

# April manufacturing PMI second best in 3.5 years

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**NEW DELHI:** India's manufacturing activity expanded at its fastest clip in three-and-a-half years in April, boosted by strong demand, a private survey said on Thursday.

According to the HSBC India Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, India Manufacturing PMI in April stood at 58.8—the second-strongest expansion since the beginning of 2021.

Though a tad lower than the 16-year-high of 59.1 in March, the PMI in April was comfortably above the long-run average of 53.9.

A reading of 50 separates growth from contraction.

"Indian manufacturers reported robust demand for their goods in April, from domestic and external clients. Total new orders rose sharply, with the pace of expansion being the second-strongest since the start of 2021. Growth was spurred by healthy demand trends and successful marketing campaigns," the survey report said.

However, cost pressures ticked higher, pushing up inflation to the strongest since January.

"Higher costs of raw materials



**The growth in index was largely supported by the domestic market.**

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and labour led to a modest uptick in input costs, but inflation remains below the historical average," said Pranjul Bhandari, chief India economist at HSBC.

"However, firms passed these increases on to consumers through higher output charges, as demand remained resilient, resulting in improved margins."

The latest PMI numbers, based on a survey of 400 manufacturers, follow the Indian economy's impressive 8.4% growth in the December quarter on the back of higher government spending and strong performance in manufacturing, mining, and construction.

According to the survey, stock

purchases, one of the five sub-components of the headline figure, increased sharply in April.

Expectations that demand conditions will remain conducive to growth-supported inventory-building initiatives, the survey noted.

Though new exports orders increased in April, the growth in index was largely supported by the domestic market.

This also helped improve the employment market, with manufacturers raising hiring at the beginning of the new quarter.

"To fulfil current and expected improvements in demand, manufacturers hired additional staff at the start of the first fiscal quarter. The pace of job creation was moderate, but nevertheless the quickest since September 2023," the survey noted.

April also registered a rise in raw material stocks supported by increased buying—inputs were purchased to the greatest degree since June last year.

Another factor that facilitated this was suppliers' ability to make timely deliveries.

Vendor performance improved for the second straight month, the survey said.

Indian goods producers forecast higher output in the year ahead. Advertising and brand recognition were also reported as opportunities to look out for.