MSME CATALYST

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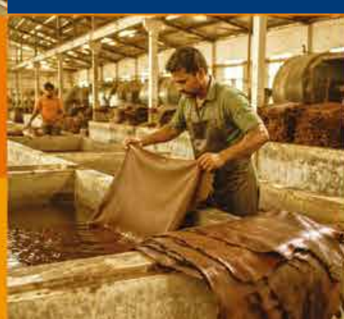
MSMEx Spotlight

Special Edition: Clusters and Industrial Activity Analysis - Where MSMEs Thrive and Why

September 2026
(Data as of June 2026)



ABOUT THIS REPORT

The Indian MSMEx credit ecosystem is undergoing an aggressive structural consolidation, transitioning away from scattered peripheral units into high-density geographic corridors. As of June 2026, the aggregate MSMEx (Micro, Small, Medium Exposure) credit portfolio outstanding (POS- entities reported to the commercial bureau) reached ₹47.4 Lakh Crore, expanding steadily at 12.5% YoY. This growth is robustly spearheaded by Small (20.3% YoY) and Medium (21.3% YoY) enterprises while Micro units continue to hold a dominant 84.4% share of all active loan accounts in the market, highlighting a massive segment ripe for further credit formalization.

MSME Credit portfolio at a glance	
Total Portfolio Outstanding	**₹47.4 Lakh Crore** *(only funded products considered)*
Total Active Loan Accounts	194.3 Lakh Accounts
Dominant Product Channel	Term Loans (51.3% Portfolio Outstanding/POS share) *(only funded products considered)*
Dominant Lender Type	Private Sector Banks (41.9% POS Share) while PSU Banks in number of loans (41.6% active loans share)

What the Report Aims to Achieve

1. Bring out the impact of Core Sector Cluster Profiles on the industries

By providing credit data mapping for five major MSME verticals, the report aims to show the growth vectors, where the capital is consolidating and how the clusters are spearheading the respective industrial activity. Takeaways for the five chosen industry activity:

- **Engineering and Machinery (E&M):** Rapid consolidation is underway as the number of high-density hubs (number of districts >₹1,000 Cr POS) spiked from 24 to 47 in three years. Key clusters like Pune and Rajkot command better asset quality, dropping delinquency (PAR 91-180) to 1.2% compared toperipheral zones.
- **Chemicals:** Illustrates localized, high-value midmarket capital deployment (loans between ₹2Cr–₹10Cr) concentrated tightly within 24 mature districts (led by Ahmedabad and Mumbai) controlling 53.1% of sector credit.
- **Textiles:** Highlights a traditional, stable ecosystem anchored deeply around micro-weaving and small-scale units (<₹2Cr ticket size). This also includes rapid asset quality improvements in Southern hubs (Tiruppur and Coimbatore) alongside slightly emerging stress in Western hubs (Ahmedabad).
- **Wholesale Trade:** Showcases a massive expansion where high-volume trade clusters more than doubled from 54 to 119, highlighting an organic credit shift away from traditional capitals like Mumbai and Kolkata toward surging western hubs like Surat.
- **Retail Trade:** More geographically diversified, with low ticket sizes (<₹2 Cr) and a widely distributed credit footprint across the country, the segment has expanded to 189 high volume districts, driving 75% of industry credit.

By also presenting granular credit data (such as Private Banks holding a dominant 75.9% credit share in Surat's wholesale trade and NBFCs increasing their share in certain industries), the report aims to act as a guide for financial institutions to customize their risk assessment frameworks.

Additionally, the analysis demonstrates opportunities in certain industrial segments. For instance, the stagnation in the Micro segment and the untapped cluster-concentration potential in Textiles, signals opportunities for plug-and-play infrastructures and credit-linked interventions.

Important note: For the purpose of this report, references to CRIF High Mark data categorize borrowers based on their credit exposure:
Micro Exposure Businesses (Micro) Exposure up to ₹ 2 crore
Small Exposure Businesses (Small) Exposure between ₹ 2 crore and ₹ 20 crore
Medium Exposure Businesses (Medium) Encompass those with exposure between ₹ 20 crore and ₹ 100 crore.

MSMEx refers to Micro, Small, Medium Exposure Businesses. This report covers only Fund based credit facilities – Term Loans, Property Loans, Working Capital (Cash Credit & Overdraft). This report comprises of data reported to the commercial bureau

REPORT NAVIGATION GUIDE

Each cluster has its own uniqueness, differentiating edge and specific segmented customer profile dealing with a differentiated product. These clusters strengthen both backward and forward linkages across value chains, making a one-size-fits-all approach inadequate. Banking solutions must therefore be data-led, cluster-specific and customised to the minutest level. Asset quality across MSME clusters has also remained remarkably resilient, with anecdotal evidence pointing to very low NPA level despite the sector navigating frequent external and domestic shocks. MSMEs will be central to Viksit Bharat through their contribution to manufacturing, exports, investment and employment. At Union Bank of India, we remain committed to enabling their growth through timely, innovative and customised financial solutions.

**STRONG MSME CLUSTERS. STRONGER MSMEs.
STRONGER BHARAT.**

ASHEESH PANDEY
Managing Director & CEO, Union Bank of India

MSME financing is transforming from traditional underwriting to an ecosystem-led and technology-enabled credit assessment. A cluster-based approach can provide lenders with deeper visibility into local value chains, payment behaviour, working-capital cycles, and sector-specific vulnerabilities across key industries.

Such visibility is particularly critical amid geopolitical conflicts, supply-chain disruptions, trade restrictions, and commodity-price volatility, all of which can significantly impact MSME cash flows and operating resilience. By integrating cluster intelligence with AI-driven analytics, credit decisions can be strengthened, fostering sustainable growth in MSME lending.

As India's MSME ecosystem becomes more organised and digitally connected, we believe lenders who integrate technology-led insights with strong on-the-ground expertise will be better equipped to build resilient portfolios, manage risk responsibly, and support the sector's long-term growth and competitiveness.

