

Manufacturing sector growth at 16-month high

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India's manufacturing sector growth strengthened in July to a 16-month high, supported by faster increases in new orders and output amid favourable demand conditions, a monthly survey said on Friday.

The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index (PMI) rose from 58.4 in June to 59.1 in July, signalling the strongest improvement in the health of the sector since March 2024.

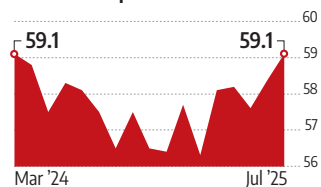
"India recorded a 59.1 manufacturing PMI in July, up from 58.4 during the prior month. This marked a 16-month high for the Indian manufacturing sector, which benefited from strong growth in new orders and output," said Pranjul Bhandari, chief India economist at HSBC.

According to the survey, overall sales rose at the fastest pace in close to five years. Subsequently, production growth strengthened to a 15-month high in July and outpaced the series trend.

Indian manufacturers remained confident of a rise in output over the course of the coming 12 months, but the overall level of positive sentiment fell to its lowest mark in three years. "Business confidence fell to its lowest level in three years due to concerns over competition and inflation. Indeed, input and output prices in India's manufacturing sector both remained elevated during July," Bhandari said.

Companies continued to hire extra staff at the start of the second fiscal quarter, but they did so to the least extent in eight months.

Strong showing PMI score in points



A score above 50 denotes expansion, while one below it indicates contraction.

Source: HSBC