

## Press Release

### PMI indices continue to remain steady Slight moderation for services in Feb-24

March 9, 2024

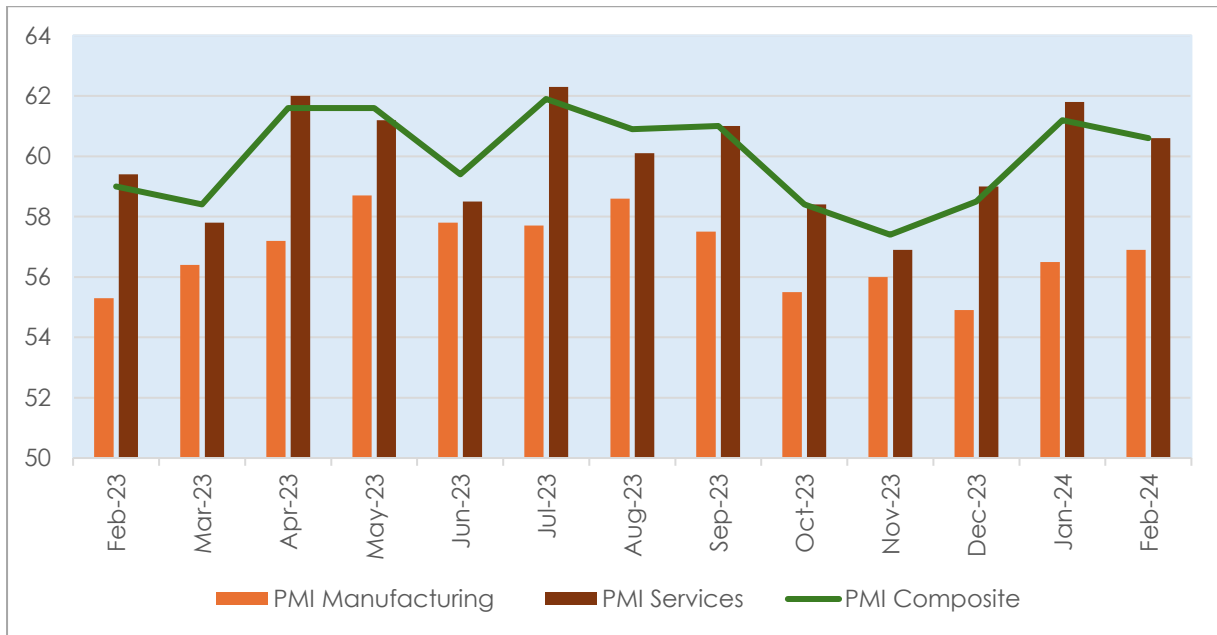
India Manufacturing PMI (Purchasing Managers' Index) saw a marginal rise to 56.9 in Feb-24 from 56.5 in Jan-24. There has been a moderate recovery in the index after it hit a low of 54.9 for the current fiscal in Dec. On the other hand, PMI Services index dropped to 60.6 in Feb-24 from 61.8 in the previous month. Accordingly, the PMI Composite index also reduced mildly to 60.6 for Feb-24; nevertheless, it has remained above 60, highlighting the underlying strength in both manufacturing and services.

The index print for PMI Mfg in Feb-24 has been almost at the average of the index value (57.0) for the Apr-Feb period in the current fiscal. India's manufacturing industry enjoyed healthy growth in February led by improved global demand and lower inflationary pressures. The upswing in manufacturing output has been largely driven by the capital goods sector which augurs well for private sector investments in India. Export orders rose at the fastest rate in nearly two years as per the survey respondents. While employment was largely at the same levels, purchasing activity rose the most in five months, and lead times on inputs were broadly stable. On the price front, input price inflation eased to the weakest since August 2020, while output cost inflation slowed to an eleven-month low. Finally, February survey data indicated sustained optimism among manufacturers regarding the year-ahead outlook for production. The overall level of confidence in the manufacturing sector was the second highest since December 2022.

PMI services slipped in February, but it was slightly above the above the average in the current fiscal. The index has remained below 60 for only four months in the Apr-Feb period. According to the survey, business activity increased across all parts of the services sector. Finance & Insurance saw the strongest pace of growth by a considerable margin, with the slowest rise registered in Real Estate & Business Services. New overseas orders to services firms in India rose for the thirteenth successive month. The latest PMI also showed the second-weakest cost pressures in the sector since August 2020 and the softest increase in selling charges for two years. Companies created jobs on the back of rising workloads, but the easing of capacity pressures and lower confidence towards the outlook dampened employment growth in the sector.

Says **Suman Chowdhury, Chief Economist and Head – Research, Acuite Ratings & Research** "The average readings for both PMI Manufacturing and Services in the first two month of the current quarter is well above the average witnessed in the previous quarter, reflecting the continuing buoyancy in the Indian economy. While there has been a slowdown in the agricultural sector induced by the El Nino factor, both the manufacturing and the services have continued to display their resilience. Accordingly, we have revised upwards our forecasts for FY24 GVA and GDP to 6.9% and 7.6% respectively in line with that of NSO. We expect a slight moderation in the growth momentum print in FY25 but it will continue to remain strong with GVA/GDP growth forecast at 6.4%/6.7%. The extent of pickup in private sector capital expenditure will have a significant bearing on the growth print over the medium term."

**Chart 1: Despite slight moderation, PMI indices have continued to be resilient in FY24**



**Table 1: PMI Indices Heatmap: Feb'23 to Feb'24**

Month	PMI Manufacturing	PMI Services	PMI Composite
Feb-23	55.3	59.4	59
Mar-23	56.4	57.8	58.4
Apr-23	57.2	62	61.6
May-23	58.7	61.2	61.6
Jun-23	57.8	58.5	59.4
Jul-23	57.7	62.3	61.9
Aug-23	58.6	60.1	60.9
Sep-23	57.5	61.0	61.0
Oct-23	55.5	58.4	58.4
Nov-23	56	56.9	57.4
Dec-23	54.9	59	58.5
Jan-24	56.5	61.8	61.2
Feb-24	56.9	60.6	60.6

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## Media Contact:

Sahban Kohari  
Ph: + 91-9890318722  
[sahban@eminencestrategy.com](mailto:sahban@eminencestrategy.com)

## Analytical Contacts:

Suman Chowdhury  
Chief Economist & Head of Research  
Ph: + 91-9930831560  
[suman.chowdhury@acuите.in](mailto:suman.chowdhury@acuите.in)

Prosenjit Ghosh  
Group Chief Business Officer  
Ph: +91-9920656299  
[prosenjit.ghosh@acuите.in](mailto:prosenjit.ghosh@acuите.in)

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