MANISH JAIN
Executive Director, Yes Bank

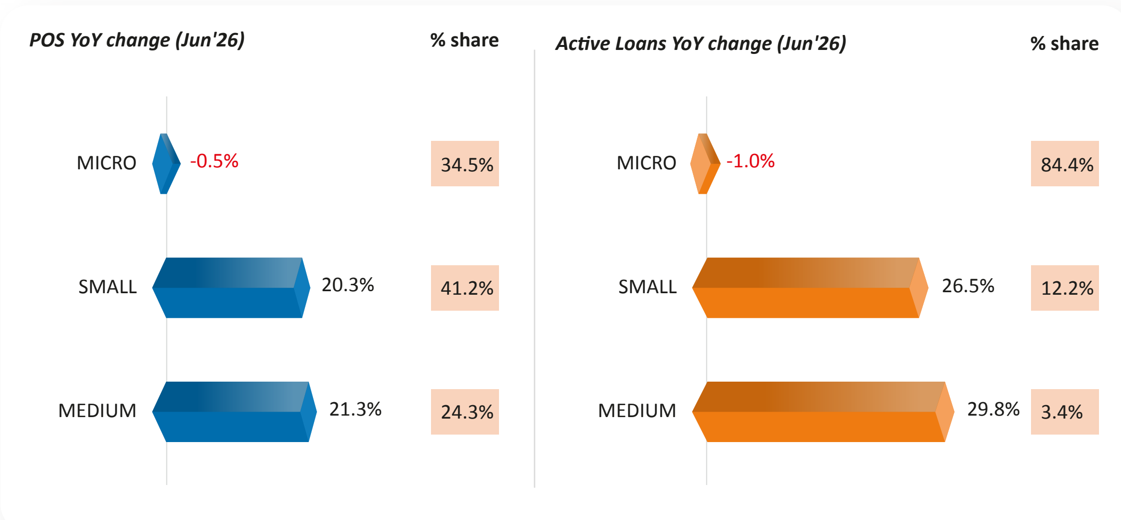
CHAPTER 1:

THE MSMEx CREDIT
Landscape

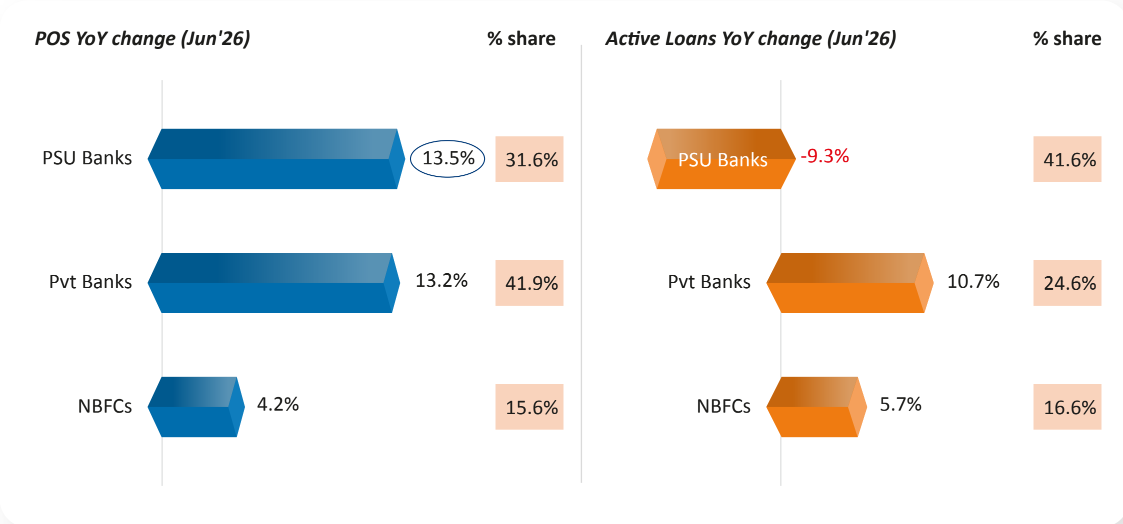
The aggregated MSMEx portfolio outstanding grew 12.5% YoY as of Jun'26, led by strong expansion in Small (20.3% YoY) and Medium (21.3% YoY) exposure businesses. While growth has moderated compared to the previous year due to stagnation in micro segment, overall performance has continued to improve steadily over time.

	Jun-24	Jun-25	Jun-26
Portfolio Outstanding (₹ L Cr)	35.5	42.2	47.4
YoY Growth%		*19.0%*	*12.5%*
Active Loans (L)	180.5	189.4	194.3
YoY Growth%		*4.9%*	*2.6%*
PAR 31-90	2.0%	2.0%	1.6%
PAR 91-180	1.6%	1.8%	1.4%
PAR 180+	7.7%	6.2%	5.9%

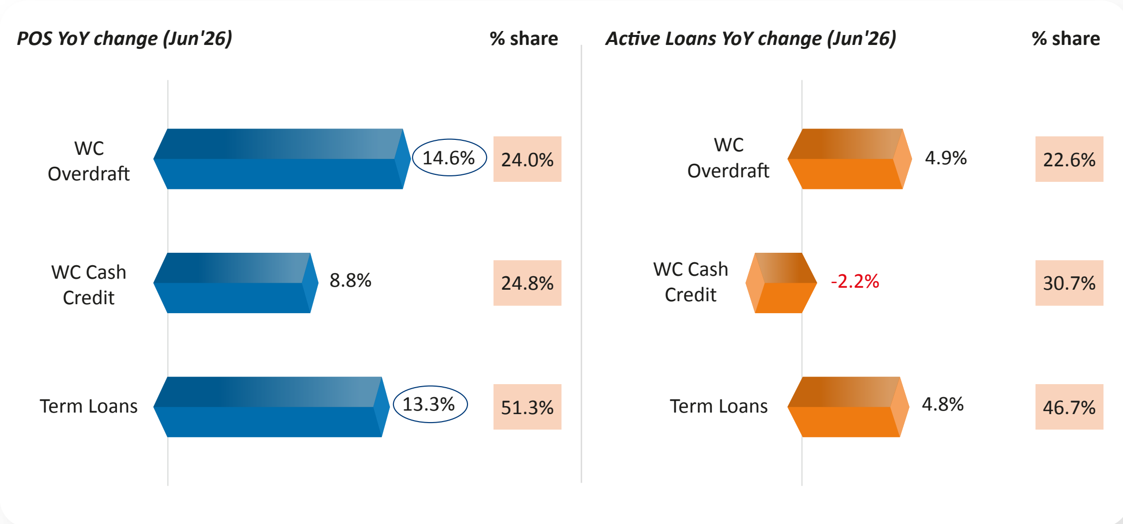
The Micro exposure segment accounts for a substantial 84.4% of all active loans in the market, offering opportunities for credit expansion - particularly in light of the stagnant growth observed in Jun'26.



