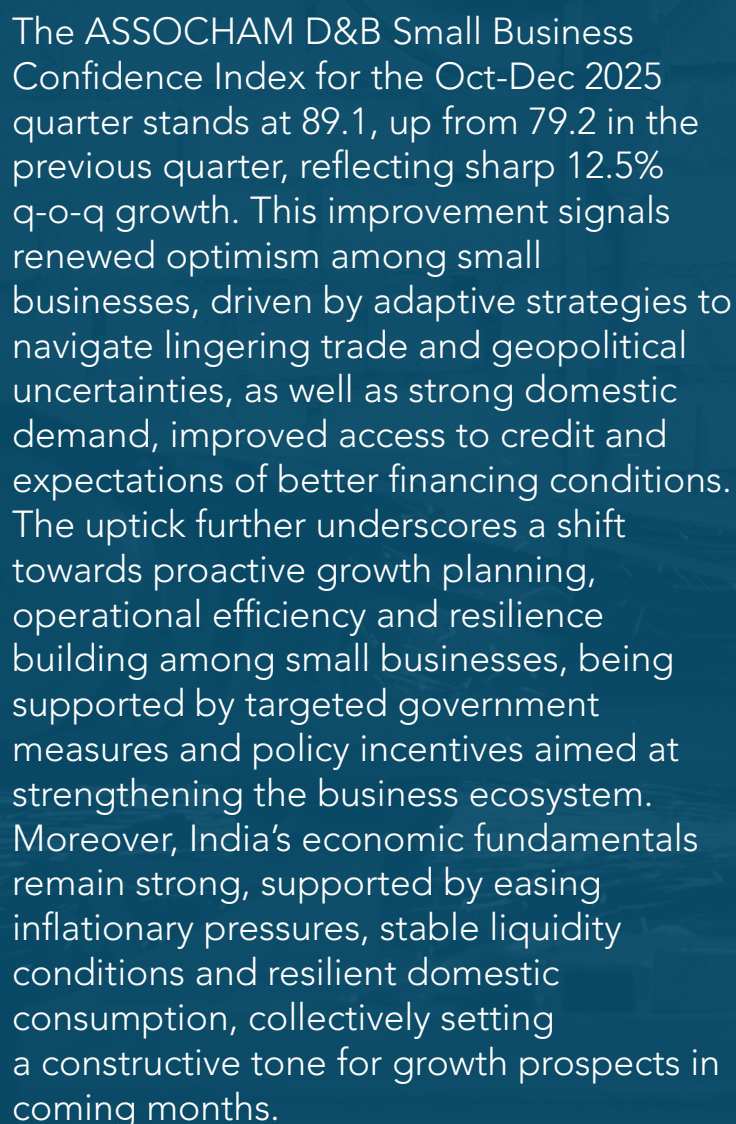




Key Highlights of the Survey



The ASSOCHAM D&B Small Business Confidence Index for the Oct-Dec 2025 quarter stands at 89.1, up from 79.2 in the previous quarter, reflecting sharp 12.5% q-o-q growth. This improvement signals renewed optimism among small businesses, driven by adaptive strategies to navigate lingering trade and geopolitical uncertainties, as well as strong domestic demand, improved access to credit and expectations of better financing conditions. The uptick further underscores a shift towards proactive growth planning, operational efficiency and resilience building among small businesses, being supported by targeted government measures and policy incentives aimed at strengthening the business ecosystem. Moreover, India's economic fundamentals remain strong, supported by easing inflationary pressures, stable liquidity conditions and resilient domestic consumption, collectively setting a constructive tone for growth prospects in coming months.

