

Embargoed until 1030 IST (0500 UTC) 2 April 2020

# IHS Markit India Manufacturing PMI®

## Production growth eases amid export decline

### Key findings

Softest rise in output since last November

Marked export decline weighs on new business growth

Business sentiment plummets to record low

Business conditions in the Indian manufacturing sector improved at the slowest rate for four months in March, hampered by softer rises in both output and new business. Contributing to the downward momentum was a record decline in new export orders, with international demand faltering amid the global coronavirus disease 2019 (COVID-19) outbreak. There was also evidence that the virus negatively impacted the supply-side of the sector, with suppliers' delivery times lengthening for the first time in five months.

Looking forward, confidence towards the business outlook plummeted to a record low, with positivity tapered by covid-19 concerns.

At 51.8 in March, the headline seasonally adjusted IHS Markit India Manufacturing PMI® fell from 54.5 in February. The reading signalled the slowest improvement in business conditions since November 2019 and one that was modest overall.

Weighing on the headline figure was slowdown in production growth during March. That said, the latest expansion extended the current run that began in August 2017 and was solid overall.

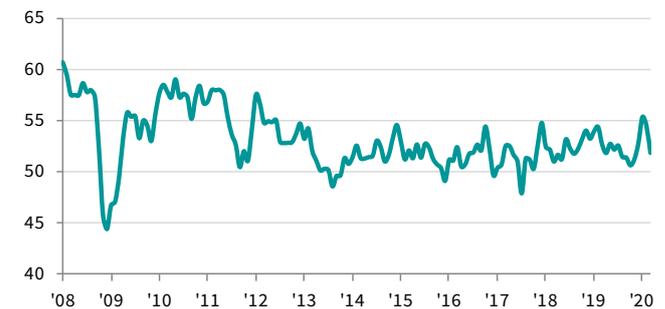
Similar to the trend in output, new orders placed with Indian manufacturers rose at a slower pace in March. Underlying data suggested that the result was driven by weaker foreign demand, as new export business fell sharply. In fact, the decline in international sales was the fastest since September 2013 amid widespread lockdowns due to the covid-19 pandemic.

Manufacturing firms continued to increase their staff numbers in March, but the pace of hiring remained subdued. The rate of workforce expansion was unchanged from February's recent low.

Meanwhile, signs of supply-side disruption crept into the Indian manufacturing sector in March, with vendor performance deteriorating for the first time since last October. Anecdotal evidence suggested that delays were caused by shortages at

India Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Eliot Kerr, Economist at IHS Markit, said:

"The Indian manufacturing sector remained relatively sheltered from the negative impact of the global coronavirus outbreak in March, however, there were pockets of disruption and a clear onset of fear amongst firms.

"New orders and output both grew at softer rates, but those readings were relatively tame compared to those seen at goods producers in Europe and other parts of Asia. The most prominent signs of trouble came from the new export orders and future activity indices, which respectively indicated tumbling global demand and softening domestic confidence.

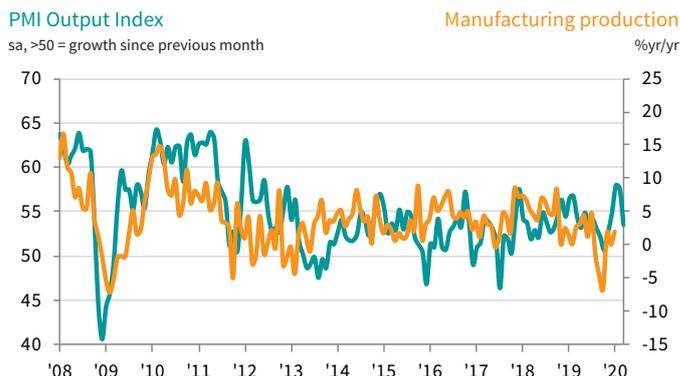
"Should the trajectory of injections continue in the same vein, the Indian manufacturing sector can expect a much sharper negative impact in the coming months, similar to the scale seen in other countries."

some suppliers. However, the lengthening of average lead times was only slight overall.

On the price front, cost burdens continued to rise at the end of the first quarter, extending the current sequence of inflation to five months. That said, the latest increase was the slowest in that run and only marginal overall.

In line with the rise in input costs, firms opted to increase their average output charges in March. Likewise, the rate of inflation eased from that recorded in February.

Finally, sentiment towards the 12-month business outlook eased in March. Firms remained confident of a rise in output overall, but positivity hit its joint-weakest level since the series' inception in April 2012 (alongside April 2015). Some panellists noted fears of prolonged shutdowns due to covid-19 and the associated negative impact that would have on demand.



Sources: IHS Markit, CSO.

## Contact

Eliot Kerr  
Economist  
IHS Markit  
T: +44 2031 593 381  
[eliot.kerr@ihsmarkit.com](mailto:eliot.kerr@ihsmarkit.com)

Bernard Aw  
Principal Economist  
IHS Markit  
T: +65 6922 4226  
[bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

Katherine Smith  
Public Relations  
IHS Markit  
T: +1 781 301 9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

### Survey methodology

The IHS Markit India Manufacturing PMI® is compiled by IHS Markit 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.

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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

March 2020 data were collected 12-25 March 2020.

Survey data were first collected March 2005.

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com). To read our privacy policy, click here.

### 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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).