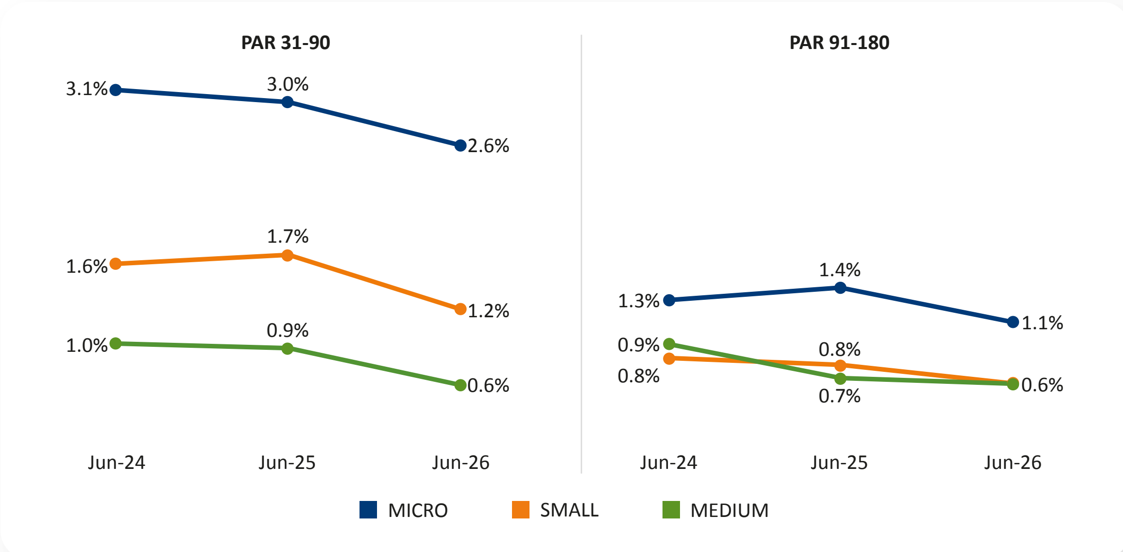
By lender type, YoY POS growth as of Jun’26 was led by PSU banks (13.5% YoY, 31.6% share), followed by private banks (13.2% YoY, 41.9% share), supported by sustained entry level access, formalization, and targeted government schemes.



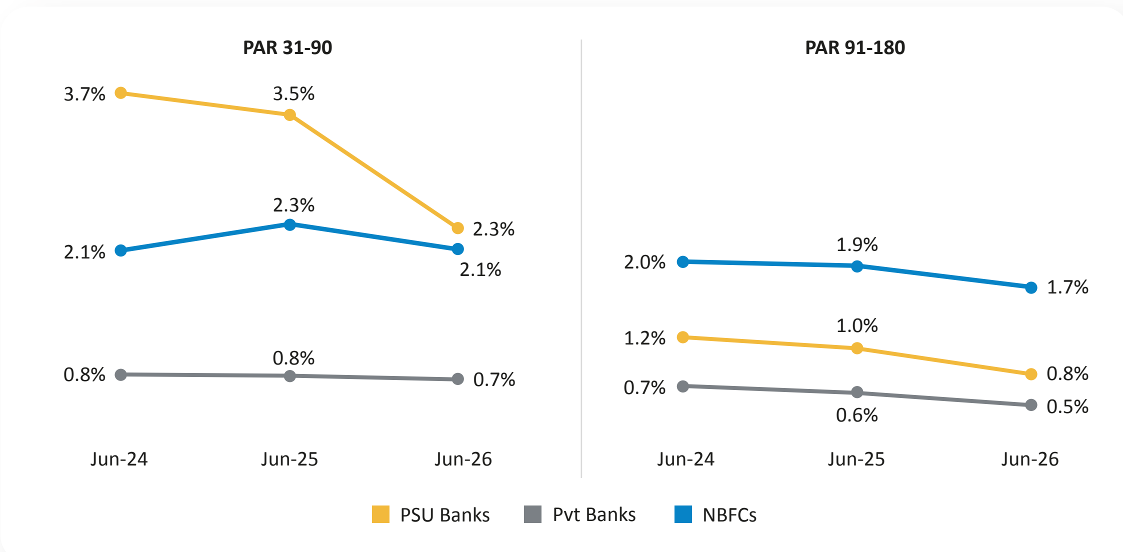
By product type, term loans - accounting for the lion’s share of MSMEx credit (51.3% of POS) - grew by 13.3% YoY as of Jun’26, followed by working capital - Overdraft (which grew fastest at 14.6% YoY), indicating expansion supported by both operational and capital expenditure requirements and higher ticket sizes (value growth >volume growth).



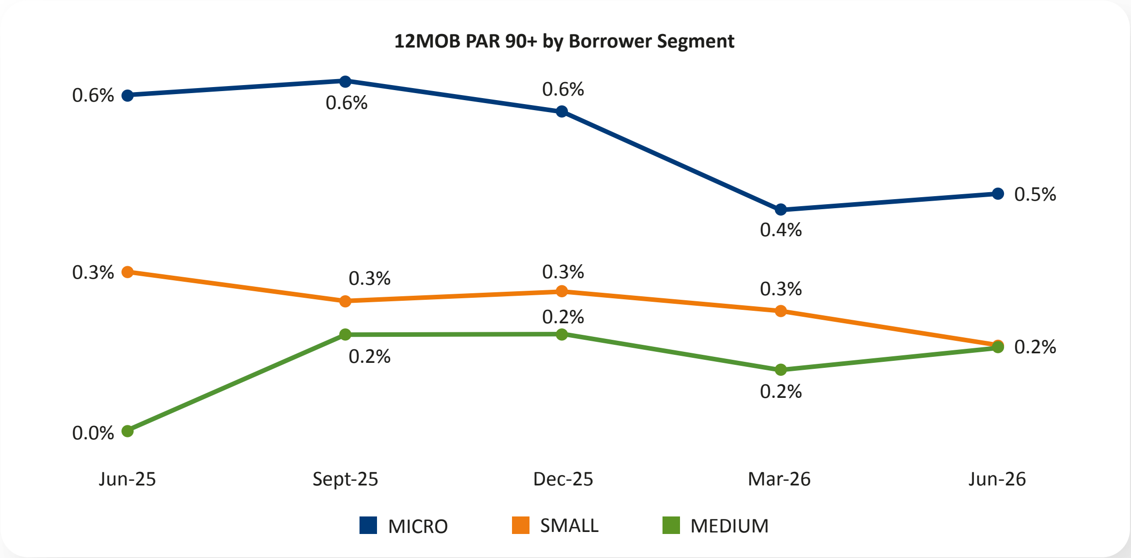
Performance: Overall performance continues to improve, driven by PSU banks especially and across all borrower segments. Private banks and the medium segment, in particular, remain key drivers of lower delinquency within the portfolio.



NBFCs' PAR 91–180, though improved, still reflects over 3x higher delinquency (1.7%) compared to private banks (0.5%).



Recent originations have remained strong across borrower segments, with vintage delinquency showing consistent improvement (and <1% as of Jun'26).

