

Rise in new orders after GST cuts drove mfg PMI to 59.2 in October

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Manufacturing sector conditions in India continued to strengthen in October, buoyed by goods and services tax (GST) relief, productivity gains and tech investment that led to a faster increase in new orders, boosting output growth and buying levels, showed a private survey on Monday.

The headline HSBC purchasing managers index (PMI) figure, compiled by S&P Global, for October rose to 59.2 from 57.7 in September.

The figure remained only marginally lower than the record high of 59.3 in August.

A figure above 50 in the survey denotes expansion in activity, while below that signifies contraction. The headline figure has now been in the expansion zone for the 52nd month running.

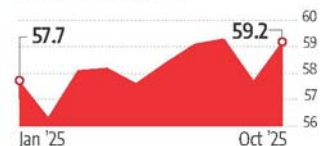


“New orders increased further at the start of the third fiscal quarter, with companies attributing growth to advertising, buoyant demand and the GST reform. Moreover, the pace of expansion was sharper and stronger than that recorded in September,” the survey said.

However, the pick-up in sales growth mainly stemmed from the domestic market, as new export orders increased at a softer rate.

Output boost

Manufacturing PMI



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

The latest improvement in international demand for Indian goods was marked, though the least pronounced in the calendar year-to-date.

Pranjul Bhandari, chief India economist at HSBC, said that India's manufacturing PMI accelerated in October as robust end-demand fuelled expansions in output, new orders, and job creation.

“Meanwhile, input prices

moderated in October, while average selling prices increased as some manufacturers passed on additional cost burdens to end-consumers.

Looking ahead, future business sentiment is strong due to positive expectations around GST reform and healthy demand,” added Bhandari.

On the cost front, the survey noted that manufacturers purchased additional raw materials and semi-finished items in October, reportedly to supplement production and add to their inventories.

Notably, buying levels expanded at the fastest pace since May 2023. One factor that supported input purchasing growth was a notable softening of cost inflation. The latest rise in overall expenses was modest, the weakest in eight months and well below the long-run series average.