

Key Highlights of the Survey

The ASSOCHAM D&B Small Business Confidence Index for the Jul-Sep 2025 quarter stands at 79.2. While the sentiment has moderated compared to the previous quarters, it signals a period of strategic adjustment, as businesses adapt to shifting global dynamics, including geopolitical uncertainties and evolving trade policies. Importantly, this adjustment phase underscores a growing emphasis on resilience, efficiency, and long-term planning. On the upside, India's domestic economy continues to display strong fundamentals. Cooling inflation, prospects on continued monetary easing, and a promising monsoon season together set a favorable tone for growth and recovery in the coming quarter.

Key findings from the survey:

- Expectations for volume of sales remain strong, with 62% of respondents anticipating an increase in the Jul-Sep 2025 quarter.
- New export orders received are expected to rise, with 56% of respondents indicating growth.
- Selling price expectations are optimistic, with 57% of respondents anticipating a rise.
- Sentiment around raw material prices improved, with 8% of respondents expecting lower prices in Jul-Sep quarter 2025 compared to 2% in previous Apr-Jun quarter 2025.
- Inventory levels of raw materials and work in progress are expected to increase, with 60% of respondents indicating a rise.
- Hiring sentiment remains strong, with 68% of respondents expecting an increase in total number of employees.

The survey indicates that small businesses are beginning to reassess their operating strategies, as sentiment across several key indicators reflects a shift toward strategic recalibration. While the domestic environment remains broadly supportive, with macroeconomic stability and policy continuity providing a foundation, recent data suggests that firms are adapting to evolving market dynamics with a forward-looking approach. Domestic orders have moderated, but businesses are maintaining a proactive stance, with 62% of respondents reporting

an increase in the volume of sales, reflecting continued activity in core markets. Encouragingly, 56% of businesses reported growth in new export orders received, indicating that firms are leveraging global opportunities to diversify revenue streams. This outward orientation suggests resilience and adaptability in the face of domestic demand fluctuations.

57% of businesses indicate selling prices to increase, suggesting that firms are managing to sustain pricing levels despite competitive pressures. Meanwhile a higher percentage of respondents expect lower raw material prices in Jul-Sep quarter 2025. This trend could support margin stability and enhance cost predictability in the coming quarters. Inventory levels are being managed prudently, with 60% of businesses reporting balanced inventory of raw materials and work in progress, aligned with demand expectations. On the employment front, 68% of firms indicated a stable or growing total number of employees, underscoring the sector's commitment to maintaining operational capacity and talent retention. While profitability sentiment has seen some recalibration, businesses are focusing on cost optimization and operational efficiency to navigate the current landscape. The strong sentiment around raw material prices suggests easing input cost pressures, which could provide relief for procurement and cost planning. Investment sentiment is being realigned with a focus on strategic priorities, as businesses adopt a more selective approach to capital deployment. External factors such as tariff-related tensions and global trade frictions continue to pose challenges, but firms are responding with greater agility and scenario planning.

Looking ahead, the ability of small businesses to navigate this evolving landscape will depend on how effectively they manage cost structures, preserve operational flexibility, and prioritize investments that enhance resilience. As domestic momentum moderates and external risks persist, strategic agility will be key to sustaining business confidence and performance.

Business Confidence Levels

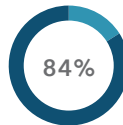
DEMAND ENVIRONMENT

SALES VOLUME

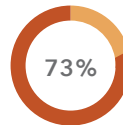
62% of the respondents expect an increase in their volume of sales finished goods in Jul-Sep 2025, compared to 86% in Apr-Jun 2025.



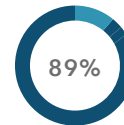
JUL-SEP
2024



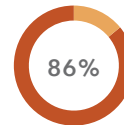
OCT-DEC
2024



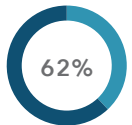
JAN-MAR
2025



APR-JUN
2025



JUL-SEP
2025

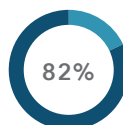


DOMESTIC ORDERS

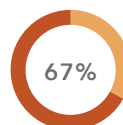
47% of the respondents expect an increase in domestic orders in Jul-Sep 2025 compared to 86% in Apr-Jun 2025.



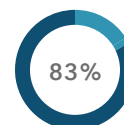
JUL-SEP
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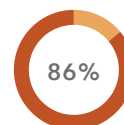
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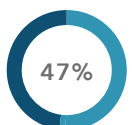
JAN-MAR
2025



APR-JUN
2025



JUL-SEP
2025

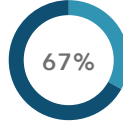


EXPORT ORDERS

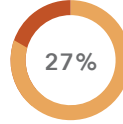
56% of the respondents expect an increase in their export orders in Jul-Sep 2025, compared to 70% in Apr-Jun 2025.



