

## Key Highlights of the Survey

The ASSOCHAM D&B Small Business Confidence Index for the April-June 2025 quarter stands at 105.4, marking a 1.8% decline compared to the January-March 2025 quarter, but a notable 6% increase year-on-year. Although sentiment has slightly dipped compared to Jan-Mar 2025 quarter, it remains comfortably above the long-term average, indicating that optimism among small businesses is still strong.

### Key findings from the survey:

- Domestic demand improved, with expectations for new orders rising by 3 percentage points from the Jan-Mar 2025 quarter.
- Export order expectations dropped sharply by 17 percentage points from the Jan-Mar 2025 quarter.
- Hiring sentiment strengthened, increasing by 11 percentage points from the Jan-Mar 2025 quarter.
- Net profit expectations fell by 6 percentage points from the Jan-Mar 2025 quarter.
- Fixed capital investment sentiment moderated by 4 percentage points from the Jan-Mar 2025 quarter.
- Selling price expectations declined by 13 percentage points from the Jan-Mar 2025 quarter.

The survey indicates that small businesses continue to draw strength from a resilient domestic environment, underpinned by stable macroeconomic fundamentals and consistent policy support. Confidence remains firm in domestic

orders, hiring, and capacity utilization. However, growing global uncertainties are prompting a recalibration in expectations. The sharp q/q decline in export order expectations likely reflects frontloaded shipments ahead of the April 2 U.S. tariff announcements and increased caution amid weakening global trade prospects. This external strain is also weighing on financial outlooks, with sales and profit expectations moderating-possibly due to diminishing pricing power, input cost volatility, and lingering supply chain constraints. The slight rise in inventory levels expectations suggests firms are opting for a leaner, more cautious operating stance.

On the investment front, small businesses appear to be recalibrating their growth plans, as reflected in the moderation of fixed capital investment expectations amid persistent global economic uncertainties. Concurrently, the improvement in hiring sentiment signals renewed confidence in domestic demand and a measured approach to capacity expansion. Credit access is increasingly viewed as “normal” rather than “easy,” likely due to tighter lending norms and elevated risk perception, despite the RBI’s rate cuts. While credit availability remains stable compared to last year, expectations reflect cautious optimism that conditions may improve in coming quarters as monetary easing gradually takes effect. Going forward, the key challenge will be balancing domestic resilience with mounting external risks; how well firms manage cost structures, operational efficiency, and selective investment will be crucial in sustaining business sentiment through uncertain global conditions.

## Business Confidence Levels

### DEMAND ENVIRONMENT

#### SALES VOLUME

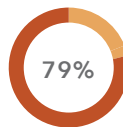
86% of the respondents expect an increase in volume of sales in Apr-Jun 2025, compared to 89% in Jan-Mar 2025



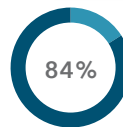
Decline from previous quarter



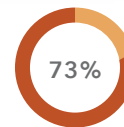
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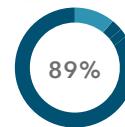
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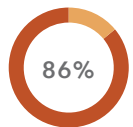
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#### DOMESTIC ORDERS

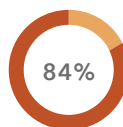
86% of the respondents expect an increase in domestic orders in Apr-Jun 2025 compared to 83% in Jan-Mar 2025



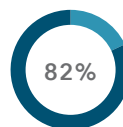
Up from previous quarter



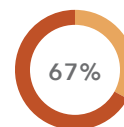
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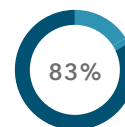
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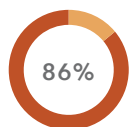
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#### EXPORT ORDERS

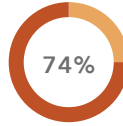
70% of the respondents expect an increase in their export orders in Apr-Jun 2025, compared to 87% in Jan-Mar 2025



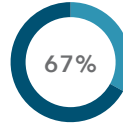
Decline from previous quarter



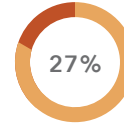
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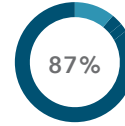
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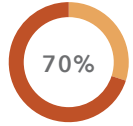
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JAN-MAR 2025



