

News Release

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S&P Global India Manufacturing PMI®

April sees unprecedented increase in input stocks as manufacturers seek to fulfil demand

Key findings

Pre-production inventories rise at record rate...

...as firms scale up input buying owing to buoyant demand

Growth of output and new orders ticks higher

Several PMI® indices pointed to more favourable operating conditions across India's manufacturing industry in April. Factory orders and production rose at the strongest rates in 2023 so far, more jobs were created and companies stepped up input purchasing owing to stock-replenishment efforts. Supported by a lack of pressure on supplier capacity, there was a record expansion in inventories of inputs in April. Meanwhile, input cost inflation reaccelerated, but the latest upturn was mild by historical standards. Output charges increased at a moderate rate that matched its long-run average.

Rising from 56.4 in March to 57.2 in April, the seasonally adjusted S&P Global India Manufacturing Purchasing Managers' Index® (PMI®) indicated the fastest improvement in the health of the sector in the year-to-date (calendar). With the exception of suppliers' delivery times, which is inverted before entering the calculation, all sub-components of the PMI made a stronger contribution to this month's figure.

New orders placed with goods producers rose at the quickest pace since last December. The rate of expansion was sharp and above its long-run average. According to panel members, the upturn was supported by favourable market conditions, demand strength and publicity.

Likewise, output increased at a sharp rate that was the most pronounced in four months. More than one-quarter (26%) of all survey participants reported higher production volumes, citing sustained expansions in sales.

Robust new business growth and an associated increase in production requirements urged manufacturers to add to their input inventories in April. The rate of stock accumulation climbed to a survey peak.

The upturn in holdings of raw materials and semi-finished items was facilitated by purchasing activity growth. Not only did buying levels expand for the twenty-second successive month, but also at a sharp rate that was the strongest since

India Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global.

Data were collected 12-24 April 2023.

Comment

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

"Reflecting a robust and quicker expansion in new orders, production growth took another step forward in April. Companies also benefited from relatively mild price pressures, better international sales and improving supply-chain conditions."

"It seems like Indian manufacturers have abundant opportunities to keep powering ahead. Besides seeing the strongest inflow of new work in 2023 so far, capacities were expanded through job creation, input buying was lifted and pre-production inventories rose at a record rate. At the same time, stocks of finished goods need replenishing as some orders were reportedly fulfilled from warehoused goods."

"Manufacturers are certainly upbeat towards growth prospects, with optimism improving from March's eight-month low on the back of contracts pending approval, rising client enquiries, marketing initiatives and evidence of demand resilience."

PMI®

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