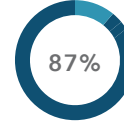
JUL-SEP
2024



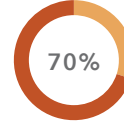
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JAN-MAR
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JUL-SEP
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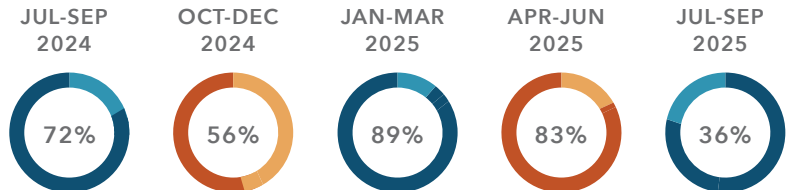
“The ASSOCHAM D&B Small Business Confidence Index for Q3 2025 reveals a strategic recalibration among small businesses, as firms adapt to evolving market dynamics with a forward-looking approach. Despite a moderation in domestic orders, stability in selling prices and easing input cost pressures are supporting margin predictability. Meanwhile, prudent inventory management and a stable employment outlook underscore operational resilience. As businesses realign investment priorities and navigate external trade frictions, the emphasis on cost optimization and strategic agility will be critical to sustaining performance in a shifting economic landscape. This cautious financial sentiment is echoed globally, with Dun & Bradstreet’s Global Business Optimism Index recording a -9.7% dip in financial confidence among small businesses, reaffirming the widespread focus on resilience and stability amid economic headwinds,” said **Mr. Avinash Gupta, Managing Director, Dun & Bradstreet India.**



FINANCIAL SITUATION

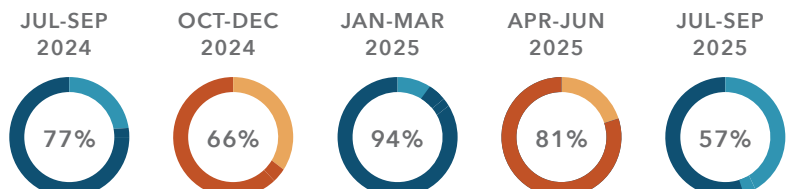
NET PROFITS

36% of the respondents expect an increase in net profit in Jul-Sep 2025 compared to 83% of the respondents anticipating a rise in Apr-Jun 2025.



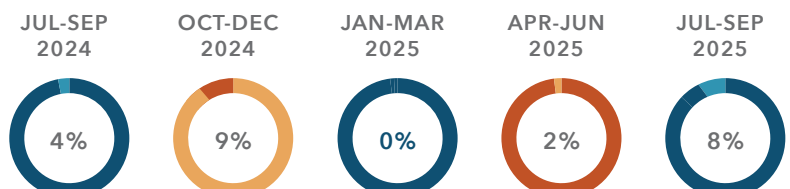
SELLING PRICE OF THEIR PRODUCTS/SERVICES

57% of the respondents expect an increase in the selling price of their products and services in Jul-Sep 2025, compared to 81% in Apr-Jun 2025.



RAW MATERIAL

8% of respondents expect raw material prices to decline in Jul-Sep 2025, compared to 2% in Apr-Jun 2025.



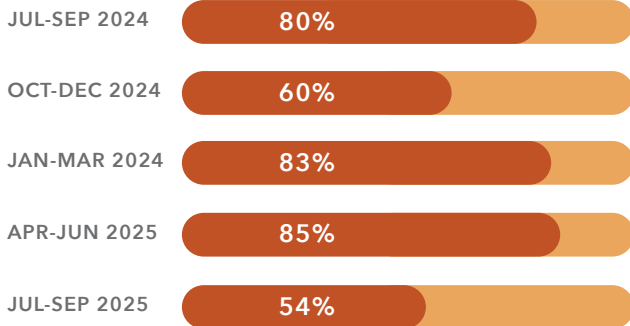
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“Small businesses are entering a phase of strategic transformation, balancing domestic stability with export diversification, as reflected in the ASSOCHAM D&B SBCI Index for Q3 2025. Encouraging trends in input cost normalization and pricing stability are enhancing cost predictability, while steady employment and inventory levels reflect cautious optimism. As firms recalibrate investment strategies amid persistent global trade uncertainties, Dun & Bradstreet data suggests that the sector’s resilience will hinge on its ability to manage cost structures, preserve flexibility, and prioritize investments that build long-term competitiveness,” said **Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet.**

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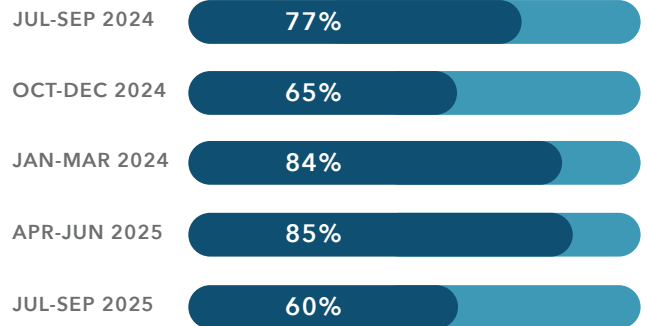
Business Confidence Levels

INVENTORY MANAGEMENT



INVENTORY OF FINISHED GOODS

54% of the respondents expect an increase their level of inventory of finished goods in Jul-Sep 2025, compared to 85% in Apr-Jun 2025.