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The ASSOCHAM D&B Small Business Confidence Index reflects a resilient but cautious sentiment among small businesses. Steady domestic orders, and an improved hiring outlook point to underlying strength supported by robust domestic demand. However, the sharp decline in export order expectations amid global trade tensions, particularly following U.S. tariff announcements, highlights external vulnerabilities. While small businesses are leveraging domestic tailwinds, margin pressures from rising costs and softer global demand are prompting a more conservative approach to pricing and inventory management. Sustained recovery will hinge on businesses maintaining operational agility and adapting to evolving global trade dynamics.” said **Mr Avinash Gupta, Managing Director, Dun & Bradstreet India**



## FINANCIAL SITUATION

### NET PROFITS

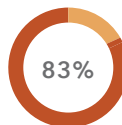
83% of the respondents expect an increase in net profit in Apr-Jun 2025 compared to 89% of the respondents anticipating a rise in Jan-Mar 2025



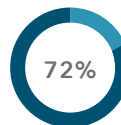
Decline from previous quarter



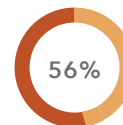
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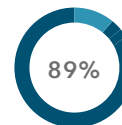
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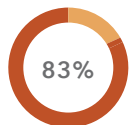
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### SELLING PRICE OF THEIR PRODUCTS/SERVICES

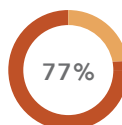
81% of the respondents expect an increase in the selling price of their products and services in Apr-Jun 2025, compared to 94% in Jan-Mar 2025



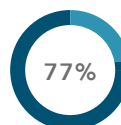
Decline from previous quarter



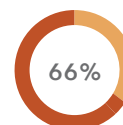
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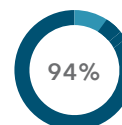
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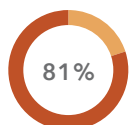
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### RAW MATERIAL

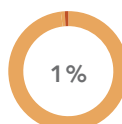
Only 2% of respondents expect raw material prices to decline in Apr-Jun 2025



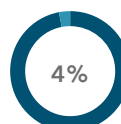
Up from previous quarter



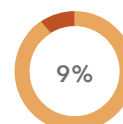
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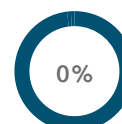
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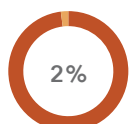
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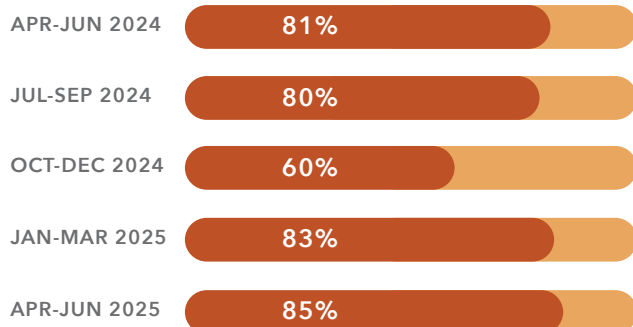
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Small businesses are standing at a critical crossroads, balancing robust domestic momentum against intensifying global headwinds, as reflected in the ASSOCHAM D&B SBCI Index. The uptick in domestic orders, hiring sentiment, and capacity utilization reflects confidence supported by resilient consumption trends and a stable policy environment. However, the sharp fall in export order expectations, combined with weakening pricing power and more cautious investment and credit outlooks, shows firms are recalibrating strategies amid trade risks and global demand uncertainty. Despite these headwinds, Dun & Bradstreet data highlights India's advantage in sectors such as specialty chemicals, electrical machinery, and home textiles. Looking ahead, India-U.S. trade agreements will be pivotal; varying tariffs could reshape export dynamics. To remain resilient, small businesses must sharpen domestic focus, optimize capital allocation, and adapt swiftly to shifting global trade policies.” said **Dr Arun Singh, Global Chief Economist, Dun & Bradstreet**

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## Business Confidence Levels

### INVENTORY MANAGEMENT

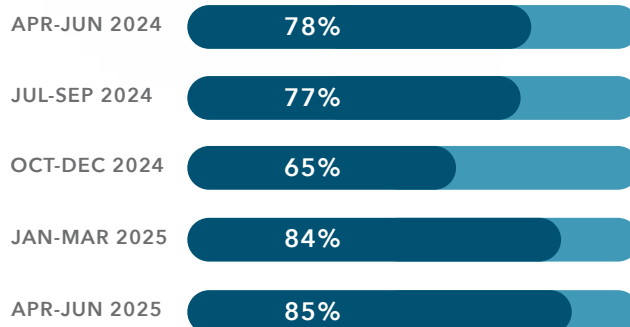


#### INVENTORY OF FINISHED GOODS

85% of the respondents expect an increase their level of inventory of finished goods in Apr-Jun 2025, compared to 83% in Jan-Mar 2025



