SUMPOORN REPORT

Growth is Strong. Smallest Firms Lag.

Insights from
India's first MSME Economic Activity Index

www.sumpoorn.in

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Released on
08 September 2026

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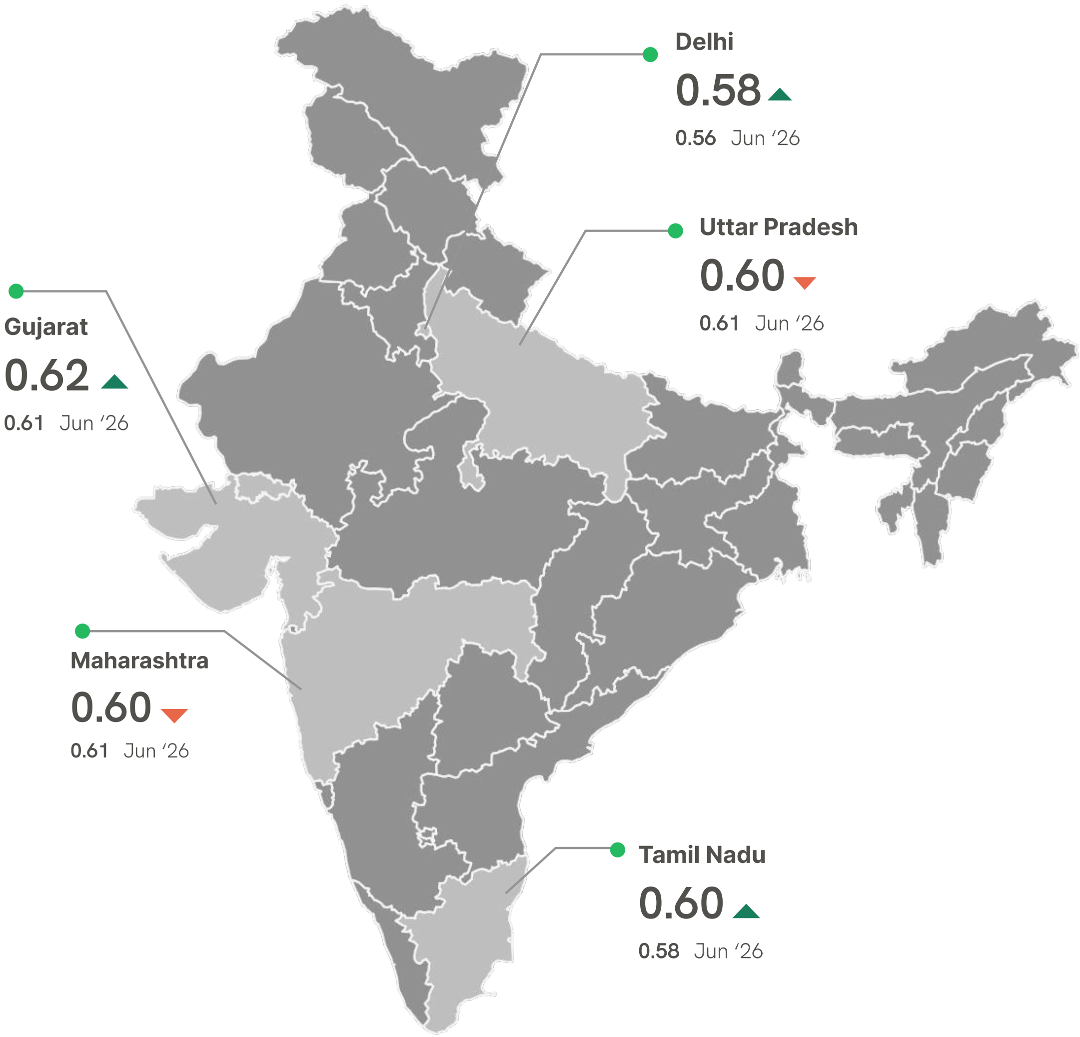