Key findings from the survey:

- Expectations for volume of sales has improved, with 75% of respondents anticipating an increase in the Oct-Dec 2025 quarter, up from 62% in Jul-Sep 2025.
- Domestic order expectations have strengthened significantly, with 77% of respondents expecting growth, up from 47% in the previous quarter.
- Export order sentiment improved, with 65% of respondents anticipating an increase in the Oct-Dec 2025 quarter, compared to 56% in Jul-Sep 2025.
- Profitability outlook is notably positive, with 71% of respondents expecting higher net profits in the Oct-Dec 2025 quarter, a sharp rise from 36% in Jul-Sep 2025.
- Selling price expectations remain optimistic, with 60% of respondents anticipating a rise in the Oct-Dec 2025 quarter, slightly higher than 57% in the previous quarter.
- Sentiment around raw material prices softened, with only 4% of respondents expecting lower prices in the Oct-Dec 2025 quarter, down from 8% earlier.
- Businesses expect inventory levels to rise, with 67% of respondents anticipating an increase in finished goods inventory and 68% expecting higher raw material and work-in-progress inventory in the Oct-Dec 2025 quarter, compared to 54% and 60% respectively in Jul-Sep 2025.
- Hiring sentiment moderated, with 52% of respondents expecting an increase in workforce size in the Oct-Dec 2025 quarter down from 68% in the previous quarter, while 62% anticipate higher fixed capital investments, up from 52% earlier.

Small businesses are demonstrating renewed confidence, reflected in improving sentiment across key indicators. Recent survey data reveals that 75% of respondents expect higher sales volumes, while 77% anticipate increased domestic orders between Oct and Dec 2025 highlighting strong domestic demand expectations and growing confidence in the economy, supported by improving consumer sentiment. This optimism is further bolstered by targeted government initiatives such as improved credit access for MSMEs, rationalisation of GST, expanded direct benefit transfers to rural households, production-linked incentive schemes and accelerated infrastructure spending. Export-related confidence has also seen a notable uptick, with optimism around new export orders rising by 9 percentage points on a quarterly basis. This improvement is being supported by targeted domestic export promotion schemes. Recent digital trade facilitation initiatives, such as the launch

of the e-Certificate of Origin 2.0 system, the Trade Connect platform and the Jan-Sunwai interface, are enhancing efficiency and transparency. These efforts, coupled with strategic moves to diversify export markets, are equipping businesses to navigate global uncertainties with greater resilience.

Financial expectations have improved significantly, with 71% of respondents expecting higher net profits in Oct-Dec 2025 (a 35 percentage points rise on a quarterly basis) largely driven by expectations of sustained strong domestic demand. 60% of the surveyed businesses anticipate an increase in selling prices, signaling confidence in demand resilience.

Investment sentiment is firming up, as 62% of respondents plan to increase fixed capital investments, supported by policy incentives, improved liquidity and expectations of sustained growth, even as hiring expectations moderate to 52%, indicating a strategic shift toward automation and productivity-driven expansion rather than workforce-heavy growth.

Insights from the D&B India Business Optimism Index reinforce this positive outlook, where optimism for sales volume rose by 7 percentage points in (Oct-Dec) 2025 compared to (Jul-Sep), led by food, beverages, metals, and transportation sectors, while construction and ICT remain cautious. Domestic order optimism increased by 4 percentage points, with administrative services, mining, and utilities showing the strongest confidence. Selling price optimism edged up by 2 percentage points, driven by chemicals, capital goods, and automotive sectors. Inventory optimism also improved by 4 percentage points, with electricals, chemicals, and textiles leading the trend.

While external challenges such as competitive imports and global trade frictions persist, businesses are responding with agility, and selective capital deployment. Looking ahead, the ability of small businesses to sustain this positive trajectory will depend on leveraging supportive domestic policies, capitalising on strong domestic demand, diversifying exports, incorporating automation, and maintaining cost discipline. With confidence rebounding and structural reforms continuing, the outlook for the small businesses remains optimistic, signaling a period of strategic growth and resilience.

Business Confidence Levels

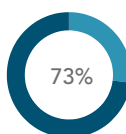
DEMAND ENVIRONMENT

SALES VOLUME

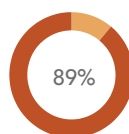
75% of respondents expect an increase in sales volume of finished goods in Oct-Dec 2025, compared to 62% in Jul-Sep 2025, increase of 13 percentage points.



