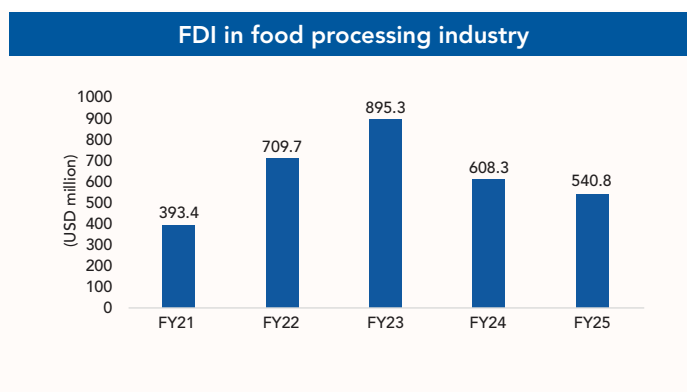
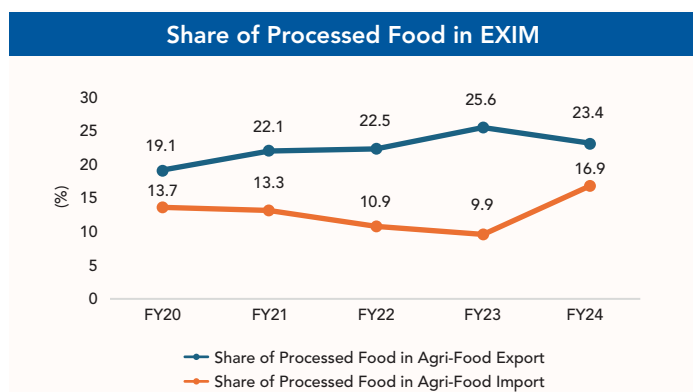
## Food Processing Sector

The food processing sector accounted for approximately 8.8% of manufacturing Gross Value Added (GVA) and 8.39% of agricultural GVA in 2024. It also contributed 13% to India's exports and attracted 6% of total industrial investment. The GVA in the food processing sector has increased from Rs 13.4 bn in FY15 to Rs 22.4 bn in FY24 (as per 1st Revised Estimates).

- The food processing sector is a key focus area under the Make in India initiative, with the Ministry of Food Processing Industries (MoFPI) rolling out multiple schemes to promote investment and strengthen infrastructure. Investment in Mega Food Parks is included under the Harmonized List of Infrastructure Sub-sectors (HLIS), facilitating easier access to infrastructure financing.



- In FY25, the processed food sector contributed (USD 49.43 bn) to India's agri-food exports substantially, accounting for 11.2% of total exports. The share of processed food exports has increased gradually from 13.7% in FY15 to 20.4% in FY25.
- As per the Annual Survey of Industries (report of 2023-24), the food processing industry is one of the largest employment providers in the organized manufacturing sector with 12.83% employment in the total registered/organized sector. It provides both direct and indirect employment across activities such as procurement, processing, packaging, logistics and retail distribution.



## Government Support

- The Government of India has increased the budget allocation to Rs 40.64 bn to the Ministry of Food Processing industry for the year 2026-27, a substantial rise of 13.8% from revised estimate of Rs 35.72 bn in 2025-26.
- As on December 31, 2025, 0.47 mn direct/ indirect employment opportunities have been generated from the operational projects under component schemes of PMKSY, 0.52 mn direct and indirect employment opportunities has been generated under PMFME scheme and 0.33 mn direct/ indirect employment opportunities has been generated under PLISFPI across the country.

- As on December 31, 2025, a total of 1,72,707 micro food processing enterprises have been approved for the subsidy. Under the Seed Capital component of PMFME Scheme, 3,76,326 members of Self-Help Groups have been sanctioned a financial support of Rs 12.82 bn in rural and urban areas across the country.
- The Ministry of Food Processing Industries has also approved 2 mega food parks, 2 agro-processing clusters, 14 Integrated cold chain facilities, 24 food processing units and 6 projects for creations of backward and forward linkages under Pradhan Mantri Kisan SAMPADA Yojana; 1,444 micro food processing enterprises under PMFME scheme; and 6 projects under PLISFPI in the State of Rajasthan.

## Engineering Goods Sector

The engineering goods also known as capital goods industry contributed to 1.9% to India's GDP in FY25.

- India's cumulative (merchandise and service) exports is estimated at USD 790 bn during Apr-Feb 2026, a notable growth of 5.8% against USD 747.58 bn over Apr-Feb 2025. The remarkable growth was supported by strong performance in engineering goods, electronic goods, organic and inorganic chemicals, gems and jewellery, and agri-based products.
- Engineering Goods exports increased substantially by 12.9% to USD 10.3 in Feb 2026 from USD 9.1 bn in Feb 2025.
- Engineering goods output has shown strong and broad-based expansion, with total production more than doubling from Rs 2.7 trn in 2020-21 to Rs 5.7 trn in 2024-25, led primarily by heavy electrical equipment and earthmoving & mining machinery.
- Capital- and infrastructure-linked segments are driving growth momentum, with earthmoving & mining machinery and heavy electrical equipment witnessing the sharpest scale-up, reflecting sustained public and private capex, while food processing and machine tools have also posted steady, incremental gains.

### Performance of Engineering Goods Sector: Production data (Rs bn)

Sub-Sectors	2020-21	2021-22	2022-23	2023-24	2024-25
Machine Tools	66	93.1	119.6	135.7	142.9
Dies, Moulds and Press Tools	122.9	131.3	139.2	156	184
Textile Machinery	50.9	116.6	140.3	146.4	104.6
Printing Machinery	100.6	132.2	161.1	234.8	297.2
Earthmoving and Mining Machinery	290.2	286.7	375.5	730	807.5
Plastic Processing Machinery	37.1	38.5	39.1	43.1	48.3
Food Processing Machinery	102.5	122.1	132	138.6	152.5
Process Plant Equipment	219.4	240	234.2	274	315.1
Heavy Electrical Equipment	1,677.1	2,191.6	2,588.3	3,029	3,647.1
<b>TOTAL</b>	<b>2,666.7</b>	<b>3,352</b>	<b>3,929.2</b>	<b>4,887.6</b>	<b>5,699</b>

Sources: PIB press release; Ministry of Heavy Industry

### Government Support through FY27 Budget Announcements

- The Budget introduces five-year tax exemptions for non-resident entities supplying capital goods and tooling to toll manufacturers in bonded zones, aimed at reducing capital costs and supporting electronics manufacturing.
- To support energy transition and critical minerals, the Budget extends customs duty exemptions on capital goods used for lithium-ion battery manufacturing and critical mineral processing, strengthening domestic value chains and energy security.

- Public capital expenditure has been proposed to increase by around 9% to Rs 122 bn in FY 2026-27, underscoring the government's continued emphasis on infrastructure-led growth and private investment crowd-in.
- To strengthen logistics and trade infrastructure, a Rs 100 bn Container Manufacturing Scheme has been announced to create a globally competitive container manufacturing ecosystem in India.
- A new Scheme for Enhancement of Construction and Infrastructure Equipment (CIE) has been proposed to boost domestic manufacturing of high-value and technologically advanced construction equipment, including metro, tunnelling, and firefighting machinery.
- To enhance high-precision manufacturing, the Budget proposes setting up Hi-Tech Tool Rooms by Central Public Sector Enterprises, offering digitally enabled design, testing, and manufacturing services for precision components.

**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.

This publication is brought to you by Indian Bank, in collaboration with Dun & Bradstreet India, as part of our commitment to supporting informed decision-making and fostering sustainable growth within the MSME ecosystem.

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