NATIONAL PRODUCTIVITY COUNCIL
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68TH FOUNDATION DAY: 12TH FEBRUARY 2026
NATIONAL PRODUCTIVITY WEEK: 12-18 FEBRUARY 2026

THEME FOR THE 68TH PRODUCTIVITY WEEK: CLUSTERS AS GROWTH ENGINE: MAXIMIZING PRODUCTIVITY IN MSMEs

Concept Note on the Theme

National Productivity Week is celebrated across the country from 12–18 February every year to commemorate the Foundation Week of the National Productivity Council (NPC). The theme for the 68th National Productivity Week2026 is **"Clusters as Growth Engine: Maximizing Productivity in MSMEs"**. The theme, focused on Micro, Small and Medium Enterprises (MSMEs), aligns with the national focus towards cluster-led development, productivity enhancement, and competitiveness across the MSME manufacturing ecosystem. The Productivity Week celebrations involve engagement with industry, entrepreneurs, youth and other stakeholders through the thread of a common theme and events organized around the Theme.

2. Background

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of India's industrial economy, contributing over 30% to the national GDP, 45% of manufacturing output, and nearly 50% of India's total exports. The sector also provides employment for over 11 crore people, making it the second-largest source of jobs after agriculture. In line with the Hon'ble Prime Minister's vision of Atma nirbhar Bharat, strengthening MSMEs through innovation, technology adoption, digital transformation, and collaborative growth models has become a national priority.

The Cluster Approach in MSMEs refers to the sharing of common infrastructure, services, and knowledge by enterprises operating in related sectors in a geographical area. This approach has emerged globally as a proven strategy to boost productivity and competitiveness in the manufacturing sector. India today has more than 7,000 industrial clusters, including traditional, sectoral, and geographic clusters, contributing a major share to regional manufacturing output.

Despite their strategic importance, MSMEs face multiple challenges — including limited access to advanced technologies, skilled manpower, modern manufacturing

systems, finance, and common infrastructure. For instance, the sector continues to struggle with a large credit shortfall: estimates put the MSME credit-gap at around ₹30 lakh crore, or roughly 24% of total credit demand. Meanwhile, only a small fraction of enterprises is able to access formal credit — for many, financing remains inaccessible or too costly. At the same time, a substantial portion of MSMEs report shortages of skilled labour (about 25–30% in some sectors) as a key constraint. Adoption of modern technology and manufacturing systems is also limited – only a minority have embraced automation, digital manufacturing or advanced processes — leading to reduced competitiveness and innovation capacity.

Addressing these constraints at the individual enterprise level is often inefficient and costly. A cluster-based development model helps overcome these barriers by pooling resources and enabling shared access — for example, providing shared facilities such as testing labs, design centres and tool rooms; enabling collective adoption of lean manufacturing and other modern practices; strengthening collaborative innovation, vendor development, and supply-chain integration; and accelerating skill development and capacity building through common training centres. Through such a shared and integrated ecosystem, clusters provide a cost-effective way to upgrade technology, bridge skill and infrastructure gaps, and improve access to modern facilities — thereby becoming a powerful engine for productivity, competitiveness, and economic resilience for MSMEs.

3. Focus of the Theme

The Theme for the Productivity Week 2026 seeks to promote planned initiatives in the country focused on:

3.1 Developing MSME clusters as catalysts for sustainable economic growth:

India has more than 7,000 MSME clusters across manufacturing and traditional sectors, many of which drive regional industrial output. Cluster-based development enables enterprises located in the same geography to share resources, knowledge, and infrastructure. This collective ecosystem drives higher productivity, reduces operational costs, and strengthens regional economic growth.

3.2 Enhancing productivity and efficiency through Lean Manufacturing and modern engineering practices:

Introducing Lean tools helps MSMEs reduce waste, optimize processes, and improve product quality. Modern engineering practices further enhance operational efficiency, reliability, and competitiveness. The Lean Manufacturing Competitiveness Scheme has already supported over 1,500 MSMEs, demonstrating measurable reductions in waste, defects and process delays. Onboarding more MSMEs into the scheme and introducing Lean tools such as 5S, Kaizen, VSM, SMED, TPM, and JIT can significantly enhance shop-

floor efficiency. Lean-implemented units typically record 15–25% improvements in productivity and shorter lead times. Developing model "Lean Clusters" with well-defined KPIs will enable wider diffusion of these gains across industry groups.