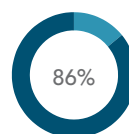
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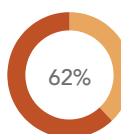
JAN-MAR 2025



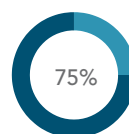
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JUL-SEP 2025



OCT-DEC 2025

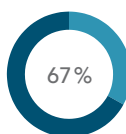


DOMESTIC ORDERS

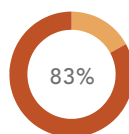
77% of respondents expect an increase in domestic orders in Oct-Dec 2025 compared to 47% in Jul-Sep 2025, increase of 29 percentage points.



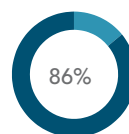
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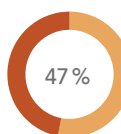
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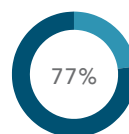
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OCT-DEC 2025

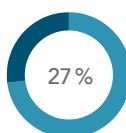


EXPORT ORDERS

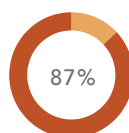
65% of respondents expect an increase in export orders in Oct-Dec 2025, compared to 56% in Jul-Sep 2025, increase of 9 percentage points.



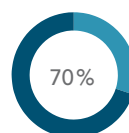
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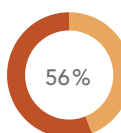
JAN-MAR 2025



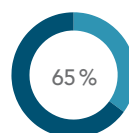
APR-JUN 2025



JUL-SEP 2025



OCT-DEC 2025



"The ASSOCHAM D&B Small Business Confidence Index for Oct-Dec 2025 reflects a strong resurgence in India's SME sector, underscoring its resilience and agility in a rapidly evolving economic landscape. The rise in sales and domestic order expectations demonstrates how businesses are effectively leveraging policy reforms, improved liquidity, and structural support to drive growth. The concurrent increase in optimism around profitability and capital investment signals a deepening confidence in sustained demand and long-term viability. Reinforced by the D&B India Business Optimism Index, which shows notable improvements in sales and inventory sentiment across key sectors such as food, beverages, metals, and transportation, this momentum reflects a sector-wide strategic shift. While hiring sentiment remains cautious, the pivot toward productivity-led growth highlights a maturing business outlook focused on competitiveness and value creation. As small businesses navigate global uncertainties, their emphasis on operational efficiency and targeted capital deployment will be critical in sustaining India's economic momentum," said **Mr. Avinash Gupta, Managing Director, Dun & Bradstreet India.**



FINANCIAL SITUATION

NET PROFITS

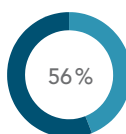
71% of respondents expect an increase in net profit in Oct-Dec 2025 compared to 36% in Jul-Sep 2025, increase of 35 percentage points.



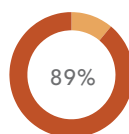
Up
from
(Y-o-Y)



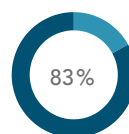
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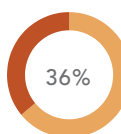
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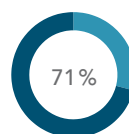
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OCT-DEC 2025



SELLING PRICE OF PRODUCTS/SERVICES

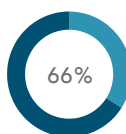
60% of respondents expect an increase in the selling price of products and services in Oct-Dec 2025, compared to 57% in Jul-Sep 2025, increase of 3 percentage points.



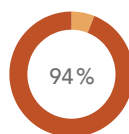
Up
from
(Y-o-Y)



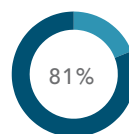
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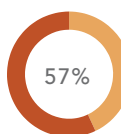
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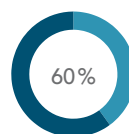
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OCT-DEC 2025



RAW MATERIAL

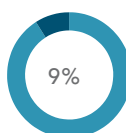
Only 4% of respondents expect raw material prices to decline in Oct-Dec 2025, compared to 8% in Jul-Sep 2025, decrease of 4 percentage points.