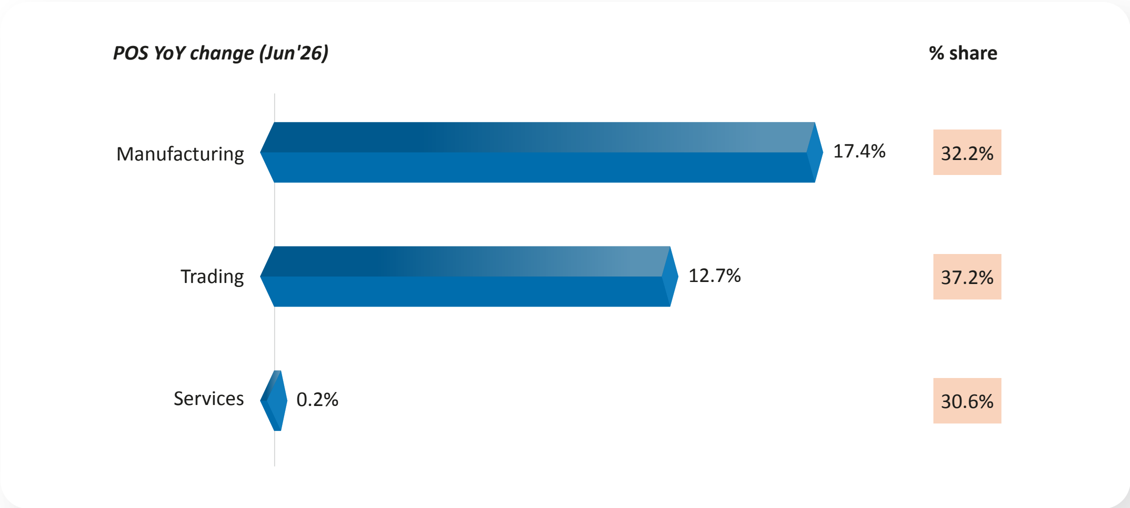


CHAPTER 2:

CLUSTER ANALYSIS

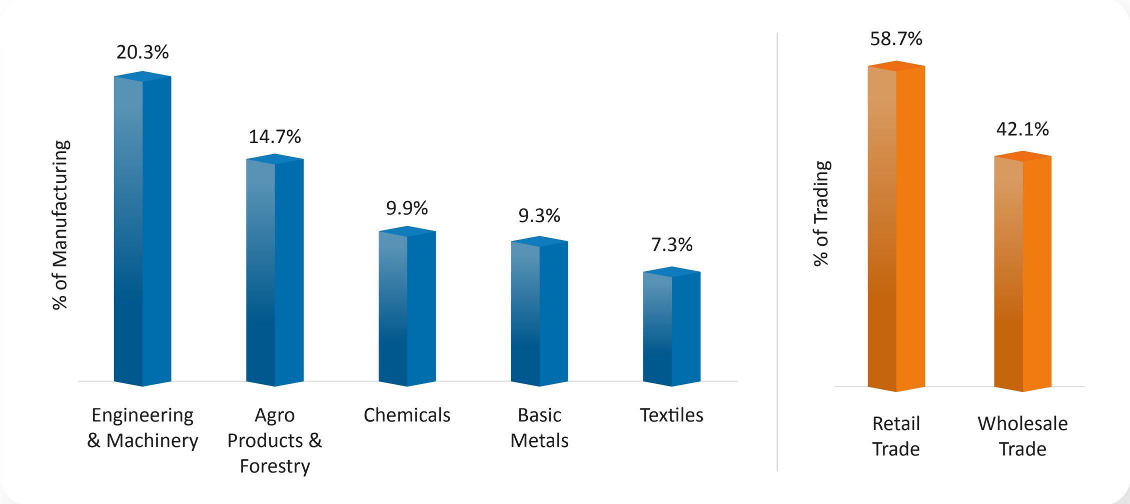
Objective: To identify the extent to which clusters influence industry activity, and to benchmark their impact and performance against non-clustered areas.

Overall manufacturing has grown by a healthy 17.4% YoY growth driving the overall MSMEx growth, followed by trading at 12.7% YoY.



Industry classification has been carried out by integrating bureau data with government classifications, further refined using bureau defined logics. Above chart excludes other business activities not specifically reported to the bureau under any industry activity category.

Top Industry Activity in Manufacturing & Trading (by aggregated portfolio outstanding)



CLUSTER IMPACT ANALYSIS

The Macro to Micro Narrative

Borrower Industry: Manufacturing

SHIFTING FROM LOCAL UNITS TO DENSE, CONCENTRATED INDUSTRIAL CLUSTERS SUPPORTED BY PRIVATE SECTOR BANKS

Key highlight: The MSMEx Engineering and Machinery landscape in India is undergoing rapid structural consolidation. Over the last three years, credit and industrial activity have aggressively shifted away from scattered peripheral regions and into high-density industrial hubs (24 to 47 hubs as of Jun’26). These Top districts/clusters (**defined as districts having >₹1,000 Cr POS**) now anchor nearly two-thirds of the country’s portfolio while delivering stronger performance.

Cluster impact analysis

E&M industry activity	Jun'23	Jun'26	
Cluster Density (Districts >₹1,000 Cr for the industry activity)	*24*	*47* ↑	*Scaling of localized industrial corridors*
Peripheral Coverage (Districts <₹1,000 Cr for the industry activity)	*686*	*665*	
Cluster Credit Portfolio Outstanding Share (%)	*50.9%*	*63.5%*	*Nearly 2/3rds of the credit for the industry activity is now locked inside just 47 powerhouse districts.*
Peripheral Credit Portfolio Outstanding Share (%)	*49.1%*	*36.5%*	
Cluster Asset Quality (PAR 91-180)	*1.8%*	*1.2%*	*High-density clusters also deliver better performance, dropping stress by 60 bps.*
Peripheral Asset Quality (PAR 91-180)	*2.0%*	*1.4%*	

- *Where are this concentrated?* The top 5 districts alone command a staggering 18.7% of the entire country's portfolio of engineering and machinery. **4 out of the 5 leading hubs are concentrated in Maharashtra and Gujarat**, indicating the profound impact of state-targeted MSME schemes, port proximity, and mature industrial supply chains.

