

# News Release

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## S&P Global India Manufacturing PMI®

### Manufacturing growth gains momentum in August

#### Key findings

Sales and production rise at fastest pace in almost three years

Input stocks built at second-strongest rate on record

Cost inflation hits one-year high

The S&P Global PMI® 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 input stocks at the second-strongest pace in 18-and-a-half years of data collection. On the price front, cost inflationary pressures accelerated but there was a slower uptick in selling charges.

Rising from 57.7 in July to 58.6 in August, the seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) indicated the second-best improvement in the health of the sector for nearly three years.

Demand strength was pivotal to August's robust performance, spurring the fastest upturn in new orders since January 2021. Competitive pricing and advertising were also cited as factors behind sales growth.

International sales added to manufacturers' total orderbooks. 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.

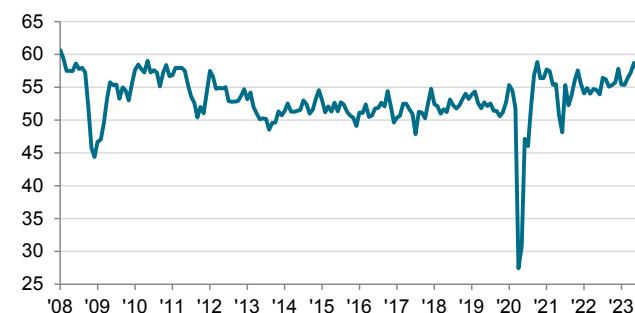
A healthy demand environment and favourable market conditions encouraged Indian manufacturers to step up production. Output rose for the twenty-sixth successive month, and to the greatest extent in just under three years.

To keep production lines running smoothly, manufacturers purchased additional raw materials and semi-finished items in August. Buying levels rose sharply, and at one of the fastest rates seen in over 12 years.

Firms were successful in their efforts to replenish stocks, with the latest results showing the second-strongest upturn in input inventories since data collection started in March

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-24 August 2023.

#### Comment

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

"The PMI results for India painted a vibrant picture of the nation's manufacturing landscape in August. Robust and accelerated increases in new orders and production suggest that the sector looks set to provide a strong contribution to second quarter (fiscal) economic growth.

"Companies' strategic focus towards a global orientation were 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.

"The near-record increases in buying levels and input stocks underscore firms' methodical approaches in ensuring that production lines are not interrupted. To aid this, manufacturers also hired additional workers again in August.

"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."

PMI®

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