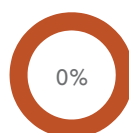
Decline
from
(Y-o-Y)



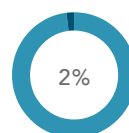
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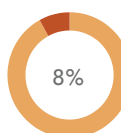
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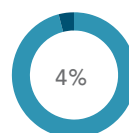
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OCT-DEC 2025



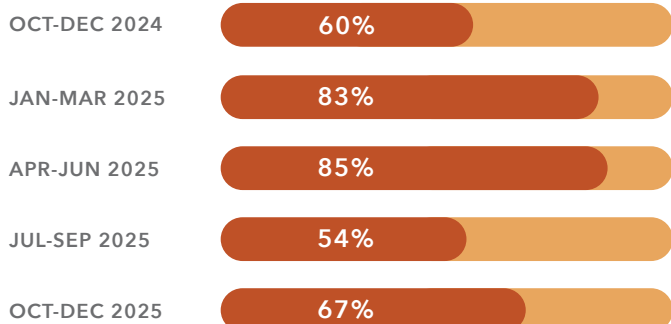
“

“India’s calibrated policy approach, rising gold reserves, and expanding international partnerships underscore its continued economic transformation and strategic global positioning, creating a stable and enabling environment for small businesses to thrive. The sharp rebound in the ASSOCHAM D&B Small Business Confidence Index for Oct-Dec 2025 reflects this momentum, supported by resilient domestic demand and easing inflation. Export optimism is also gaining strength, supported by accelerated domestic market diversification efforts. Encouraging trends in profitability and investment sentiment suggest that small enterprises are not just recovering but repositioning for long-term resilience. As global uncertainties persist, the ability to embrace automation, diversify markets, and maintain cost discipline will be key to sustaining competitiveness.” **said Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet.**

”

Business Confidence Levels

INVENTORY MANAGEMENT

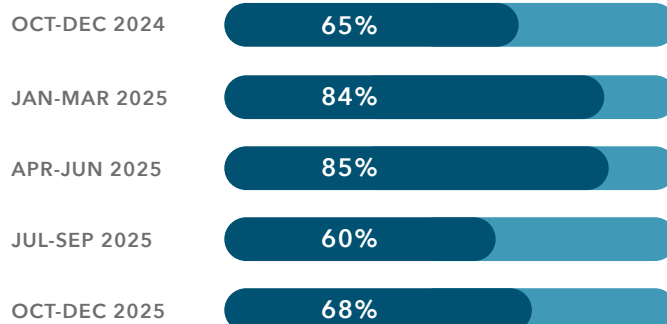


INVENTORY OF FINISHED GOODS

67% of respondents expect an increase level of inventory of finished goods in Oct-Dec 2025, compared to 54% in Jul-Sep 2025, increase of 13 percentage points.



Up from
(Y-o-Y)



INVENTORY OF RAW MATERIALS AND WORK IN PROGRESS

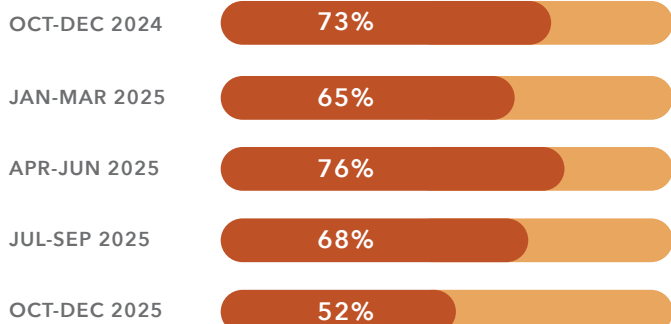
68% of respondents expect an increase in level of inventory of raw materials and work in progress in Oct-Dec 2025, compared to 60% Jul-Sep 2025, increase of 8 percentage points.