3.3 Upgrading cluster infrastructure through advanced Tool Rooms and Common Facility Centres (CFCs):

Tool Rooms and Technology Centres under the Ministry of MSME currently train over 1.5 lakh people annually, playing a crucial role in precision manufacturing and advanced engineering. Upgrading these centres with modern design suites, prototyping labs, CNC systems, CAD/CAM tools, and digital manufacturing technologies will provide MSMEs affordable access to facilities they otherwise cannot invest in individually. These centres will also expand specialized training and upskilling programmes, addressing the 25–30% skilled-manpower shortage faced by MSMEs. This will reduce capital burden on individual MSMEs while enabling faster innovation and better-quality production.

3.4 Promoting Industry 4.0–aligned technology adoption in MSMEs:

Digital technologies such as IoT, automation, robotics, and data analytics can significantly enhance manufacturing speed, accuracy, and decision-making. Supporting MSMEs in adopting these technologies accelerates modernization and global competitiveness.

3.5 Strengthening self-reliance and local value creation under Atmanirbhar Bharat

By increasing domestic manufacturing capabilities, MSMEs reduce import dependence and build resilient local supply chains. This fosters indigenous innovation, job creation, and economic independence.

3.6 Creating a globally competitive, innovation-driven MSME ecosystem

Encouraging R&D, technology partnerships, and skill development helps MSMEs upgrade continuously and compete internationally- especially important as India imports nearly 70% of its tooling requirements in some sectors. An innovation-driven ecosystem attracts investments and positions India as a global manufacturing hub.

3.7 Capacity Building and Knowledge Sharing

India's MSME skilling ecosystem currently supports over 300 training institutions, providing a strong foundation for widespread capacity building. Partnering with academia, industry bodies and skilling institutions will accelerate knowledge transfer, enabling MSMEs to adopt modern practices and compete in national and global markets.

3.8 Alignment with National Priorities

Alignment with various national schemes and flagship programmes, some of which are mentioned here, are enabling the manufacturing landscape to be more productive.

- Atmanirbhar Bharat Abhiyan – strengthening self-reliant MSMEs
- Make in India – fostering innovation and domestic manufacturing
- Skill India Mission
- PM Vishwakarma Scheme
- Udyam Registration
- PM Employment Generation Programme
- RAMP
- Credit Schemes for MSMEs
- PLI Scheme

4. Productivity Week Activities (12–18 February 2026)

As part of National Productivity Week celebrations, Colleges and Universities across the country are invited to conduct activities centered on the theme: "Clusters as Growth Engine: Maximizing Productivity in MSMEs."

The activities aims to deepen awareness on productivity, cluster-based development, and innovation among students and young entrepreneurs, encouraging them to appreciate the role of clusters in driving national competitiveness.

Key Activities

1. Concept Paper Writing (up to 1000 words): Papers on new ideas how cluster-based development can enhance productivity, innovation, technology adoption, and competitiveness in MSMEs.
2. Debate Competitions: Discussions on the role of clusters in modernizing MSMEs, improving supply chain resilience, and strengthening India's industrial base.
3. Poster Presentations: Creative illustrations highlighting the importance of clusters, productivity, and manufacturing in India.

Incentives

- Publication of selected concept papers
- Recognition through NPC's social media platforms
- Official certificates for winners
- Incentives for best-performing institute/LPC

The insights generated will be compiled into actionable recommendations that may be submitted to Ministries, including DPIIT, for policy consideration.

5. Conclusion

Clusters have emerged as a powerful mechanism for productivity-led growth in the MSME sector. The observance of National Productivity Week further reinforces this agenda by strengthening awareness around productivity, innovation, and enterprise development, especially among students, emerging entrepreneurs, and future industry leaders—critical for a sector that employs over 11 crore people nationwide. Together, the cluster-led development approach and nationwide productivity initiatives will drive sustainable industrial growth, strengthen India's participation in global value chains, and accelerate the nation's progress toward achieving the vision of a Viksit Bharat by 2047.

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