

# Manufacturing growth slows to 12-month low

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India's manufacturing sector growth slipped to a 12-month low in December, as fresh business orders and production expanded at softer rates, according to a monthly survey released on Thursday.

The HSBC India Manufacturing Purchasing Managers' Index (PMI) compiled by S&P Global slipped to 56.4 in December from 56.5 in November, indicating a weaker improvement in operating conditions. In January 2024, the figure stood at 56.5.

Typically, a figure above 50 in the index denotes expansion in activity and below it signifies contraction.

"With the sole exception of finished goods stocks, all final index readings for the HSBC India Manufacturing PMI survey came in below their 'flash' estimates. December data showed the sector improving to the least extent in 2024, amid softer increases in output, new orders and stocks of purchases," the survey said.

However, the rates of growth remained substantial, underpinning further expansion in the buying levels and employment, even as the cost pressures receded, but charge inflation remained historically high.

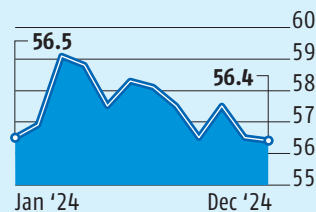
Pranjul Bhandari, chief India economist at HSBC, said India's manufacturing activity ended a strong 2024 with a soft note amid more signs of a slowing trend, albeit moderate, in the industrial sector.

"The rate of expansion in new orders was the slowest in the year, suggesting weaker growth in future production. That said, there was some uplift in the growth of new export orders, which rose at the fastest pace since July. The rise in input prices eased slightly, wrapping up the year when Indian manufacturers felt the strain of sharp cost



## ON A SOFTER NOTE

Manufacturing PMI



Note: A figure above 50 denotes expansion in activity and below 50 shows contraction  
Source: HSBC

pressures" she added.

The new export sales rose at a slower rate than the total new business, the pace of growth for the former strengthened as firms were able to secure international orders from across the globe.

"With container, material and labour costs reportedly rising since November, Indian manufacturers registered another increase in the overall expenses. Having eased since the previous month, the rate of input price inflation was moderate by historical standards," the survey noted.

On the employment front, the survey noted that not only did manufacturing employment increase for the tenth month in a row during December, but also the rate of job creation quickened at the fastest pace in four months.

"Around one in ten companies recruited extra staff, while fewer than 2 per cent of firms shed jobs," it added.