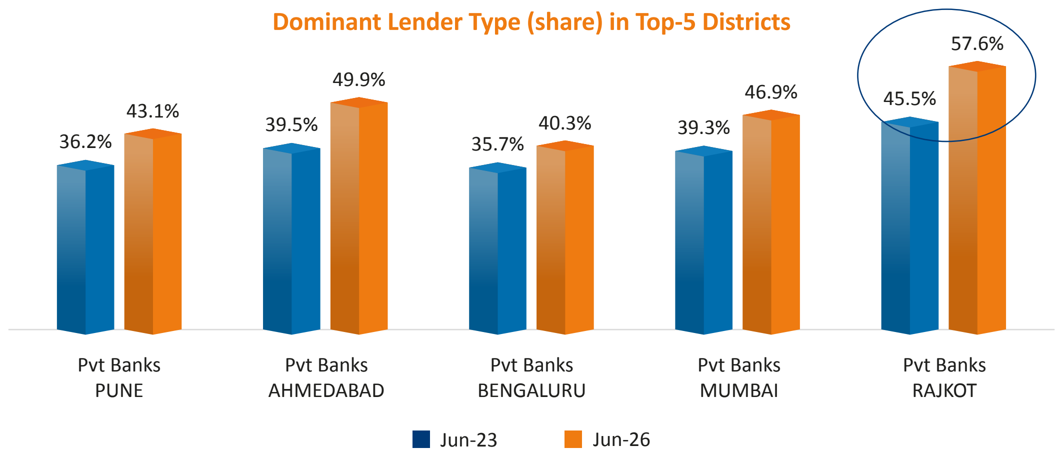
Key districts where it is clustered	Respective States	POS share distribution of the industry (Jun'23)	POS share distribution of the industry (Jun'26)	PAR 91-180 Jun'23	PAR 91-180 Jun'26	3 Yr CAGR in POS (Jun'23 to Jun'26)
PUNE	MH	*5.3%*	*5.0%*	2.0%	0.6%	*24.7%*
AHMEDABAD	GJ	*4.6%*	*4.6%*	1.5%	2.1%	*27.1%*
BENGALURU	KA	*4.6%*	*4.1%*	2.1%	2.0%	*22.1%*
MUMBAI	MH	*3.4%*	*2.6%*	2.3%	2.4%	*15.2%*
RAJKOT	GJ	*2.3%*	*2.4%*	0.6%	0.2%	*28.9%*

Share of Top 5 districts has reduced from 20.2% to 18.7%

Best performance

Growth driven by GJ

- Private sector banks have overwhelmingly emerged as the financial backbone of these key MSMEx clusters. They have expanded their credit market share across every top hub over the last 36 months for E&M. Private banks scaled their presence dramatically in Rajkot, leaping from **45.5% as of Jun'23 to a dominant 57.6% credit share.**



- Despite the scale of these districts, the underlying engine is **Micro and Small-scale.** Small ticket size loans dominate the landscape, demonstrating healthy grassroots capital distribution.

	PUNE	AHMEDABAD`	BENGALURU	MUMBAI	RAJKOT
Dominant ticket size and their share of the industry activity POS	**<2Cr (51.1%)**	**<2Cr (52.1%)**	**<2Cr (50.0%)**	**<2Cr (37.3%) 2Cr-10Cr (38.4%)**	**<2Cr (56.8%)**

Tight Concentration Across A Few Regional Hubs

Key highlight: The chemicals industry exhibits geographic concentration in credit, with 24 mature clusters constituting 53.1% of the overall credit portfolio. While asset quality remains manageable, a slight uptick in delinquency to 1.5% PAR demands localized, cluster-level risk monitoring to pre-empt any localized supply chain stress.

District Impact analysis

Chemical industry acivity	Jun'23	Jun'26	
Cluster Density (Districts >₹1,000 Cr for the industry activity)	*17*	*24* ↑	*The number of high-volume hubs grew by 7 absorbing most of the new credit supply*
Peripheral Coverage (Districts <₹1,000 Cr for the industry activity)	*673*	*666*	
Cluster Credit Portfolio Outstanding Share (%)	*47.2%*	*53.1%*	*The key clusters control more than half of the credit*
Peripheral Credit Portfolio Outstanding Share (%)	*52.8%*	*46.9%*	
Cluster Asset Quality (PAR 91-180)	*1.1%*	*1.5%*	*Slight increase in stress potentially indicating emerging concentration risk*
Peripheral Asset Quality (PAR 91-180)	*0.8%*	*1.0%*	

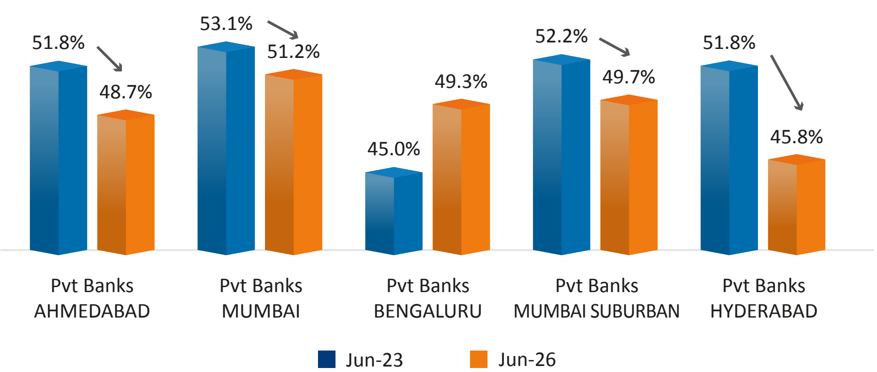
- The top five districts anchor 21.4% of the chemical industry credit landscape, clustered around Ahmedabad and Mumbai City, with a 15% CAGR and lower delinquency (0.2%-0.3%). However, stress is emerging in Mumbai Suburban and Hyderabad (2.9% and 3.7% PAR 91-180).

Key districts where it is clustered	Respective States	POS share distribution of the industry (Jun'23)	POS share distribution of the industry (Jun'26)	PAR 91-180 Jun'23	PAR 91-180 Jun'26	3 Yr CAGR in POS (Jun'23 to Jun'26)
AHMEDABAD	GJ	*5.8%*	*5.9%*	0.4%	0.3%	*15.0%*
MUMBAI	MH	*5.1%*	*5.3%*	1.0%	0.2%	*15.5%*
BENGALURU	KA	*3.6%*	*3.7%*	2.7%	1.3%	*14.7%*
MUMBAI SUBURBAN	MH	*3.9%*	*3.6%*	2.0%	2.9%	*11.5%*
HYDERABAD	TS	*3.9%*	*2.9%*	1.8%	3.7%	*2.5%*

Growth drivers

- **Private banks are the dominant lenders** supplying credit to the top districts funding high volume chemical industries, constituting nearly 45%–50% of total credit, potentially driven by structured, customized solutions and risk assessments.

Dominant Lender Type (Share) in Top-5 Districts



Private banks are steadily **losing ground to NBFCs and other lenders in key districts**, potentially indicating a moderation in this credit activity.

- The chemicals industry is inherently mid market and heavy industry, requiring large ticket sizes to manage high capital expenditures. In four of the top five districts - Mumbai Suburban (47.1%), Hyderabad (43.3%), Ahmedabad (41.5%), and Mumbai (40.2%) - **mid market ticket sizes (₹2Cr-₹10Cr) represent the majority of the portfolio outstanding.**

	AHMEDABAD	MUMBAI	BENGALURU	MUMBAI SUBURBAN	HYDERABAD
Dominant ticket size and share of their industry activity POS	**2Cr-10Cr (41.5%)**	**2Cr-10Cr (40.2%)**	**<2Cr (42.0%)**	**2Cr-10Cr (47.1%)**	**2Cr-10Cr (43.3%)**

Focused Around Mainly Traditional And Mature Hubs Offering Scope For Expansion

Key highlight: The MSMEx textile landscape is **anchored in traditional industrial hubs**, with 15 clusters comprising over 60% of the credit portfolio. Asset quality has improved across clusters and peripheral markets, though regional divergence is evident. Southern hubs (TN) has shown stronger improvement in PAR 91–180 between Jun’23 and Jun’26 - Coimbatore (from 2.5% to 1.2%) and Tiruppur (2.2% to 0.8%) - while major western hubs, especially Ahmedabad, are seeing some stress.