Up  
from  
previous  
quarter



#### INVENTORY OF RAW MATERIALS AND WORK IN PROGRESS

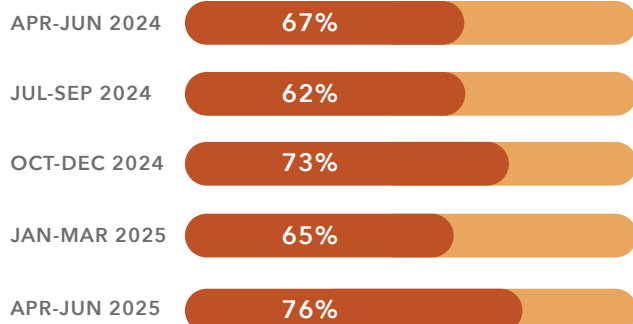
85% of the respondents expect an increase in their level of inventory of raw materials and work in progress in Apr-Jun 2025, compared to 84% in Jan-Mar 2025



Up  
from  
previous  
quarter



### INVESTMENT SCENARIO

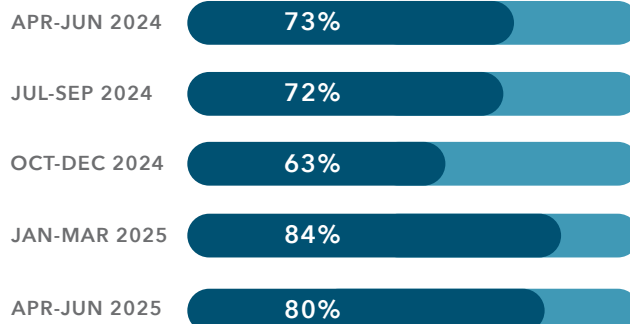


#### WORKFORCE SIZE

76% of the respondent SMEs expect an increase in the size of their workforce in Apr-Jun 2025, compared to 65% in previous quarter



Up  
from  
previous  
quarter



#### FIXED CAPITAL INVESTMENTS

80% of the respondents expect an increase in their fixed capital investments in Apr-Jun 2025, compared to 84% in previous quarter



Decline  
from  
previous  
quarter



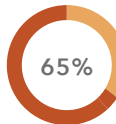
## Business Confidence Levels

### CAPACITY UTILISATION

SMEs anticipate average capacity utilization to reach 55% in Apr-Jun 2025

Up from previous quarter  
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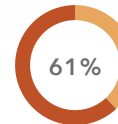
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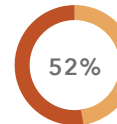
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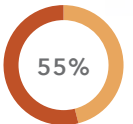
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### ACCESS TO CREDIT

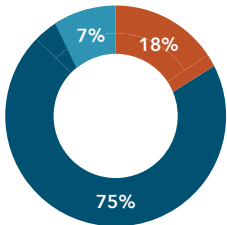


Around 26% of the respondents anticipate that access to credit will be easy, while 65% anticipate it to be normal and only around 9% of the respondents anticipate it to be tight in Apr-Jun 2025 quarter

