

# March factory activity expands at its fastest pace in 8 months

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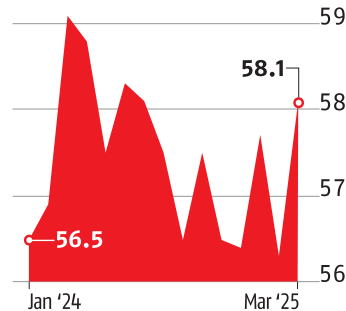
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India's manufacturing activity grew at its fastest pace in eight months in March, recovering from a more than a one-year low as "buoyant demand" helped sales by companies, said a private survey on Tuesday.

The HSBC India Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, improved to 58.1 in March from 56.3 in February when the gauge was at a 14-month low. A figure above 50 in the index denotes expansion in manufacturing activity that month and below it signifies contraction. The headline figure remained in the expansion zone for the 45th running.

"March's acceleration came despite a mild slowdown in international order growth. Buoyant demand led companies to tap into their inventories to meet increased client

## STRONG SHOWING Manufacturing PMI



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

appetite, resulting in the most rapid decline in finished goods stocks since January 2022," the survey noted.

Firms countered declining stocks by acquiring additional production inputs at the quickest pace in seven

months. A stronger increase in purchase prices contrasted with a softer rise in selling charges.

"Helping boost the PMI was a stronger contribution from its largest sub-component: the new orders index. March saw total sales expand to the greatest extent since July 2024, with companies remarking on positive customer interest, favourable demand conditions and successful marketing initiatives," said the survey.

"Strong demand prompted firms to tap into their inventories, causing the fastest drop in finished goods stocks in over three years. 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 that anticipate a contraction," said Pranjul Bhandari, chief India economist at HSBC.