

News Release

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S&P Global India Manufacturing PMI®

Firms rebuild input stocks at near-record pace amid demand strength

Key findings

Input inventories rise sharply in March

Faster expansions in new orders and output

Input cost inflation recedes

India's manufacturing sector posted a remarkable performance at the end of the final fiscal quarter, as growth of factory orders and production quickened to the strongest in three months. With pressure on supply chains subsiding and raw material availability improving, input cost inflation retreated to its second-lowest mark in two-and-a-half years. Subsequently, goods producers concentrated on rebuilding their stocks. Robust increases in buying levels in recent months supported a near-record accumulation of input inventories in March.

The seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) rose from 55.3 in February to 56.4 in March, signalling the strongest improvement in operating conditions in 2023 so far. That said, the PMI average for the final fiscal quarter (55.7) came in below that recorded in the prior period (56.3 in Q3).

March data highlighted a further upturn in new business placed with Indian manufacturers. Moreover, the rate of expansion was sharp and the quickest in three months. Firms suggested that marketing efforts bore fruit. Demand resilience and competitive pricing were also cited as growth drivers.

Continuing the trend that has been recorded on a monthly basis for a year, new export orders rose in March. The rate of expansion quickened from February, though remained slight and historically subdued.

Ongoing improvements in total sales volumes underpinned another increase in production. Output rose at the quickest pace since last December and one that outpaced its long-run average.

Demand resilience also encouraged firms to rebuild their input inventories. Stocks of purchases rose at a sharp rate that was one of the strongest seen in over 18 years of data collection.

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 10-27 March 2023.

Comment

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

"Underlying demand for Indian goods remained strong in March, underscored by the quickest upturn in factory orders for three months. Hence, production continued to expand at a robust clip and firms stepped up their stock-building efforts."

"Companies reported abundant capacity among themselves and their suppliers. Pending workloads expanded only marginally in March, hindering job creation. As for supply chains, improved availability of raw materials among vendors resulted in shorter delivery times and retreating price pressures. Overall, input costs rose at the second-slowest rate since September 2020."

"Firms tried to benefit as much as possible from this moderation in inflation by acquiring additional raw materials and semi-finished items. This contributed to one of the strongest increases in input inventories in over 18 years of data collection."

"Although manufacturers were upbeat towards future new orders, they somewhat doubted that inflation would continue to recede. Such worries restricted optimism towards output prospects."

PMI®

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