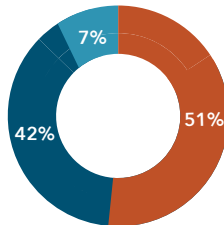
Decline from previous quarter  
↓



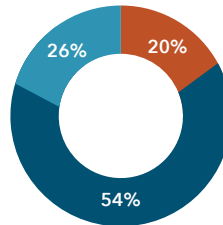
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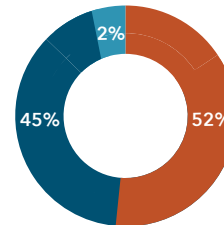
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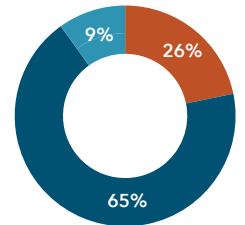
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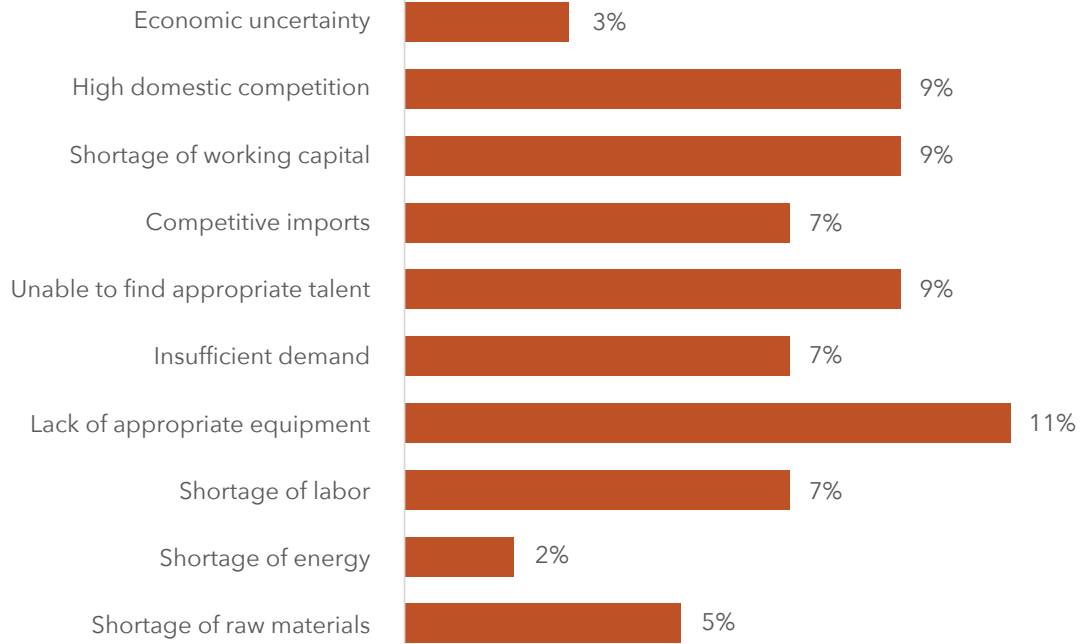


Easy

Normal

Tight

## FACTORS LIMITING PRODUCTION VOLUME



- Lack of appropriate equipment has emerged as the top constraint in Apr-Jun 2025, with 11% of businesses citing it as a challenge, up sharply from 4% in Jan-Mar 2025.
- Shortage of working capital has become a growing concern again, reported by 9% of respondents in Apr-Jun 2025, up from just 2% in the previous quarter.
- Insufficient demand remains a key limiting factor, though 7% businesses reported it in Apr-Jun 2025 compared to 11% in Jan-Mar 2025.
- Competitive imports were cited as a constraint by 7% of businesses in Apr-Jun 2025.
- High domestic competition continued to impact small businesses, with 9% of respondents citing it as a constraint in Apr-Jun 2025, down from 25% in Jan-Mar 2025.
- Shortage of labor was flagged by 7% of businesses, showing a slight decline from 12% in Jan-Mar 2025.
- Shortage of raw materials remained relatively stable, with 5% of businesses reporting it as a production constraint in Apr-Jun 2025.
- Inability to find appropriate talent saw a slight uptick, affecting 9% of businesses in Apr-Jun 2025 compared to 8% in Jan-Mar.
- Economic uncertainty dropped sharply as a production concern, with only 2% citing it in Apr-Jun 2025, compared to 19% in Jan-Mar 2025.
- Shortage of energy was a minor issue, cited by 2% of businesses in Apr-Jun 2025, up from 0% in the previous quarter.



## Methodology

ASSOCHAM, in association with Dun & Bradstreet India, conducted a pan-India survey of small and medium businesses across multiple sectors to understand their optimism level on key business parameters such as sales, net profit, employment, prices, inventory, investment, capacity utilization, and credit situation. For each parameter, the subindex reflects the percentage of respondents expecting favorable conditions in the upcoming quarter. These percentages are then weighted by the relative importance of each parameter. The composite SBCI is calculated by multiplying each parameter's favorable response rate by its weight, adjusted against its corresponding base period response. The base period covers April-June 2022 through January-March 2023, providing a stable benchmark for comparison.

Mathematically, the index is represented by:

$$SBCI = \sum_{i=1}^n P_i * \frac{W_i}{B_i}$$

Where:

- $P_i$  = percentage of favorable responses for parameter 'i'
- $W_i$  = weight assigned to parameter 'i',
- $B_i$  = average percentage of favorable responses for parameter 'i' during the base period,
- $n$  = total number of parameters

An SBCI score above 100 indicates improved business sentiment compared to the base period, while a score below 100 suggests a decline in optimism.

Please send your feedback to Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet

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