

SME Growth Fund

Prelims: Current events of national and international importance | Economy

Why in News?

Recently, the Union Cabinet approved the Rs.10,000 crore SME Growth Fund (SGF) proposal, which was originally announced in the Union Budget 2026.

Small and Medium-sized Enterprise (SME) Growth Fund

	Name	SME Growth Fund (SGF)
	Corpus/Gol commitment	₹10,000 crore
	Approved by	Union Cabinet
	Ministry	Ministry of Finance
	Announced in	Union Budget 2026
	Primary focus	Growth-oriented capital for SMEs
	Major sectoral focus	Manufacturing
	Other sectors	Services, technology, innovation-driven sectors, strategic value chains
	Geographical focus	Industrial clusters, including Tier-II & Tier-III cities
	Objective	Enable SMEs to scale, adopt technology and improve competitiveness



- **Aim** - To address the equity/growth-capital gap faced by Small and Medium Enterprises (SMEs), particularly in manufacturing.
- **Areas Covered**
 - Manufacturing
 - Services
 - Technology
 - Innovation-driven sectors
 - Strategic value chains
 - Industrial clusters
 - Tier-II & Tier-III cities
- **Major Objectives**
- **Promote Manufacturing** - The majority of the allocation is designated for small and

medium-sized manufacturing enterprises.

- It supports the expansion of manufacturing capacity.
- **Technology Upgradation** - It enables small and medium-sized enterprises (SMEs) to:
 - Adopt advanced technologies
 - Modernise production
 - Improve productivity
- **Global Integration** - It helps SMEs:
 - Enter international markets
 - Integrate into global value chains (GVCs)
 - Enhance export competitiveness.
- **Build Indian Champions** - It aims to facilitate the emergence of large, competitive Indian enterprises from within the SME ecosystem.
- **Regional Industrial Development** - The focus is on developing industrial clusters in Tier-II and Tier-III cities.
 - The expected benefits include:
 - Balanced regional industrialization
 - Strengthened local supply chains
 - Generation of quality employment opportunities.
- **Broader Government Support** - It forms part of a wider policy ecosystem involving:
 - Credit support mechanisms
 - Digitalisation initiatives
 - Ease of Doing Business reforms
 - Public procurement reforms
 - Startup promotion
 - Production-Linked Incentive (PLI) programmes
 - Equity support

Reference

[The Hindu | SME Growth Fund](#)