

# News Release

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## HSBC India Manufacturing PMI<sup>®</sup>

### Manufacturing regains growth momentum in October

#### Key findings

PMI rises from 56.5 in September to 57.5

Faster expansions in new orders and production

Price pressures tick higher

India's manufacturing sector started the third fiscal quarter with an improvement in performance, according to the HSBC PMI<sup>®</sup> data compiled by S&P Global. Output growth accelerated in October, fuelled by faster increases in total new orders and international sales. An associated rise in production requirements boosted demand for raw materials, with suppliers comfortably able to deliver inputs in a timely manner. Goods producers were also more willing to take on additional staff which, coupled with rising material costs, added to business expenses. Both input prices and selling charges increased at stronger rates.

The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI) rose from September's eight-month low of 56.5 to 57.5 in October, indicating a substantial and accelerated improvement in operating conditions.

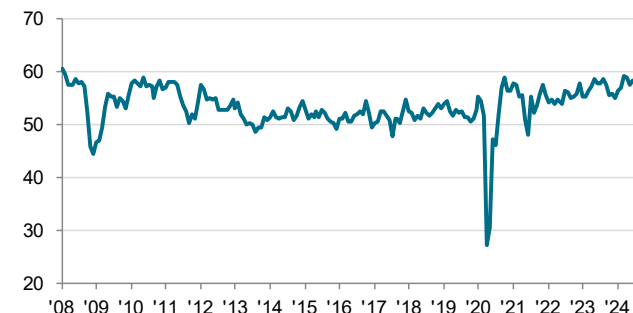
The upturn in performance was boosted by stronger demand for Indian goods. Companies noted a quicker increase in order book volumes that was stronger than the average seen in nearly 20 years of data collection. Anecdotal evidence suggested that the introduction of new products and successful marketing initiatives helped enhance sales performances.

New export orders also exhibited stronger growth, following the weakest uptick in a year-and-a-half during September. Panel members reported gains in new contracts from Asia, Europe, Latin America and the US.

Production volumes were ramped up to a greater degree in October, fuelled by faster increases in the consumer and investment goods categories. When explaining the latest upturn in output, companies remarked on demand buoyancy, positive sales pipelines and favourable market conditions.

October data signalled stronger inflationary pressures across India's manufacturing sector. Input price inflation quickened to a three-month high, though remained below

HSBC India Manufacturing PMI  
sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.  
Data were collected 09-25 October 2024.

#### Comment

Pranjul Bhandari, Chief India Economist at HSBC, said:

"India's headline manufacturing PMI picked up substantially in October as the economy's operating conditions continue to broadly improve. Rapidly expanding new orders and international sales reflect strong demand growth for India's manufacturing sector. Meanwhile, input and output prices are both increasing as a result of persistent inflationary pressures in materials, labour, and transportation costs. To start the third fiscal quarter, business confidence is also very high due to expectations of continued strong consumer demand, new product releases, and sales pending approval."

its long-run trend. Meanwhile, output prices increased at a solid rate that outpaced the series trend. Monitored firms highlighted freight, labour and materials as the key sources of price pressures.

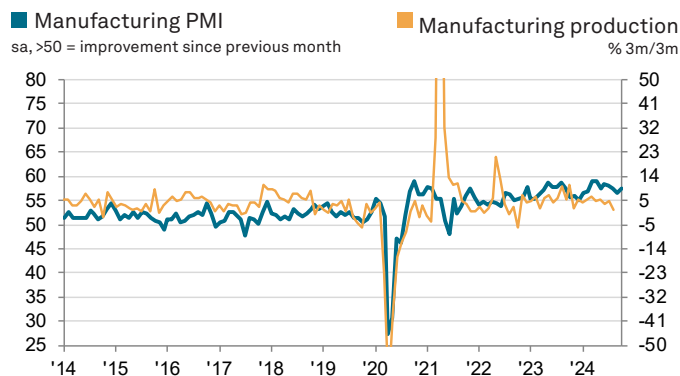
Not only did manufacturers hire extra staff at the start of the third fiscal quarter, but also to a greater degree than in September. Around one-in-ten panellists reported an increase in employment, while 1% shed jobs. This supported the first decline in backlogs in over a year.

The latest results highlighted a further increase in quantities of purchases at manufacturers, which suppliers were comfortably able to accommodate. Ongoing improvements in demand and expectations of further growth in the year ahead spurred growth of buying levels. Meanwhile, input delivery times shortened for the eighth consecutive month in October, albeit only slightly as the vast majority of panellists reported no change in vendor performance.

An increased appetite for safety stocks, supported by shorter lead times, was reflected in another substantial rise in pre-production inventories. October's accumulation was one of the most marked in close to 20 years of data collection.

The trend for stocks of finished goods continued to diverge from that of inputs, as firms again utilised inventories to fulfil sales needs.

Indian manufacturers became more optimistic regarding future output volumes. Rising since September, the level of positive sentiment was above the average seen over the 13-and-a-half-year series history.



Sources: HSBC, S&P Global PMI, CSO via S&P Global Market Intelligence.

## Contact

HSBC India  
Shalaka Kagathra  
T: +91 22 22681046  
[shalaka.kagathra@hsbc.co.in](mailto:shalaka.kagathra@hsbc.co.in)

Sneha Madhyani  
T: +91 22 22685341  
[sneha.madhyani@hsbc.co.in](mailto:sneha.madhyani@hsbc.co.in)

S&P Global Market Intelligence  
Pollyanna De Lima  
Economics Associate Director  
T: +44 1491 461 075  
[pollyanna.delima@spglobal.com](mailto:pollyanna.delima@spglobal.com)

SungHa Park  
Corporate Communications  
T: +81 3 6262 1757  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

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### Survey methodology

The HSBC India Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 2005.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

### About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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