District Impact analysis

Textiles industry activity	Jun'23	Jun'26	
Cluster Density (Districts >₹1,000 Cr for the industry activity)	*18*	*15 ↓*	*Slight decline in higher POS districts*
Peripheral Coverage (Districts <₹1,000 Cr for the industry activity)	*673*	*676*	
Cluster Credit Portfolio Outstanding Share (%)	*62.8%*	*60.8%*	*Constant share indicating cluster reliance*
Peripheral Credit Portfolio Outstanding Share (%)	*37.2%*	*39.2%*	
Cluster Asset Quality (PAR 91-180)	*2.0%*	*1.7%*	*Improvement with better asset quality*
Peripheral Asset Quality (PAR 91-180)	*3.1%*	*2.7%*	

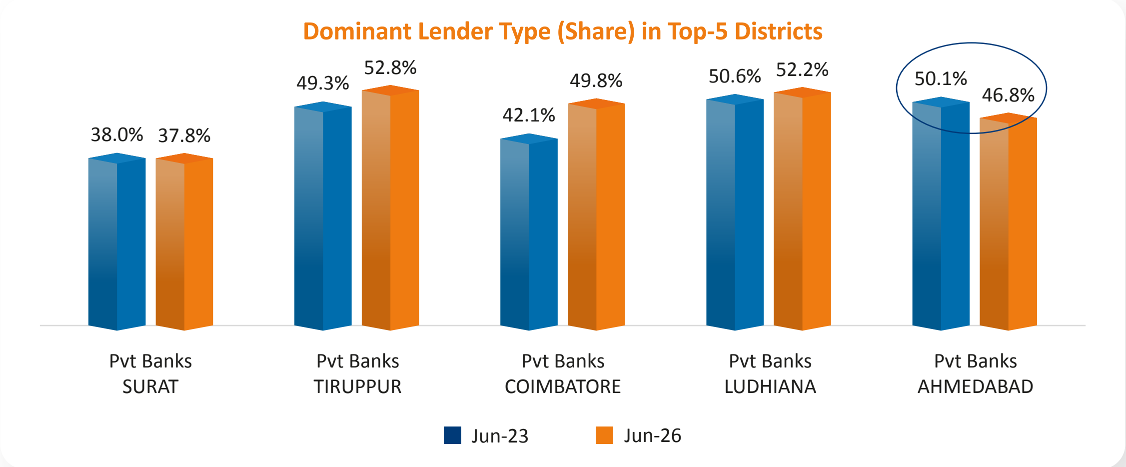
- The top five hubs account for 40.4% of the country’s credit footprint, with Surat alone driving 19.4% of the MSMEx textile credit. **Surat and Tiruppur remain key growth drivers** witnessing 12.4% and 7.1% CAGR respectively.

Key districts where it is clustered	Respective States	POS share distribution of the industry (Jun'23)	POS share distribution of the industry (Jun'26)	PAR 91-180 Jun'23	PAR 91-180 Jun'26	3 Yr CAGR in POS (Jun'23 to Jun'26)
SURAT	GJ	*15.6%*	*19.4%*	0.3%	0.6%	*12.4%*
TIRUPPUR	TN	*8.2%*	*8.8%*	2.2%	0.8%	*7.1%*
COIMBATORE	TN	*5.1%*	*4.8%*	2.5%	1.2%	*1.6%*
LUDHIANA	PB	*4.4%*	*4.6%*	4.6%	0.8%	*5.9%*
AHMEDABAD	GJ	*3.1%*	*2.8%*	0.6%	4.8% ↑	*0.1%*

Growth drivers

- Private banks are the key lenders in top districts such as Tiruppur, where they hold a 52.8% share of credit supply.

Lesser proliferation of NBFCs



High growth clusters are powered by micro and small weaving/spinning units (<₹2Cr ticket sizes), rather than mega mills

	SURAT	TIRUPPUR	COIMBATORE	LUDHIANA	AHMEDABAD
Dominant ticket size and share of the industry activity POS	**<2Cr (53.4%)**	**<2Cr (49.0%)**	**2Cr-10Cr (47.1%)**	**<2Cr (51.7%)**	**2Cr-10Cr (43.6%)**

Key takeaway: Compared to Engineering & Machinery and Chemicals, the Textiles sector has not demonstrated significant expansion in cluster concentration. This points to untapped potential and underscores the need for deeper assessment of opportunities to strengthen cluster concentration and drive industry growth.

Borrower Industry: Trading

EMERGENCE OF LARGE WHOLESALE TRADING HUBS (2X GROWTH) DRIVING CLUSTER GROWTH

Key highlight: India's wholesale trade sector has **undergone structural consolidation, marked by the rapid emergence of large scale trading hubs nationwide.** Over the past three years, the number of high volume wholesale clusters more than doubled (from 54 to 119), absorbing nearly three quarters of the country's credit footprint - all while maintaining stable asset quality at 1.0% PAR 91-180.

District Impact analysis

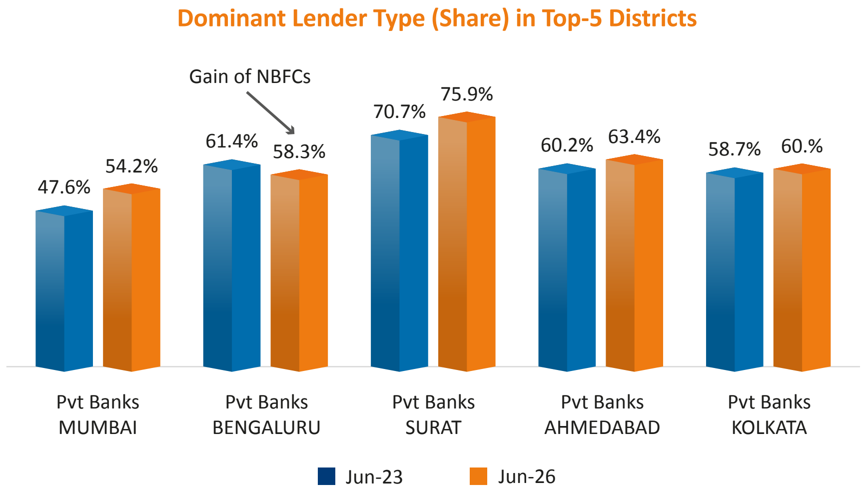
Wholesale Trade industry acivity	Jun'23	Jun'26	
Cluster Density (Districts >₹1,000 Cr for the industry activity)	*54*	*119* ↑	**65 new districts** *crossed the ₹1,000 Cr threshold*
Peripheral Coverage (Districts <₹1,000 Cr for the industry activity)	*661*	*596*	
Cluster Credit Portfolio Outstanding Share (%)	*57.3%*	*71.7%*	*Increasing capital concentration*
Peripheral Credit Portfolio Outstanding Share (%)	*42.7%*	*28.3%*	
Cluster Asset Quality (PAR 91-180)	*1.0%*	*1.0%*	*Delinquency levels remain stable across major clusters.*
Peripheral Asset Quality (PAR 91-180)	*1.2%*	*0.7%*	