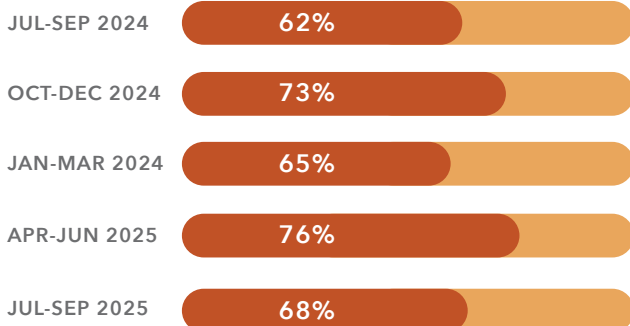


INVENTORY OF RAW MATERIALS AND WORK IN PROGRESS

60% of the respondents expect an increase in their level of inventory of raw materials and work in progress in Jul-Sep 2025, compared to 85% Apr-Jun 2025.

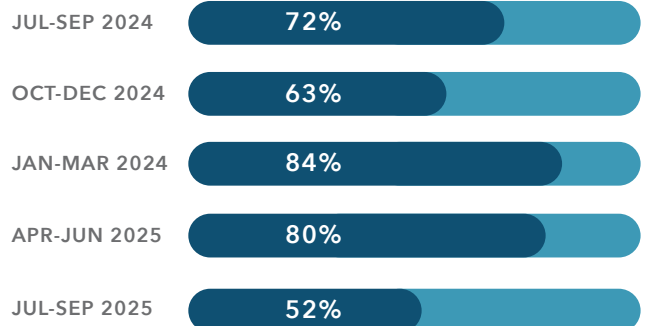


INVESTMENT SCENARIO



WORKFORCE SIZE

68% of the respondent SMEs expect an increase in the size of their workforce in Jul-Sep 2025, compared to 76% in Apr-Jun 2025.



FIXED CAPITAL INVESTMENTS

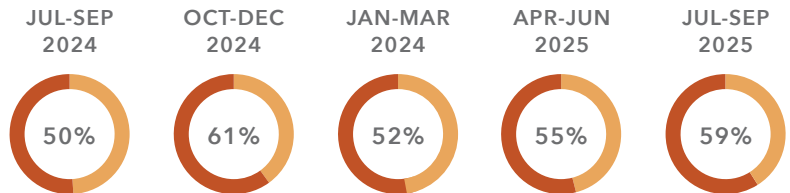
52% of the respondents expect an increase in their fixed capital investments in Jul-Sep 2025, compared to 80% in Apr-Jun 2025.