Up from
(Y-o-Y)



INVESTMENT SCENARIO

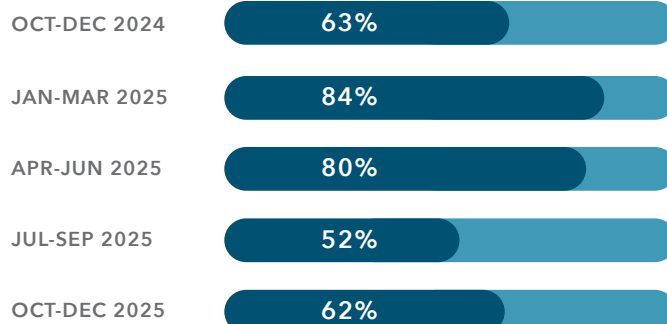


WORKFORCE SIZE

52% of respondent SMEs expect an increase in the size of their workforce in Oct-Dec 2025, compared to 68% in Jul-Sep 2025, decrease of 16 percentage points.



Decline from
(Y-o-Y)



FIXED CAPITAL INVESTMENTS

62% of respondents expect an increase in fixed capital investments in Oct-Dec 2025, compared to 52% in Jul-Sep 2025, increase of 10 percentage points.



Up from
(Y-o-Y)



Business Confidence Levels

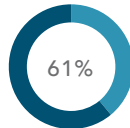
CAPACITY UTILISATION

SMEs anticipate average 2025 capacity utilisation to be at 45% in Oct-Dec 2025, a 14 percentage points decline from the previous quarter.

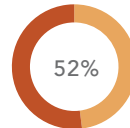
Decline from (Y-o-Y)



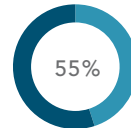
OCT-DEC 2024



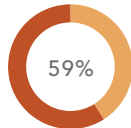
JAN-MAR 2025



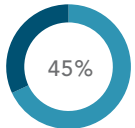
APR-JUN 2025



JUL-SEP 2025



OCT-DEC 2025



ACCESS TO CREDIT

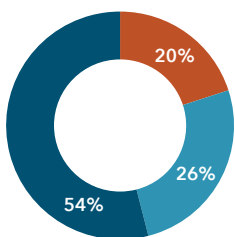


Around 10% of respondents anticipate easier access to credit while 70% anticipate it to be normal and only around 20% of respondents anticipate tighter access to credit in Oct-Dec 2025 quarter.

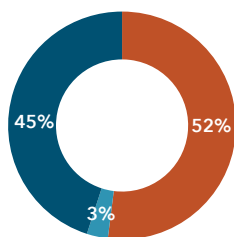
Up from previous quarter



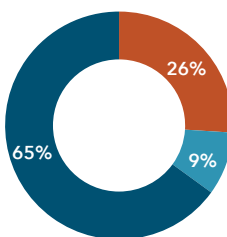
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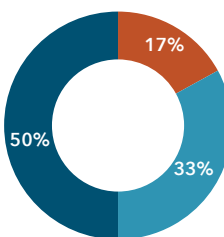
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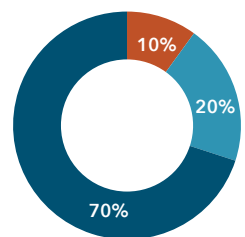
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OCT-DEC 2025