- **A major structural transition is underway:** Traditional trading capitals like Mumbai and Kolkata are moderating (Mumbai's share declined from 4.5% to 3.5%), while western hubs such as Surat and Ahmedabad, along with southern centers, are expanding. The top five districts now account for 14.3% of the national portfolio, with slight share declines reflecting **credit dispersion across 119 new clusters.**

Key districts where it is clustered	Respective States	POS share distribution of the industry (Jun'23)	POS share distribution of the industry (Jun'26)	PAR 91-180 Jun'23	PAR 91-180 Jun'26	3 Yr CAGR in POS (Jun'23 to Jun'26)
MUMBAI	MH	*4.5%*	*3.5%*	1.1%	1.8%↑	*16.0%*
BENGALURU	KA	*3.3%*	*3.0%*	0.8%	1.0%	*21.6%*
SURAT	GJ	*2.6%*	*2.8%*	0.8%	0.5%	*27.1%*
AHMEDABAD	GJ	*2.8%*	*2.7%*	0.7%	0.4%	*23.6%*
KOLKATA	WB	*2.8%*	*2.3%*	0.8%	0.7%	*17.0%*

High growth rate with <=1% PAR 91-180

- **Private banks** continue to dominate funding across the leading wholesale trade districts, with particularly high penetration in **Surat (75.9%) and Ahmedabad (63.4%)**



NBFCs gained nearly 2% share alongside private banks in many of these districts.

Unlike manufacturing heavy industries, wholesale trade is largely driven by high velocity MSMEx borrowers, with sub ₹2 crore loans forming the largest share of portfolios across major districts.

	MUMBAI	BENGALURU	SURAT	AHMEDABAD	KOLKATA
Dominant ticket size and share of the industry activity POS	**2Cr-10Cr (42.9%)**	**<2Cr (46.4%)**	**<2Cr (51.1%)**	**<2Cr (47.0%)**	**<2Cr (44.1%)**

Clusters are expanding geographically while maintaining portfolio dominance

Key highlight: The MSMEx retail trade ecosystem has become more geographically diversified, with districts> ₹1,000Cr in portfolio outstanding rising from 143 in Jun'23 to 189 in Jun'26, now covering three quarters of the country's credit footprint. Asset quality has improved across clusters and peripheral markets (PAR 91–180 down to 1.3% and 1.0%), though stress remains marginally higher within clusters.

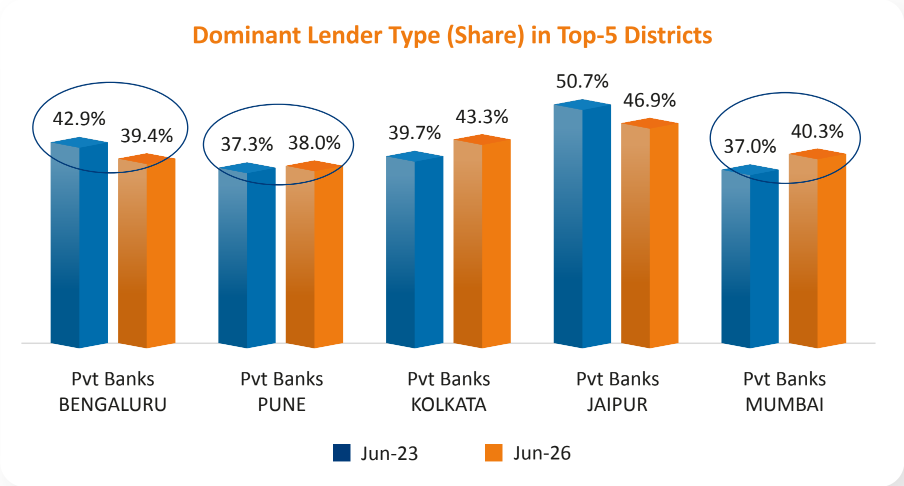
District Impact analysis

Retail Trade industry acivity	Jun'23	Jun'26	
Cluster Density (Districts >₹1,000 Cr for the industry activity)	*143*	*189* ↑	*More districts surpassed ₹1,000 Cr, indicating a wider credit footprint.*
Peripheral Coverage (Districts <₹1,000 Cr for the industry activity)	*576*	*530*	
Cluster Credit Portfolio Outstanding Share (%)	*69.1%*	*75.1%* ↑	*Three-fourth of the credit portfolio is anchored in high-volume cluster markets.*
Peripheral Credit Portfolio Outstanding Share (%)	*30.9%*	*24.9%*	
Cluster Asset Quality (PAR 91-180)	*1.8%*	*1.3%*	*Improvement in stress levels, Cluster delinquency declined by 50 bps.*
Peripheral Asset Quality (PAR 91-180)	*1.4%*	*1.0%*	

The top 5 districts account for less than 10% of India's retail credit portfolio, highlighting retail trade is the most evenly distributed cluster ecosystem in the nation. **The Growth Paradox:** Growth is slower in Bengaluru (7.2%) and Mumbai (1.3%), while consumption cities like Kolkata and Jaipur are growing in the double digits, although stress build up in these cities (Kolkata and Pune) are to be monitored

Key districts where it is clustered	Respective States	POS share distribution of the industry (Jun'23)	POS share distribution of the industry (Jun'26)	PAR 91-180 Jun'23	PAR 91-180 Jun'26	3 Yr CAGR in POS (Jun'23 to Jun'26)
BENGALURU	KA	*2.9%*	*2.6%*	2.4%	1.1%	*7.2%*
PUNE	MH	*2.1%*	*1.9%*	1.3%	1.9%	*7.5%*
KOLKATA	WB	*1.6%*	*1.7%*	3.8%	4.2%	*12.5%*
JAIPUR	RJ	*1.7%*	*1.7%*	1.0%	0.9%	*10.7%*
MUMBAI	MH	*2.1%*	*1.6%*	2.0%	0.9%	*1.3%*

Private sector banks maintain a core share exceeding 40% across key urban retail hubs (Jaipur, Kolkata, Mumbai). Specialized digital merchant lines and working capital infrastructure facilitate consistent deployment into high-velocity trade advances.