Country-level Index

Mild Expansion Phase

0.61 ▲ Jul '26

0.60 Jun '26

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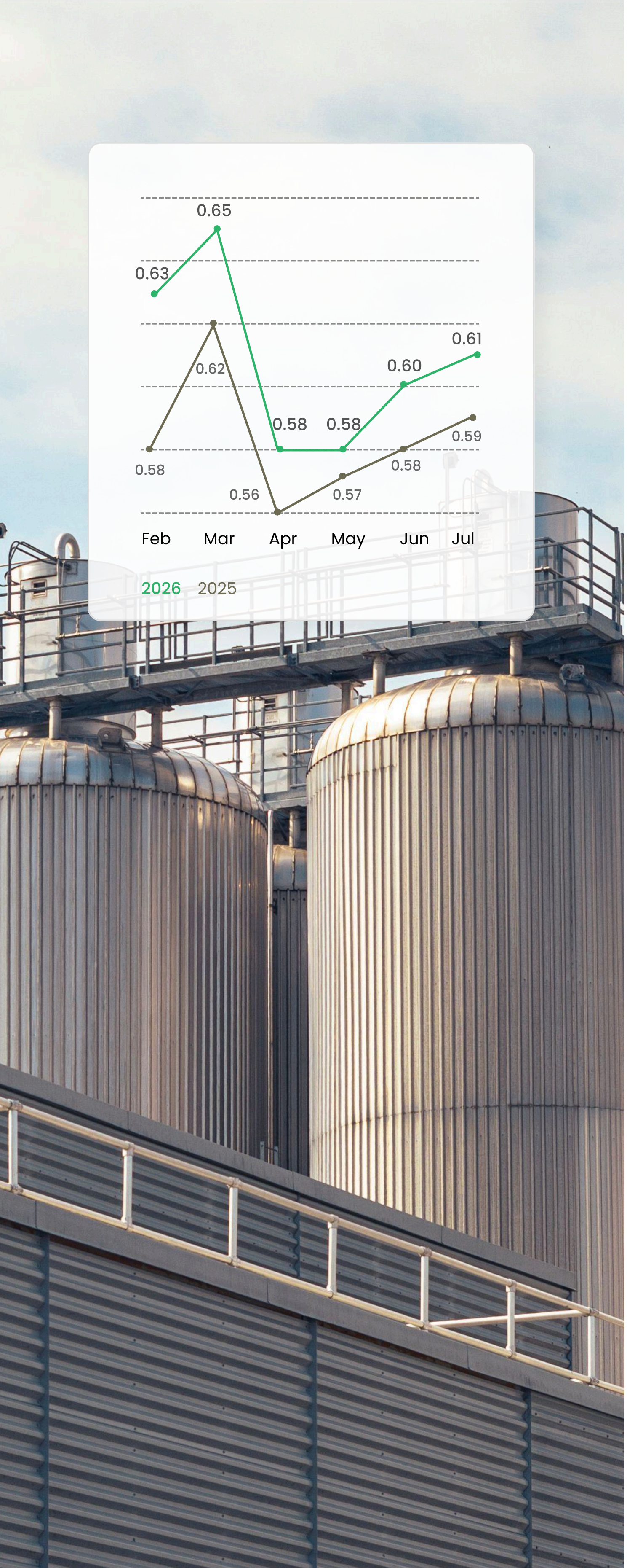

Growth Is Strong. Smallest Firms lag.

Small-business sales growth tracked by the Sumpoorn index has shown a remarkable buoyancy this year, mirroring the better-than-expected momentum in economic activity seen in the latest national income estimates. The index stood at 0.61 in July, up from 0.59 a year ago, marking the **ninth consecutive month in which Sumpoorn has been higher than its level in the corresponding month last year**. Despite the global macro-economic risks, India's economy has grown at a strong pace in the April-June quarter - real GVA grew 8.2% YoY, while nominal GVA expanded 11.5%, with growth broad-based across key sectors. Manufacturing in particular performed well with growth at 7.7% in current prices, while the services sector grew in double-digits. The continued strength in Sumpoorn in July indicates that MSMEs are holding up in the second quarter as well.

The latest government data suggest that the **growth momentum is being driven largely by investment rather than consumption. In the April-June quarter**, Gross Fixed Capital Formation (GFCF) grew 20.4% in current prices, compared with 9.9% growth in Private Final Consumption Expenditure (PFCE) and 9.5% in Government Final Consumption Expenditure (GFCE). Carrying this forward, the Index of Industrial Production grew 6.7% year-on-year in July, with production of capital goods rising by 16.1% while consumer non-durables fell by 1.0%. While the surge in investment is encouraging for the economy's overall growth prospects, the implications for MSMEs across the value chain are more mixed, as capex-led growth tends to benefit larger firms disproportionately. Our Sumpoorn data offer some early signs of the impact on small business: over the period April-July, sales growth among the smallest firms, with turnover below ₹5 crore, has moderated, while larger firms with turnover between ₹50 crore and ₹250 crore have seen their sales growth pick up pace.

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Even as overall growth remains robust, the momentum is uneven across sectors. Auto sales across segments have continued to grow strongly through August, providing a positive backdrop for the MSME auto-components ecosystem. Tractors have also performed well, with Mahindra's farm equipment business reporting 5% growth in domestic tractor sales. The rural outlook has improved as the monsoon picked up after a delayed start, reflected in kharif sowing: by the end of August, the area sown was down just 1.82% from the previous year, a significant improvement from the 3.6% shortfall at the end of July.

