

Manufacturing PMI hits 14-mth low in Feb on fewer orders

But producers continue to expand their workforce

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After a strong start to 2025, Indian manufacturers saw a loss in new orders and production momentum in February, with the Purchasing Managers' Index (PMI) plummeting to a 14-month low of 56.3, a private survey showed on Monday.

The manufacturing PMI was 57.7 in January. The data was released by HSBC and compiled by S&P Global.

However, the survey noted that despite slowing to the weakest since December 2023, rates of expansion in output and sales remained elevated in the context of the survey's 20-year history. Business conditions improved across all three monitored sub-sectors, consumer, intermediate and investment goods.

"Favourable domestic and international demand prompted firms to increase purchasing activity and hire extra workers at above-trend rates. However, demand buoyancy kept charge inflation at an elevated level despite softer cost pressures," the survey noted.

A figure above 50 in the index denotes expansion in manufacturing activity during the month and below it signifies contraction.

Pranjul Bhandari, chief India economist, HSBC, said that India recorded a manufacturing PMI in February which was down slightly from the prior month, but still firmly within expansionary territory as robust global demand continues to boost growth in the Indian manufacturing sector, which increased its purchasing activity and employment.

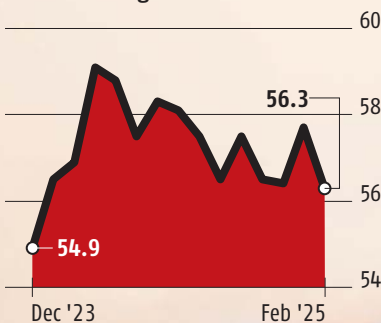
"Business expectations also remained very strong, with nearly one-third of survey participants foreseeing greater output volumes in the year ahead. Although output growth slowed to the weakest level since December 2023, overall momentum in India's manufacturing sector remained positive in February," she added.

The survey noted that February data marked expansion in new business intakes for the 44th consecutive month, which panel members linked to strong client demand and efforts to price better than their competitors.

It also noted that new export orders surged in February, as manufacturers continued to capitalise on robust global demand for their goods.

LOSING MOMENTUM

Manufacturing PMI



Note: PMI is in points. A print above 50 denotes expansion, and one below it indicates contraction
Source: HSBC



Although softer than January's near 14-year high, the pace of expansion was sharp. As a result, manufacturers continued to expand their workforce in February, extending the current period of employment growth to a year.

"The rate of job creation was the second-best in the series history, behind only that recorded in January. One-in-ten firms signalled greater recruitment activity, while 1 per cent of companies shed jobs," the survey noted.

Regarding input costs, the survey noted that Indian manufacturers faced another round of rise, with frequent reports of greater bamboo, leather, marketing, rubber and telecom prices.

"The overall rate of inflation eased for the third straight month to its weakest in a year. Concurrently, the rate of charge inflation was little changed from January, remaining above its long-run average and that seen for input costs. Qualitative data showed that firms passed on higher labour costs to clients, facilitated by favourable demand," the survey concluded.