Ministry of Finance

MICRO, SMALL, AND MEDIUM ENTERPRISES FORM THE BACKBONE OF INDIA'S INDUSTRIAL ECONOMY: ECONOMIC SURVEY 2025-26

MSMEs ACCOUNT FOR 35.4 PER CENT OF MANUFACTURING, 48.58 PER CENT OF EXPORTS, AND 31.1 PER CENT OF GDP

MSME CREDIT REMAINED THE PRIMARY DRIVER OF INDUSTRIAL CREDIT GROWTH DURING H1FY26

THE SELF-RELIANT INDIA FUND, ASSISTS 682 MSMEs BY WAY OF INVESTMENT WORTH ₹15,442 CRORE, AS OF 30th NOVEMBER 2025

FOR INDIA, A CALIBRATED DEEPENING OF PARTICIPATION IN GLOBAL SUPPLY CHAINS HOLDS POTENTIAL FOR ADVANCING JOB-RICH INDUSTRIALISATION WITHIN BROADER VIKSIT BHARAT@2047 GROWTH TRAJECTORY: ECONOMIC SURVEY 2025-26

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Micro, Small, and Medium Enterprises (MSMEs) form the backbone of India's industrial economy, s**ays** the **Economic Survey 2025-26** tabled in Parliament by Union Minister for Finance and Corporate Affairs Minister, Smt. Nirmala Sitharaman today. The Survey mentions that it accounts for approximately 35.4 per cent of manufacturing, around 48.58 per cent of exports, and 31.1 per cent of GDP in the country. With over 7.47 crore enterprises employing over 32.82 crore persons, the sector holds its position as the second-largest employer after agriculture. Globally, MSMEs make up about 90 per cent of businesses and are responsible for over 50 per cent of the total global employment. With India's manufacturing sector positioned for greater global integration, MSME sector's role is critical in enabling effective supply-chain participation, fostering local value addition, and supporting inclusive regional growth, the Survey states.

The Survey pertinently adds that MSME credit has maintained a positive trajectory in recent times, bolstered by several government interventions aimed at enhancing credit flow to the sector.

The Survey mentions, MSME credit remained the primary driver of industrial credit growth during H1FY26. The overall MSME credit growth year-on-year (Y-o-Y) has significantly outpaced the Y-o-Y growth observed in large industry credit.

Table VIII.3: Growth in deployment of gross bank credit to MSMEs (Y-o-Y per cent), select periods

Segment	March 2024	August 2024	March 2025	August 2025
Micro & Small Enterprises	14.7	13.4	8.8	20.9
Medium Enterprises	13.3	19.2	18.6	13.1
Total MSME Credit	**14.3**	**15.1**	**11.7**	**18.5**
Large Industry (comparison)	6.4	7.7	6.2	1.8

Source: Monetary Policy Report, RBI Bulletin (October 2025)

The SME public markets have also witnessed a dramatic expansion over the past two years, driven by buoyant market conditions and digital retail participation.

The Self-Reliant India (SRI) Fund, launched to infuse ₹50,000 crore as equity funding in MSMEs, has assisted 682 MSMEs by way of investment worth ₹15,442 crore, as of 30th November 2025. Innovation is also being institutionalised through the MSME-Innovative component, which facilitates incubation, design interventions, and the protection of IPR

India accounted for an estimated 2.9 per cent of the global manufacturing GVA and 1.8 per cent of global merchandise exports in 2024, indicating considerable potential for expanding its global manufacturing footprint.

For India, a calibrated deepening of participation in global supply chains — particularly in labour-intensive and assembly-linked sectors — represents a potential avenue for advancing job-rich industrialisation within the broader Viksit Bharat@2047 growth trajectory.

From the perspective of advanced manufacturing strategy which includes India's R&D intensive, innovative technology would help improve and enhance competitiveness, the survey notes. It optimistically points towards the quintessential role of growth drivers and comprehensive eco system; thereby leading to full exposure to global competition, uncompromising quality standards along with thin margins with dynamic delivery standards. Other growth drivers—such as infrastructure, capital markets, digital governance, and services exports—can raise income, the economic survey asserts. In this context, the economic survey emphasizes to focus upon India's national manufacturing mission strategy to build upon capability and efficiency at a sustained scale.

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