Business Confidence Levels

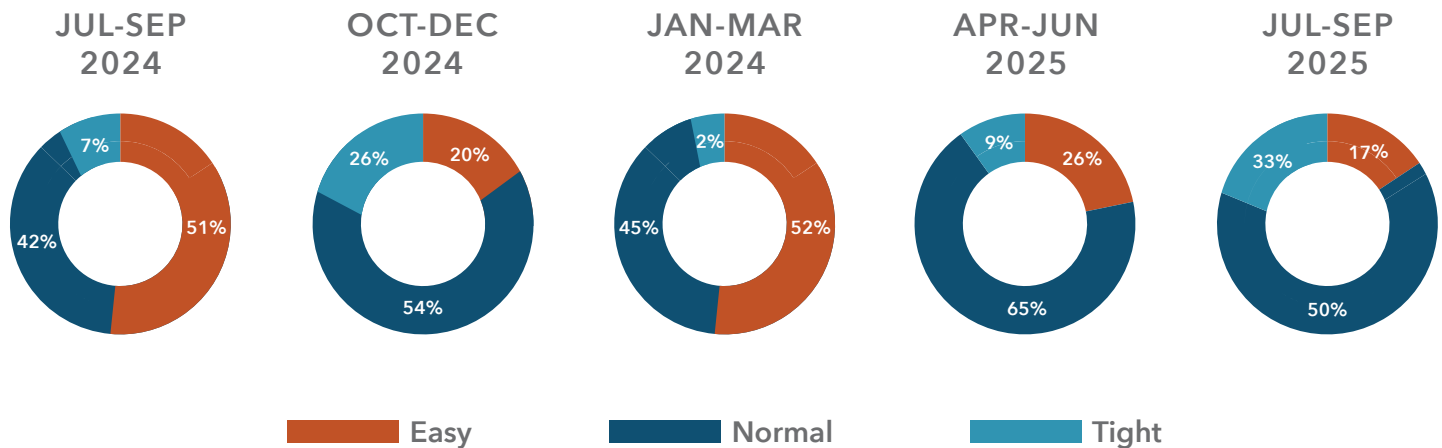
CAPACITY UTILISATION

SMEs anticipate average 2025 capacity utilization to reach 59% in Jul-Sep 2025.

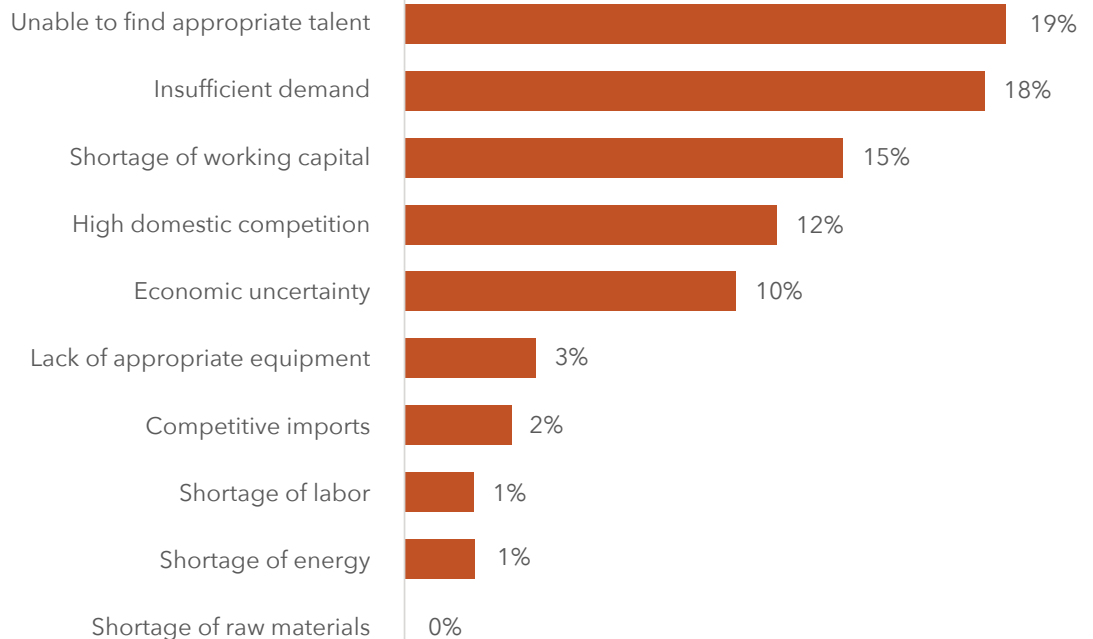


ACCESS TO CREDIT

Around 17% of the respondents anticipate that access to credit will be easy, while 50% anticipate it to be normal and only around 33% of the respondents anticipate it to be tight in Jul-Sep 2025 quarter.



FACTORS LIMITING PRODUCTION VOLUME (% of respondents expecting an increase)



- Inability to find appropriate talent has emerged as the top constraint in Jul-Sep 2025, cited by 19% of businesses up significantly from 9% in Apr-Jun 2025.
- Insufficient demand remains a key limiting factor, reported by 18% of businesses in Jul-Sep 2025, a sharp increase from 7% in the previous quarter
- Shortage of working capital has become a growing concern again, with 15% of respondents highlighting it in Jul-Sep 2025, compared to 9% in Apr-Jun 2025.
- High domestic competition continued to impact small businesses, cited by 12% of respondents in Jul-Sep 2025, up from 9% in Apr-Jun 2025.
- Economic uncertainty re-emerged as a significant constraint, with 10% of businesses reporting it in Jul-Sep 2025, up from just 2% in Apr-Jun 2025.

- Lack of appropriate equipment was flagged by 3% of businesses in Jul-Sep 2025, showing a sharp decline from 11% in the previous quarter.
- Competitive imports were cited by only 2% of businesses in Jul-Sep 2025, down from 7% in Apr-Jun 2025.
- Shortage of labor was a minor issue, reported by only 1% of businesses in Jul-Sep 2025, down from 7% in the previous quarter.
- Shortage of energy remained a minimal concern, cited by 1% of businesses in Jul-Sep 2025, unchanged from Apr-Jun 2025.
- Shortage of raw materials was not reported as a constraint in Jul-Sep 2025, down from 5% 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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