

# At 58.1, manufacturing PMI at 8-month high in March

**GAINING MOMENTUM.** Demand remained robust despite a slowdown in global orders

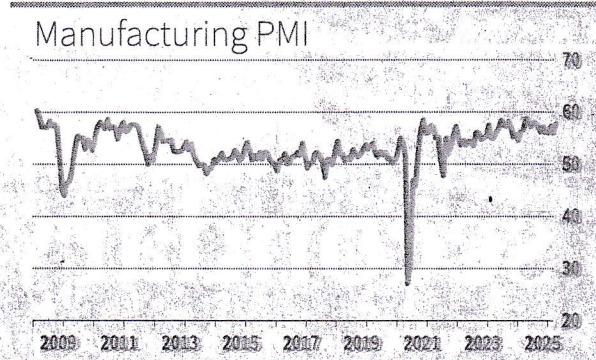
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Manufacturing activities closed fiscal year 2024-25 on a sound note as the Purchasing Managers' Index (PMI) surged to an 8-month high of 58.1 in March, S&P Global reported on Wednesday.

Manufacturing accounts for 17 per cent of India's Gross Domestic Product (GDP) and is considered the biggest job multiplier.

"Although international orders slightly slowed, overall demand momentum remained robust, and the new orders index recorded an eight-month high of 61.5. Strong demand prompted firms to tap into their inventories, causing the fastest drop in finished goods stocks in over three years," Pranjul Bhandari, Chief India Economist at HSBC, said.

Regarding the March number, the survey report noted a stronger contribution from its largest sub-component, the New Orders



Sources: HSBC, S&P Global PMI

Index, contributed to the PMI increase.

Total sales in March expanded at the fastest pace since July 2024, as companies cited positive customer interest, favourable demand conditions and successful marketing initiatives. As a result, firms scaled up production volumes at the close of fiscal 2024-25.

The rate of expansion was sharp, exceeding its historical average and reaching an eight-month high. Although new export orders continued to increase strongly in

March, the pace of growth retreated to a three-month low. As international sales expanded, panellists cited gains from Asia, Europe and the Middle East, the report said.

## JOB CREATION

In terms of employment, panellists noted that capacity pressures among manufacturers remained mild. Outstanding business rose at a marginally slower pace than in February. In turn, recruitment drives were reined in. "Employment neverthe-

less rose at solid rate in the context of survey data," the report said.

Amid reports of higher prices for copper, electronic items, leather, LPG and rubber, cost burdens rose further. The overall rate of inflation accelerated to a three-month high but remained well below its long-run average. Conversely, the increase in prices charged for Indian goods was softer. March's rise was moderate and the weakest in a year.

Regarding prospects, the report mentioned that favourable demand conditions, better customer relations and projects pending approval underpinned upbeat forecasts for output levels in the coming 12 months.

"Business expectations remained fairly optimistic, with around 30 per cent of survey participants foreseeing greater output volumes in the year ahead, compared to less than 2 per cent who anticipate a contraction," Bhandari concluded.