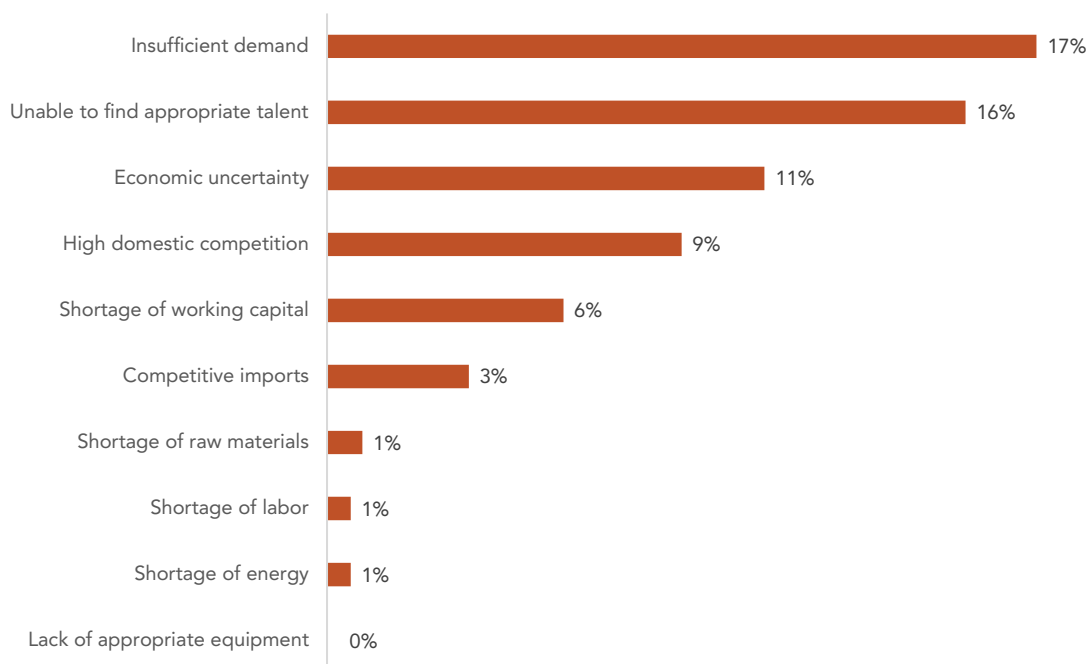


Easy

Normal

Tight

FACTORS LIMITING PRODUCTION VOLUME



- Insufficient demand, cited by 17% of SMEs, has emerged as the most critical constrain to production in Q4 2025.
- The inability to find appropriate talent remained a major challenge, reported by 16% of businesses in Oct-Dec 2025, albeit down from 19% in Jul-Sep 2025.
- Economic uncertainty has become a growing concern, with 11% of respondents highlighting it in Oct-Dec 2025, compared to 10% in Jul-Sep 2025.
- High domestic competition continued to impact small businesses, cited by 9% of respondents in Oct-Dec 2025, albeit down from 12% in Jul-Sep 2025.
- Shortage of working capital was cited by only by 6% of businesses in Oct-Dec 2025, down from 15% in Jul-Sep 2025.
- Competitive imports were flagged by 3% of businesses in Oct-Dec 2025 as a cause of concern, a slight increase from 2% in Jul-Sep 2025.
- Shortage of raw materials re-emerged as a minor concern, cited by 1% of businesses in Oct-Dec 2025, after being absent in Jul-Sep 2025. Shortage of labor was reported by only 1% of businesses in Oct-Dec 2025, unchanged from the previous quarter Jul-Sep 2025.
- Shortage of energy too remained a negligible concern, cited by 1% of businesses in Oct-Dec 2025, unchanged from Jul-Sep 2025.
- Lack of appropriate equipment was not reported as a constraint in Oct-Dec 2025, down from 3% in Jul-Sep 2025.

Methodology

ASSOCHAM, in association with Dun & Bradstreet India, conducted a pan-India survey of SMEs across multiple sectors to understand their optimism level on key business parameters such as sales, employment, prices, inventory, and investment. The individual indices are then calculated by the percentage of respondents expecting an increase. Individual weights are assigned to each of the five parameters. To compute the ASSOCHAM Small Business Confidence Index, the favorable responses for each of the five parameters during the review period are compared to the positive responses in the base period (Q2 2022) and expressed as a ratio. These ratios are then multiplied by their respective parameter weights and combined to determine the overall value of ASSOCHAM Small Business Confidence Index.

Please send your feedback to Dr. Arun Singh, Global Chief Economist, Dun & Bradstreet
Dun & Bradstreet Information Services India Pvt. Ltd., 7th Floor, Godrej BKC, Bandra (East),
Mumbai - 400051

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