NBFCs gained 3% to 4% share in the marked cities - Bengaluru, Pune, and Mumbai

MSMEx retail trade is largely driven by sub ₹2 crore exposures, reflecting a granular credit environment in retail trade. The share is notably higher in Jaipur (65%) compared with Mumbai (45%).

	BENGALURU	PUNE	KOLKATA	JAIPUR	MUMBAI
Dominant ticket size and share of the industry activity POS	**< ₹2Cr (55.2%)**	**< ₹2Cr (55.6%)**	**< ₹2Cr (51.4%)**	**< ₹2Cr (65.1%)**	**< ₹2Cr (44.9%)**

Government Support for MSMEs in key states

State-level MSME schemes across top states such as Maharashtra, Gujarat and Tamil Nadu have increasingly focused on shared infrastructure, cluster facilities, sector-specific incentives, plug-and-play industrial spaces and credit-linked support. This policy direction aligns with the observed concentration of MSME credit in mature manufacturing, textile and trading hubs such as Pune, Mumbai, Ahmedabad, Rajkot, Surat, Tiruppur and Coimbatore.

Maharashtra (MH) - Pillar: Maharashtra (MIIPS 2025)

The **Maharashtra Industries, Investment and Services Policy 2025 (MIIPS 2025)**[1] expands support from traditional manufacturing to include services and logistics within clusters.

- **Balanced Regional & Cluster Support:** The policy sets a target to attract **₹40 Lakh Crore** in **investment** and create 5 million jobs, focusing heavily on area-based incentives to drive balanced regional growth across industrial clusters.
- **Textile Cluster Value Chain:** Administered by the Department of Textiles, the policy aims to increase the local cotton-to-fabric processing capacity from 30% to 80%. It provides dedicated capital subsidies for establishing **Technical Textile Parks** and implementing 3-R (Reduce, Reuse, Recycle) green models in hubs and attracting investment of **INR 25,000 crore** and employment generation up to 5 lakhs in next 5 years.
- **Engineering & Foundry Interventions:** In mature hubs like Pune, Sangli, and Kolhapur, the policy facilitates critical infrastructure upgrades, green transition tools, and last-mile connectivity through a dedicated **Critical Infrastructure Fund**[2]**.**

[1] https://industry.maharashtra.gov.in/en/about-us/objective
[2] https://maitri.maharashtra.gov.in/critical-infra-scheme/

Gujarat: Pillar: Advanced Eco-systems via Viksit Gujarat Policy 2026

Gujarat targets a $500 billion economy by 2026-27, aiming for 10% of India's GDP, boosting industry and services. The framework builds on the economic pillars of Gujarat economy i.e., 1) Agriculture, 2) Manufacturing and 3) Services sector. Key initiatives include[3]

- **Cluster-Specific Capital Subsidies:** The policy replaces one-size-fits-all incentives with a graded assistance model for manufacturing sectors, offering enhanced capital subsidies for fixed capital investments depending on the industrial categorization of the Taluka.
- **Sectoral Modernization:** Key target clusters-such as **Rajkot (Pump & Foundry), Surat (Textiles & Lab-Grown Diamonds),** and regional chemical zones—receive customized technological adoption packages, R&D incentives, and green power tariff assistance[4].
- **Regulatory Easing:** Backed by the Gujarat MSME (Facilitation of Establishment and Operation) Ordinance, new units entering approved industrial clusters receive accelerated clearances and exemptions from specific state approvals during the setup phase
- **Aatmanirbhar Gujarat Scheme (2022-27):** Provides targeted support for MSME investment and expansion across industrial districts

Tamil Nadu: Pillar: Tamil Nadu (FaMe TN Framework)

Tamil Nadu leads the country with over **15% of India's registered MSMEs.** Its current framework focuses heavily on infrastructure availability and grassroots cluster intervention.

- **Institutional Transformation via FaMe TN:** The state repurposed its trade bureau into **FaMe TN (Facilitating MSMEs of Tamil Nadu)**. It actively executes grassroots diagnostic campaigns across **30+ traditional clusters** (such as the Tiruppur garment belt, Salem textiles, and Ranipet leather hubs) to handhold micro-enterprises into formal banking systems.
- **TANSIDCO Plug-and-Play Complexes:** To avoid heavy upfront land acquisition costs for MSMEs, the Tamil Nadu Small Industries Development Corporation (TANSIDCO) provides ready-to-use factory spaces and flatted factory modules inside specialized estates.
- **Entrepreneurship Credit Linkages:** Cluster-based startups and first-generation entrepreneurs are structurally supported through the **NEEDS (New Entrepreneur cum Enterprise Development Scheme)** and **UYEGP (Unemployed Youth Employment Generation Programme)**, which provide interest subventions and capital subsidies directly linked to institutional credit
- **Technology modernization:** FY26 initiatives also focus on machinery upgradation and interest subvention to improve MSME productivity

[3] https://gidb.gujarat.gov.in/resources/usd_5_trillion_economy_task_force_report
[4] [ced.gujarat.gov.in]

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About MSME Catalyst

MSME Catalyst is an industry-led platform bringing together financial institutions, fintechs, lending and technology service providers, corporates, industry bodies and other ecosystem participants to address practical barriers to MSME growth. Its work spans four connected pillars: Awareness & Readiness, strengthening capability, formalisation and financial preparedness; Faster Receivables, supporting payment recovery and cash-flow protection; Capital & Market Access, connecting MSMEs with finance, buyers, technology and growth opportunities; and Reports, Research, Mapping & Scorecards, generating evidence to identify constraints, track outcomes and determine what can be scaled.

The platform enables participants to collaborate on real MSME use cases, pilots, industry initiatives, organised MSME cohorts and partnerships turning discussion into execution. To know more, visit msmecatalyst.org or email membership@msmecatalyst.org

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Commercial Report

- Commercial CIR includes CRIF India Business Rank (CIBR), which is a 13-Rank Assessment model to gauge a Business entity's Credit repayment ability based on its credit profile, credit history and other factors.

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- Detailed Information of a borrower's credit history & financial behavior. These details are utilized by the lenders & financial institutions to evaluate credit worthiness of the borrower.

Microfinance Report

- Detailed microfinance credit report providing borrower-level loan history, group lending insights, and recent repayment information to support micro lending decisions.

Commercial Lite

- Synopsis of credit facilities with respect to Member and Off-member exposures, exposures on CC/OD facilities, Total Banking Exposure.

Grameen Score

- Specialized score designed for rural borrowers to support inclusive lending decisions using historical bureau-led insights.

Portfolio review

- The data output represents Offline bulk credit information of their customer base with Lending Institutions.

Market Insights

- Market Insights products, offer insights on broader market trends and consumer behavior, using aggregated credit data.

Alerts

- Event based triggers for near real time and effective monitoring of borrowers, post disbursement.

Lending Index

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- Consolidated view of consumer, microfinance, and commercial credit linkages to support holistic credit assessment and portfolio monitoring.

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