There are, however, reasons to remain cautious about how long this momentum can hold. The IMD has flagged a weaker outlook for September, following an unusually hot August - the hottest since 1901. The southwest monsoon season is already running a deficit of 13.8%, and if the forecast holds, rainfall over the June–September period could fall below 90% of the Long Period Average (LPA), making 2026 the weakest monsoon season since 2009. Reservoir levels stood at 67.8% of live capacity as on 27th August, which is lower than last year and the 10-year average. So for now, rural demand may be holding up but could come under pressure in the second half of the year.

On the external front, non-petroleum and non-gems and jewellery **exports stood at US$35.0 billion in July, up 14.9% from a year earlier, even as imports rose by a sharper 20.3%**. Export growth was broad-based, led by electronic goods, engineering goods, organic and inorganic chemicals, as well as cotton yarn and handloom products. Many of these sectors have a significant small-business presence, pointing to the resilience of MSMEs despite continued uncertainty in global markets.

Between April and July, sales growth slowed for firms below ₹5 crore turnover but picked up in the ₹50–250 crore band.

Finally, we must call out the continued strong growth in bank credit, which has provided a stable base for the growth momentum for MSMEs– credit to micro and small firms has grown at 24.1% YoY at the end of July, compared to 24.5% last year. There are however sectoral differences in credit- personal loans for vehicles has been robust, growing at 18.8% yoy, but on the other hand, loans for consumer durables have grown a meagre 0.4%. As said earlier, this has repercussions for the MSMEs operating in the different segments. One more concern that must be flagged here – SIDBI MSME Pulse released in **July has recorded a fall in the share of new to credit customers in commercial entity originations from 52% in FY23 to 42% in FY26 and has advised the need for proactive acquisition of first-time borrowers.** This is critical for sustained growth at the bottom of the pyramid, as these segments will be forced to access informal sources for their credit needs.

All in all, we see continued resilience in MSMEs, but the growth is uneven, with larger firms and investment-linked sectors gaining more momentum than the smallest businesses. Sustaining broad-based growth calls for continued access to formal credit, particularly for first-time and smaller borrowers.

MSME momentum remains resilient, but uneven. Larger firms and investment-linked sectors are gaining pace while the smallest businesses lag. Sustaining broad-based growth will require continued access to formal credit, particularly for first-time and smaller borrowers.

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What is SIDBI-Jocata Sumpoorn?

SIDBI-Jocata Sumpoorn is an MSME-specific high frequency indicator built using consent-led and anonymised sales data of 2 lakh+ MSMEs seeking credit from financial institutions.

The sample is well-distributed across geography, turnover size and sectors.

