

# Manufacturing PMI at 3-mth high in Aug

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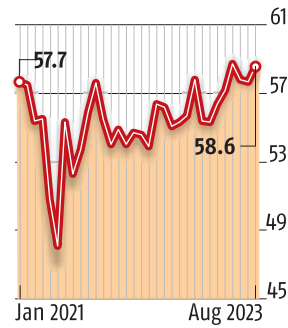
Indian manufacturing continued its strong growth momentum in the second quarter amid buoyant demand in domestic and international markets, as the Purchasing Managers' Index (PMI) for the sector rose to a three-month high of 58.6 in August from 57.7 in July, according to a private survey released on Friday.

The August figure marked 26 months of the index remaining above the 50-mark, separating expansion from contraction. A survey print above 50 indicates manufacturing expansion and below it marks contraction.

"[The survey] showed a robust improvement in manufacturing sector conditions across India, as new orders and output increased at the quickest rates in nearly three years during August. Firms geared up to handle rising demand by scaling up buying levels and rebuilding their



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Source: S&P global

input stocks at the second-strongest pace in 18-and-a-half years of data collection," said the survey by the global credit rating agency S&P global. The survey said that the demand strength, along with the competitive pricing and advertising, was pivotal to August's performance, spurring the fastest upturn in new orders since January 2021.

"International sales added to manufacturers' total order books. Not only did new export orders increase for the seventeenth month running

halfway through the second fiscal quarter, but also to the greatest extent since November 2022. Panel members reported having secured new work from clients in Bangladesh, China, Malaysia, Singapore, Taiwan and the US," it noted.

Pollyanna De Lima, economics associate director, S&P Global Market Intelligence, said the PMI numbers painted a vibrant picture of Indian manufacturing in August as robust and accelerated increases in new

orders and production in the sector is set to provide a strong contribution to second quarter (fiscal) economic growth.

"Companies' strategic focus towards a global orientation was evident via a sharp and quicker expansion in international sales. Export-centric tactics should help ensure that production remains on an upward path in the coming months," she said.

To keep production lines running smoothly, manufacturers purchased additional

raw materials and semi-finished items in August along with hiring a combination of permanent and temporary staff on both part- and full-time basis.

"Overall employment rose at the slowest pace in four months, but one that was above the series trend," the survey noted

"The presence of stronger cost inflationary pressures serves as a reminder of the challenges inherent in managing growth. Firms addressed rising input prices by lifting selling charges. However, the need to maintain competitiveness helped restrict charge inflation," said De Lima. The growth in manufacturing PMI comes a day after the government data showed that the output of eight key infrastructure sectors — the core sector — had marginally slowed to 8 per cent in July from 8.3 per cent in June, with positive growth recorded in all the eight sectors during the month for the first time after May 2022.