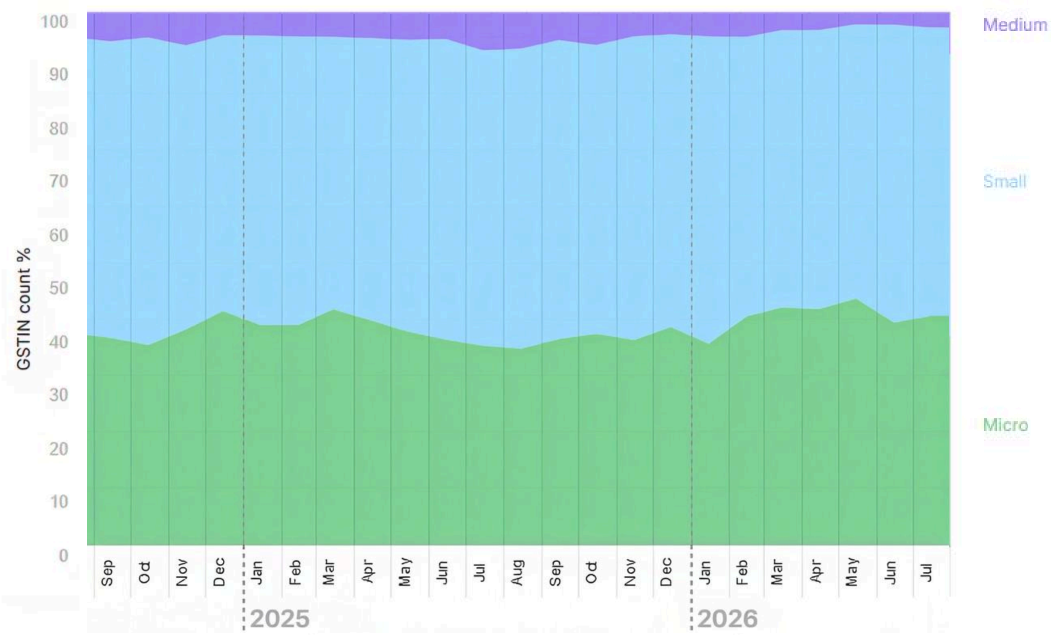

Fig.- % Distribution by turnover size within MSME sample

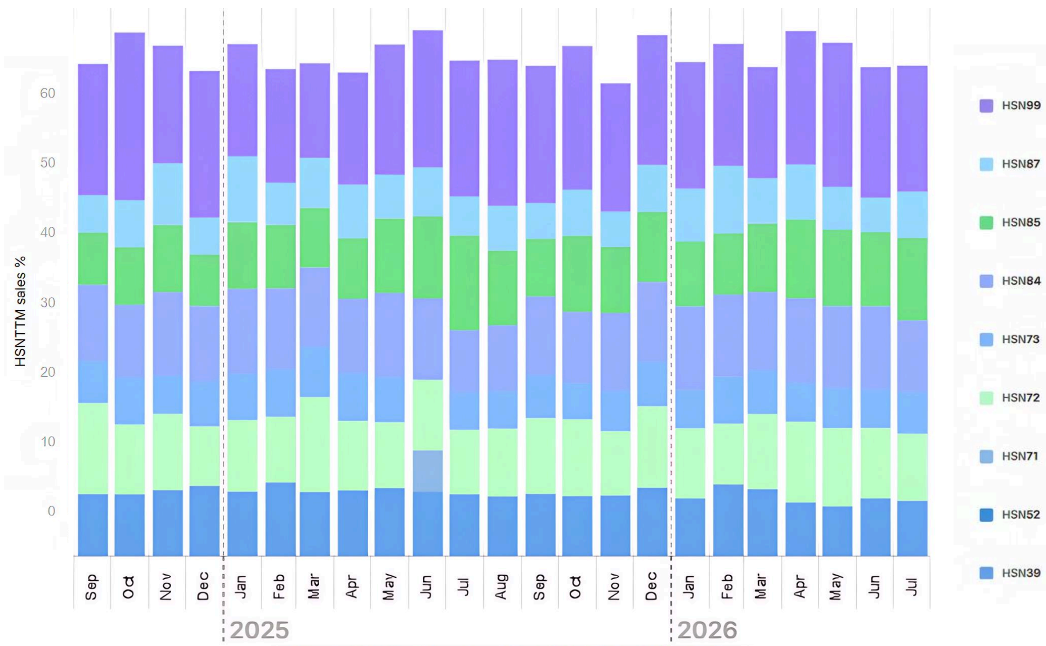

Fig.- % Distribution by value of top 7 HSNs within MSME sample

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About SIDBI

Small Industries Development Bank of India (SIDBI) serves as the Principal Financial Institution for promotion, financing and development of the Micro, Small and Medium Enterprises (MSME sector) and co-ordination of the functions of the various Institutions engaged in similar activities. SIDBI operates various schemes for both Indirect Finance/Refinance and Direct Finance to create a multiplier effect and increase the flow of credit to MSMEs. Besides finance schemes, SIDBI takes up various activities/initiatives/schemes for encouraging entrepreneurship, enterprise creations and growth of MSMEs. SIDBI also promotes/supports various institutions which are engaged in financing and development of MSMEs. SIDBI has been actively developing various digital solutions to power the MSME ecosystem such as 'GST Sahay', 'Udyam Assist Platform' and now, has partnered with Jocata to launch the country's first MSME-specific Economic Activity Index by leveraging India's Digital Public Infrastructure (DPI).

www.sidbi.in

About Jocata

Jocata, a subsidiary of BillDesk, is a technology company founded in 2010 that delivers credit intelligence to the Banking and Financial Services industry. Its highly configurable, low-code digital lending platform powers Retail, Agri and MSME lending programmes for Banks and NBFCs, and enables deep behavioural scoring and analytics through a SaaS model. MSMEs are central to India's growth story, yet they remain underserved by credit for want of reliable data, with legacy underwriting models and high acquisition and servicing costs compounding the shortfall. To close it, Jocata built SME DNA - an industry-first AI/ML powered MSME score capturing the business performance and behavioural signals of a small business, adopted by several institutions for their credit onboarding, assessment and monitoring decisions. Jocata Sumpoorn extends this effort to the sector as a whole, providing a data-driven understanding of MSMEs to improve credit access and fuel its growth.

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